OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 12 February 2014

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 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

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.

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

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

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

THE HONOURABLE TANG KA-PIU

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

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

THE HONOURABLE CHUNG KWOK-PAN

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

THE HONOURABLE TONY TSE WAI-CHUEN

MEMBERS ABSENT:

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

DR THE HONOURABLE LEUNG KA-LAU

DR THE HONOURABLE KENNETH CHAN KA-LOK

DR THE HONOURABLE HELENA WONG PIK-WAN
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 WONG KAM-SING, J.P.
SECRETARY FOR THE ENVIRONMENT

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

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

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

MR ANDY LAU KWOK-CHEONG, ASSISTANT SECRETARY GENERAL

MISS FLORA TAI YIN-PING, ASSISTANT SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL
TABLING OF PAPERS

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

Subsidiary Legislation/Instruments

<table>
<thead>
<tr>
<th>Title</th>
<th>L.N. No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Navigation (Hong Kong) Order 1995 (Amendment of Schedule 16) Order 2013 (Commencement) Notice</td>
<td>15/2014</td>
</tr>
<tr>
<td>Dangerous Goods (Consignment by Air) (Safety) Regulations (Amendment of Schedule) Order 2013 (Commencement) Notice</td>
<td>16/2014</td>
</tr>
</tbody>
</table>

Other Paper

No. 73 — 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 2013 and the Results of Value for Money Audits (Report No. 61) (February 2014 — P.A.C. Report No. 61)

ADDRESSES

PRESIDENT (in Cantonese): Address. Mr Abraham SHEK will address the Council on the Public Accounts Committee Report No. 61.
MR ABRAHAM SHEK: President, on behalf of the Public Accounts Committee (the Committee), I have the honour to table our Report No. 61 today.

The Committee has, as in the past, decided to hold hearings on those chapters covered by the Director of Audit's Report No. 61 which, in our view, contained more serious allegations of irregularities or shortcomings. The Committee's Report tabled today covers our conclusions and recommendations on three of the 10 chapters selected.

I now report the conclusions and recommendations on the three chapters covered in our Report No. 61.

First, I would like to speak on the direct land grants to private clubs at nil or nominal premium, which are commonly called private recreational leases (PRLs). The Committee finds it unacceptable and inexcusable that the Home Affairs Bureau only started to conduct a comprehensive review of the PRL policy in September 2013, despite the facts that the Executive Council was informed by the Administration in 1969 that the Government would review the PRL policy from time to time to ensure that public interest continued to be served, and the Administration was further urged by some Members of the Legislative Council as early as 2002 to review the PRL policy.

The Committee notes that the comprehensive review of the PRL policy would not cover the renewal of the remaining 13 PRLs that expired in 2011 or 2012, but might impact on the renewal of the PRLs that expired after 2014. Preliminary results of the review are expected to be available by the end of 2014.

To better monitor the implementation of the "opening-up" scheme to provide eligible outside bodies greater access to the clubs' facilities under the renewed PRLs, the Committee urges the Home Affairs Bureau to expeditiously:
(1) come up with detailed guidelines to help private clubs report the scheme usage in their quarterly reports; and

(2) set up a proper mechanism to verify the reported usage of the clubs' sports facilities by eligible outside bodies.

In order to ensure the proper and effective use of the PRL sites, the Committee also urges the Home Affairs Bureau and the Lands Department to:

(1) clearly define the scope and responsibility between them in conducting inspections on the PRL sites and to formulate plans on how such inspections should be conducted on a routine basis; and

(2) draw up a set of assessment guidelines to ensure that only a reasonable proportion of the land on the PRL sites will be used for social and ancillary facilities.

President, I would like to declare my interest. I am a member of a number of those clubs that have been mentioned above and this has been reported in the Committee meetings and in the Report.

The second subject I will briefly report is the management of roadside skips. The Committee expresses alarm and strong resentment, and finds it unacceptable that although relevant trade associations and relevant government departments were generally in support of introducing a permit system to regulate and facilitate skip operations back in 2007 to address the various problems caused by roadside skips, the proposed permit system was eventually not taken forward. The Lands Department considered the placing of roadside skips a road management issue, whilst the Transport Department considered it a land issue. Unfortunately, such shuffling of responsibility had relegated the management of roadside skips as a non-issue at the expense of public safety.

The Committee considers that the Transport Department should take the lead to introduce a permit system for regulating and facilitating skip operations, as roadside skips cause obstruction and pose safety risks to road users, and it is the policy purview of the Transport and Housing Bureau and the Transport Department to ensure smooth vehicular traffic and road safety.

The Administration has advised the Committee that a joint working group will be formed with key participation form the Development Bureau, the
Environment Bureau, and the Transport and Housing Bureau as well as other relevant departments to discuss how the problems relating to roadside skips should be tackled. The Committee expresses alarm and strong resentment, and finds it totally unacceptable about the unrepentant attitude of the Transport and Housing Bureau to evade the responsibility for directing the Transport Department to take the lead in introducing a permit system for regulating and facilitating skip operations by continuing to reiterate that the issues arising from roadside skips are multi-faceted.

Thirdly, I shall turn to the Committee's concern about allocation and utilization of public rental housing flats. The Committee expresses great dissatisfaction and finds it unacceptable that the Administration does not disclose information on the average waiting time between the date of receipt of an accepted application for public rental housing and the date the applicant was housed, as such information is very useful for the applicants in making informed decisions on whether to accept the housing offer right away or wait for the next chance.

As there were over 110 000 applicants on the Waiting List under the Quota and Points System and the time gap between registration and the housing offer could be as long as more than five years, the Committee expresses great dissatisfaction and find it unacceptable that the Administration had not implemented any measure to screen out ineligible applicants from the Waiting List on a periodic basis.

In view of the long Waiting List and the increasing average waiting time for public rental housing in recent years, the Committee urges the Administration to critically review the effectiveness of the Well-off Tenants Policies in inducing better-off tenants to surrender their flats.

President, lastly, I wish the 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 like to express my appreciation for the assistance rendered by the Legislative Secretariat to the Committee. Thank you.
WRITTEN ANSWERS TO QUESTIONS

Recruitment of Staff to Work at Airport

1. **MR CHAN KAM-LAM** (in Chinese): President, quite a number of employers have said that because of the long travelling distance and the inconvenient transport links between the Hong Kong International Airport (HKIA) and other districts, they have all along been unable to recruit enough staff to work at the airport, and such situation has not only seriously impacted the various services at the airport, but also weakened Hong Kong's competitiveness as an aviation hub. In this connection, will the Government inform this Council:

   (1) whether it knows the number of persons working at the airport in each of the past five years; the number of persons working at the airport at present, and the increase in the number of persons working at the airport as compared to that when the airport was commissioned;

   (2) whether it knows the respective numbers of delayed arrival and departure flights and their respective percentages in the total number of flights, in each of the past five years, and the number of delay cases which were related to insufficient manpower of ground crews or other ancillary staff in each year;

   (3) whether the Government and the Airport Authority (AA) have looked into the difficulties encountered by the companies concerned in recruiting staff to work at the airport; if so, of the specific measures in place to ensure the smooth operation of the airport, including whether special transport services will be provided for staff working at the airport to attract more residents from districts outside Lantau Island to work at the airport; and

   (4) given that the current population of Tung Chung has just exceeded 80,000, of the respective numbers of people living and working in Tung Chung upon the completion of the third runway of the airport according to the estimation of the authorities, and whether the increased working population is sufficient to meet the additional labour demand arising from the expanded airport?
SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to the various parts of the question raised by Mr CHAN Kam-lam is as follows:

(1) There were some 45,000 employees at the HKIA after its commissioning in 1998. The AA conducted workforce surveys among the companies and organizations that operated on the airport island in 2008 and 2013. The survey findings revealed that some 60,000 and 65,000 people worked on the airport island in 2008 and 2013 respectively. Compared with the number of employees shortly after the commissioning of the airport, there was some 44% increase in the workforce on the airport island in 2013.

(2) As provided by the Civil Aviation Department (CAD), the number of flights delayed by more than 15 minutes and their percentages against the total number of flights at the HKIA in the past five years are set out at Annex.

Flight delays are mainly attributable to a number of factors, including bad weather, air route and airspace restrictions or closure, and airlines' operational issues (such as aircraft inspection and maintenance), and so on. According to the information of the CAD, no flight delay cases were caused by insufficient ground crews or associated staff.

(3) The AA has been keeping close liaison with its business partners, franchisees and contractors on maintaining safety and efficient operation at the airport, including matters on manpower deployment.

The AA actively discusses with the industry on implementation of appropriate measures to recruit more manpower. For example, the AA jointly organized job fairs with the Labour Department or industry players in the past three years. Besides, the AA organizes briefings and visits for secondary schools and tertiary institutions from time to time to let students know more about the operation and future development plan of the airport, as well as the employment opportunities, so as to encourage them to join the aviation industry upon graduation. The AA and the industry has also been improving the various facilities in the airport, for example, providing additional staff canteens and rest rooms, and so on, to provide a good working environment for airport staff.
Besides, in its contracts with the franchisees and contractors, the AA clearly stipulates that they should deploy sufficient resources to ensure smooth operation, and that the services provided are up to standard. Companies operating in the airport also have the obligation to ensure that sufficient manpower is available to meet their business development and operational needs. The AA will also provide training to its business partners and their staff to help new recruits to familiarize themselves with the work environment and work flow as early as possible.

With a view to improving transport arrangements for airport staff, the AA has been working with the Transport Department (TD), public transport operators and business partners. Since the end of 2012, the AA has held regular meetings with representatives from the TD, public transport operators and business partners. The purposes of these meetings are to find out airport staff’s transport needs, listen to their views on existing public transport services and consider ways to further improve transport services and arrangements. In this connection, the franchised bus companies have implemented a series of measures, such as providing more bus-bus interchange concessions and increasing frequency. Since a large number of airport staff live in Tuen Mun, Yuen Long and Tin Shui Wai, the franchised bus companies have increased the peak-hour frequency of the concerned bus routes. They have also introduced overnight bus routes and improved routing to shorten the long journey time. In addition, some employers on the airport island are providing non-franchised bus services for their employees based on their transport needs, connecting the airport island with various locations on Hong Kong Island, in Kowloon and the New Territories.

The AA will continue to closely monitor public transport services and arrangements, and explore with the TD and public transport operators to make further improvements. In addition, the AA welcomes collaboration with operators on the airport island to initiate feasible proposals.

(4) According to the initial land use options proposed in the Tung Chung New Town Extension Study, there will be commercial land use alongside with residential land use in the extension areas in order to create diversified employment opportunities generated from offices,
retail facilities, hotels, marinas, and so on. The airport expansion project will also create jobs for the airport and Tung Chung as well. With the operation of the three-runway system at the HKIA, it is expected that some 140 000 posts will be created directly by 2030. With the implementation of the North Commercial District development project, we believe that more employment opportunities can be created. It is estimated that the future Tung Chung New Town will accommodate a total population of 259 000 to 274 000 (including the 121 000 residential population already planned), which will provide extra labour supply for the extended new town and the development of the HKIA. Details of the projected working population will be subject to findings of the Tung Chung New Town Extension Study which will be completed by 2015. In any event, it is expected that AA and other organizations on the airport island will continue to recruit talent from other districts in Hong Kong as appropriate.

Annex

Numbers of flights delayed by more than 15 minutes and their percentages against the total number of flights at the HKIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of flights delayed by more than 15 minutes</th>
<th>Percentage of flights delayed by more than 15 minutes against the total number of flights</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Arrivals</td>
<td>Departures</td>
</tr>
<tr>
<td>2008-2009</td>
<td>24 703</td>
<td>22 224</td>
</tr>
<tr>
<td>2009-2010</td>
<td>22 218</td>
<td>17 540</td>
</tr>
<tr>
<td>2010-2011</td>
<td>29 278</td>
<td>29 285</td>
</tr>
<tr>
<td>2011-2012</td>
<td>33 022</td>
<td>30 744</td>
</tr>
<tr>
<td>2012-2013</td>
<td>38 997</td>
<td>37 008</td>
</tr>
<tr>
<td>First nine months of 2013-2014</td>
<td>36 799</td>
<td>38 266</td>
</tr>
</tbody>
</table>

Notes:

(1) A flight is delayed when its actual arrival/departure time at the parking stand is later than the time of the slot allocated by the CAD.

(2) Traffic statistics from 1 April 2013 up to 31 December 2013.
Cleanliness of Food Utensils of Eateries

2. MR STEVEN HO (in Chinese): President, section 6 of the Food Business Regulation (Cap. 132 sub. leg. X) stipulates that "[e]very person who carries on any food business shall at all times cause all furniture, articles, equipment and utensils used or liable to be used in the course of such business to be kept clean and free from noxious matters and in proper repair and free from cracks or chipping". Yet, some members of the public have recently complained to me that the food utensils of quite a number of eateries are unsanitary (for example, the bamboo steamers are mouldy or have dead cockroaches in them), posing hazards to public health. In this connection, will the Government inform this Council:

(1) of the total number of complaints received by the authorities in the past three years about unclean food utensils of eateries; the details of the follow-up actions taken by the authorities (including the number of inspections of such eateries, the number of laboratory tests on food utensils and the number of prosecutions instituted), and the penalties imposed on the persons concerned; whether the authorities have kept records of breakdowns of the complaints and prosecutions regarding the hygiene of food utensils; if they have, of the details;

(2) of the number of complaints received by the authorities in the past three years about unclean bamboo steamers of eateries, as well as the number and details of the law-enforcement actions taken in respect of such complaints; the hygiene standards set by the authorities for this type of food utensils, the measures in place to ensure compliance with such hygiene standards by eateries, and whether the authorities have assessed the hygiene conditions of bamboo steamers of eateries at present; and

(3) as there are views that Hong Kong people nowadays attach increasing importance to the hygiene of eateries, whether the authorities will review the existing legislation for regulating the hygiene of food utensils of eateries, and step up law-enforcement actions, so as to ensure that the hygiene level of food utensils meets public expectations; if they will, of the details; if not, the reasons for that?
SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Food and Environmental Hygiene Department (FEHD) regularly monitors the hygienic conditions of food premises, including the cleanliness of food utensils used in the course of business. Under the Risk-based Inspection System adopted by the FEHD, food premises are classified into different risk types and the inspection frequencies are determined by reference to the risk potential of individual food premises. Food premises classified as low, medium and high risk types are inspected once every 20, 10 and four weeks respectively. During their regular inspections of food premises, health inspectors of the FEHD will check various aspects including the hygienic conditions of the premises (in respect of the food, food handlers, conditions of the premises); cleanliness and maintenance of equipment and food utensils, pest control; and waste disposal with a view to ensuring that the licensees comply with the licensing requirements and conditions and conform with the law in carrying on business. The health inspectors also provide relevant health education to members of the trade.

Under the Food Business Regulation (Cap. 132 sub. Leg X), every person who carries on any food business shall ensure that all equipment and utensils are kept clean and free from noxious matters. Food utensils and containers which have not been washed clean and sterilized should not be used, while cleansed and sterilized food utensils and containers that are not to be used immediately should be stored in cupboards which have been rendered proof against the access of dust, insects and vermin. Upon detection of any breaches of the relevant requirements by food premises, the FEHD will issue warning to or institute prosecution against the licensee as appropriate. In accordance with the Demerit Points System implemented by the FEHD, a prescribed number of demerit points will be registered against the licensee upon conviction of any offence committed under the relevant legislation. Where sufficient demerit points have been registered against a food business licence within a period of 12 months, the licence will be subject to suspension or cancellation by the FEHD.

My reply to the question regarding the cleanliness of food utensils used at food premises is as follows:

(1) Upon receipt of complaints relating to the operation of food premises, officers of the FEHD will visit the food premises in question to conduct investigation. The FEHD officers will examine the surfaces and the general conditions of food utensils used and also
the equipment for storage and sterilization of food utensils to ascertain if hygiene requirements are met. If the utensils used in the course of the food business are found to be unclean, the FEHD officers will take follow-up actions as appropriate, such as issuing warnings to or instituting prosecutions against the licensee and requiring the licensee to make immediate rectifications. Since the concern of the FEHD is whether food is safe for consumption, the Department will arrange for laboratory analysis or testing of the food concerned rather than the food utensils or containers, to determine if consumption of the food will be rendered unsafe due to contamination or presence of foreign substance.

According to the Food Business Regulation, in the event of any contravention of the provisions on the hygiene of food utensils, the offender shall be liable to a maximum penalty of a fine of $10,000 and imprisonment for three months. The number of complaints received and the number of prosecutions instituted by the FEHD relating to unclean food utensils used at food premises over the past three years are set out in Table 1 and Table 2 respectively.

(2) While food utensils made of various materials may be used in food premises, the licensees must take appropriate measures to ensure that the food utensils used in the course of business are kept clean and hygienic.

Among the complaints received by the FEHD relating to the hygiene of food utensils used in food premises over the past three years, only one case involved bamboo steamers (see Table 1).

A special inspection conducted by the FEHD to food premises recently for the purpose of monitoring the use of bamboo steamers revealed that the situation is satisfactory. No unclean bamboo steamer was found being used by the food premises in the course of business. Notwithstanding this, the FEHD has issued letters to the licensees concerned to provide health education on the use of bamboo steamers, with advice on matters such as washing and sterilizing the bamboo steamers after each use before they are used.
to hold food for serving customers again; checking the conditions of the bamboo steamers regularly; and discarding those of poor condition and not in proper repair.

(3) The cleanliness, sterilization and storage of food utensils and containers used in the course of food business are governed by the Food Business Regulation. To maintain food hygiene, relevant licensing requirements and conditions are stipulated to require food premises to be equipped with scullery and sterilization facilities for cleansing and sterilizing food utensils and containers. During regular inspections to licensed food premises, health inspectors of the FEHD will ensure that the licensees comply with the licensing requirements and conditions as well as the hygiene standards prescribed under the law. Licensees or operators in contravention of the relevant legislation are liable to be prosecuted by the FEHD. In addition, upon detection of breaches of the relevant conditions by the licensees or operators, the FEHD will issue verbal or written warnings to them for rectification actions. If a licensee fails to rectify the irregularities or repeats the breaches, the FEHD will consider cancelling the licence.

The current legislation governing food utensils provides that all utensils used in the course of food business shall be kept clean and free from noxious matters and in proper repair and free from cracks or chippings. It is also provided that all utensils shall be washed clean and sterilized before use and shall be properly stored. Besides, the FEHD has stipulated licensing requirements and conditions in respect of the hygiene of food utensils of licensed food premises with the aim to fully safeguard the hygiene of food utensils of food premises.

The FEHD will continue to monitor the conditions of food utensils used in the course of business at food premises and will take more stringent enforcement actions against irregularities, with a view to ensuring that food utensils of food premises are kept clean and hygienic in order to safeguard public health.
Table 1

Number of complaints received by the FEHD relating to unclean food utensils at food premises

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of complaints</td>
<td>36</td>
<td>40</td>
<td>26*</td>
</tr>
</tbody>
</table>

Note:

* One of the complaints is related to unclean bamboo steamers in restaurants.

Table 2

Number of prosecutions instituted by the FEHD relating to cleanliness of equipment

<table>
<thead>
<tr>
<th>Number of prosecutions instituted under the following legislation</th>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 6 of the Food Business Regulation (Cap. 132X)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food utensils unclean and not in proper repair</td>
<td></td>
<td>17</td>
<td>15</td>
<td>31</td>
</tr>
</tbody>
</table>

Relocation of Healthcare Services of Queen Elizabeth Hospital to New Hospital at Kai Tak Development Area

3. **MR WONG KWOK-KIN** (in Chinese): President, the Government proposed in this year's Policy Address to conduct strategic planning to prepare for the building of a new acute hospital (the new hospital) at Kai Tak Development (KTD) Area. It has been reported that the authorities intend to raise the plot ratio of the new hospital site so as to increase the number of beds and to relocate all the existing healthcare services of Queen Elizabeth Hospital (QEH) to the new hospital. In this connection, will the Government inform this Council:
(1) whether the strategic planning will include conducting studies and public consultations on issues relating to relocation of the healthcare services of QEH; if so, of the details as well as the relevant initial ideas, timetable and estimated expenditure; when the new hospital is expected to be completed and commissioned;

(2) of the number of beds to be provided by the new hospital, and whether that figure is calculated on the basis of an increased plot ratio; if so, of the details; how the number of beds in the new hospital compares with the current number of beds provided by QEH, and whether the former will be sufficient to meet the additional demand for healthcare services arising from future population growth in the nearby areas;

(3) of the area of the new hospital site; whether the authorities have assessed if the site has sufficient space for future expansion; if they have assessed, of the results; if not, the reasons for that; and

(4) of the land use of the site currently occupied by QEH after relocation of its healthcare services to the new hospital, and whether the site will continue to be used for providing public healthcare services; whether the authorities have assessed the impact of QEH ceasing to provide healthcare services at its existing site on the demand for services of Kwong Wah Hospital, the other acute hospital nearby; if they have assessed, of the results; if not, the reasons for that?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, to meet the healthcare service demand of the Kowloon region in the long run, we have reserved a site in the KTD Area for the construction of a new acute general hospital. The proposed hospital will provide clinical services of major specialties, including accident and emergency services. The Hospital Authority (HA) is conducting the relevant strategic planning and studies to gauge the service needs of Kowloon and the Kai Tak area. Technical assessment and analysis of clinical needs are also being carried out so that the provision of medical services can suitably cope with the long-term development of the area. The service planning and technical feasibility study for the new hospital are expected to be completed this year. We will then seek funding approval in
accordance with the established procedures so as to implement the project as soon as possible.

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

(1) The HA is reviewing and assessing the overall demand for and supply of healthcare services in Kowloon, as well as developing the clinical services plan of the Kowloon Central Cluster (KCC). The review and the services plan are expected to be completed within this year. The key aspects of the services plan include formulating proposals for the healthcare services to be provided by the acute general hospital in the KTD Area and mapping out the future development directions of the existing hospitals in the KCC. Upon completion of the planning work, the HA will work out the timetable and estimated expenditure involved in the development of the new hospital.

(2) At present, QEH provides a total of 1,844 beds. The HA is developing the clinical services plan for the KCC, setting out its future development direction as well as the service capacity of and the number of beds to be provided by the new acute general hospital in the KTD Area. Upon completion of the clinical services plan, the HA will start the planning for the construction of the new hospital and conduct relevant technical feasibility studies.

In making demand projection and defining the scale of the new acute general hospital in Kai Tak (including the number of beds), we will take into account the population in the KTD Area and other factors such as the pace of population growth and ageing in Wong Tai Sin, Kowloon City and the neighbourhood areas, cross-district utilization of medical services, as well as the roles of various hospitals in the district and the co-ordination of their services and facilities. This is to ensure that the provision of medical services in the district can suitably address the overall long-term service demand.

(3) We have reserved about seven hectares of land in the KTD Area for the development of healthcare facilities, including the Centre of Excellence in Paediatrics under construction and the proposed acute general hospital. As mentioned in the previous paragraphs, the HA
is conducting strategic planning and studies for the development of the acute general hospital in the KTD. Subject to technical feasibility, the HA will consider development options and the need for further expansion of the new hospital having regard to the long-term demand for medical services.

(4) The clinical services plan of the KCC and the technical feasibility study for the new hospital is expected to be completed in 2014. During the planning process, the needs of local residents will be considered, the development of hospitals in the cluster (including QEH) and their co-ordination with other hospitals will also be worked out according to the demand projection.

The redevelopment of the QEH is still in the preliminary planning/conceptual stage and the Administration has yet to finalize a plan. Nevertheless, with an increasing demand for overall healthcare services in Hong Kong, there is a need to provide more healthcare facilities. Hence, we do not have plan to change the use of the current QEH site from provision of public healthcare services to other purposes.

System of Declaration of Interests by Executive Council Members

4. MS EMILY LAU (in Chinese): President, according to the existing system of declaration of interests by Executive Council Members, where an Executive Council Member has an interest in any item to be examined by Executive Council, the Member is required to make such a declaration before the discussion by Executive Council on the item. Based on the interest declared, the Chief Executive will decide whether the Member concerned may participate in or withdraw from the discussion of that item. In this connection, will the executive authorities inform this Council:

(1) of the number of declarations of interests by Executive Council Members in respect of the items examined by Executive Council, the dates of the meetings concerned and the areas of the interests declared by them, since July 2012;
(2) of the number of withdrawal from Executive Council meetings by Executive Council Members, the dates of the meetings concerned and the areas of the conflict of interests in which they were involved, since July 2012; and

(3) whether they will consider regularly publishing, for public monitoring, detailed information on declarations of interests by Executive Council Members and their withdrawal from meetings in respect of the items examined by Executive Council, including the names of the Executive Council Members and the interests involved; if they will, when this will be implemented; if not, of the reasons for that?

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): President, my consolidated reply to the three parts of the question is as follows:

The Executive Council has adopted a rigorous system for declaration of interests. It is the personal responsibility of Executive Council Members to examine whether they have an interest in any item discussed by the Executive Council and declare it before the discussion. Based on the interests declared, the Chief Executive will assess whether Executive Council Members concerned may have a potential or real conflict of interests in the item to be considered by the Executive Council, and decide whether they can participate in or should withdraw from the discussion of that item. This is to ensure that unbiased and impartial advice is offered by Executive Council Members. If the Chief Executive decides that the Executive Council Members concerned should so withdraw, the relevant Executive Council documents and minutes will be withheld from them. Details of the Members' declarations and withdrawal will be recorded in the minutes.

Given the confidentiality system of the Executive Council, we cannot list out the specific situations where Members have declared interests and withdrawn from discussions. Some direct and significant interests where declaration and withdrawal would be necessary are broadly set out below for reference:

(1) significant personal pecuniary interests which may be materially affected by the decision of the Executive Council;
(2) Executive Council Members' directorships, partnerships or advisory positions in companies which may be materially affected by the decision of the Executive Council;

(3) that an Executive Council Member, in his professional capacity, has advised or represented any person or body in connection with the item to be discussed; and

(4) other close or substantial interests, which if known publicly will lead reasonable members of the public to think that an Executive Council Member's advice may have been motivated by personal interests or involvement rather than by the duty to give impartial advice.

The Independent Review Committee for the Prevention and Handling of Potential Conflicts of Interests appointed by the former Chief Executive and chaired by the former Chief Justice of the Court of Final Appeal, Mr Andrew LI Kwok-nang, recommended in its report released in mid-2012 that the Chief Executive in Council should publish annual statistics of the number of occasions on which one or more Members withdrew from its decision-making process due to conflict of interest. Following this recommendation, we have been releasing on annual basis the statistics on withdrawal of Members from discussions at Executive Council meetings due to conflict of interest on the Executive Council website.

The current term of Executive Council has held 73 meetings with 382 items discussed from 1 July 2012 to 28 January 2014. Among them, there were 105 items where one or more Members withdrew from discussions due to conflict of interest. The total number of withdrawal was 269.

Facilities at Bus Termini

5. **MR WONG KWOK-HING** (in Chinese): President, it has been reported that allegedly due to prolonged exposure to chilly wind, a bus regulator died suddenly of an attack of disease while working in a makeshift bus regulator kiosk at Yat Tung Estate Public Transport Terminus in Tung Chung (Yat Tung Terminus) on 25 December last year. Regarding the facilities at bus termini, will the Government inform this Council:
(1) of the planned ceilings on the number of bus routes and volume of bus traffic at Yat Tung Terminus; the current number of bus routes and highest volume of bus traffic for that terminus;

(2) given that the bus routes terminating at Yat Tung Terminus are currently operated by three franchised bus companies but there are only two bus regulator kiosks at the terminus, and consequently the bus regulator of a bus company can only work in a makeshift bus regulator kiosk over the years, whether the authorities have any plan to build an additional bus regulator kiosk at the terminus; if so, of the details and the construction timetable; if not, the reasons for that;

(3) whether it has communicated regularly with the representatives of the franchised bus companies and related trade unions on improving facilities at bus termini, and responded to the demands of the staff concerned;

(4) of the planning standards and criteria based on which the authorities determine the number of bus routes and volume of bus traffic to be accommodated by a bus terminus, as well as the number of bus regulator kiosks to be provided at the terminus; and

(5) when the Transport Department (TD) is planning for a bus terminus, how the relevant bureaux and departments, such as the Development Bureau, Planning Department (PlanD) and Housing Department (HD), participate in assessing the future demographic trend and demand for bus services in the community where the bus terminus is located, in order to ensure that adequate space is reserved for the provision of various types of facilities, including bus regulator kiosks, at the terminus?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Government has been striving to provide the public with good facilities at the public transport terminus (PTT). Meanwhile, the facilities for use by front-line staff within such terminus are usually provided by public transport operators. Regarding the incident in December last year in which a bus regulator fainted at the Yat Tung Estate PTT in Tung Chung and subsequently passed away, the bus company concerned (that is, the New Lantao Bus Company (1973) Limited
The provision, size and design of PTTs have to make reference to the Hong Kong Planning Standards and Guidelines (Guidelines) issued by the PlanD and the Transport Planning and Design Manual (Manual) compiled by the TD. When a department plans a new development project (such as for public housing), it will assess the traffic demand so generated and plan suitable public transport facilities (such as bus termini) with respect to the land available to the project drawing reference to the Guidelines and Manual. During the planning phase, the TD will liaise closely with the relevant departments (such as the HD and the PlanD) and advise on the proposed public transport facilities (including the location and size of bus termini, the number and design of bus bays, bus regulator's kiosks and other ancillary facilities) taking into account, amongst other things, the scope of the project, the estimated local population and their traffic demand, as well as the existing transport facilities in and service network for the area. The TD will also consult the bus companies on the arrangements of facilities such as regulator's kiosks.

The number of bus routes that can be accommodated in a bus terminus depends on a number of factors. They include the size and shape of the terminus, dimension and design of the bus bays, service frequencies and operation hours. Generally speaking, space will be reserved at a bus terminus during the planning phase, after taking into account the surrounding environment and actual need, for the franchised bus companies to provide facilities such as bus regulator's kiosks. After the opening of the terminus, the bus companies can also apply to the department responsible for managing the terminus to provide additional regulator's kiosks and other facilities for use by their front-line staff according to actual operational requirements. The TD will offer assistance as necessary.

The design and construction of the Yat Tung Estate PTT follows the same guidelines and procedures as mentioned above. It adopts a peripheral saw-tooth design for the boarding platforms. A total of six bus bays of saw-tooth design are provided at the north, west and south ends of the terminus. The bus lay-by in the middle can accommodate 21 buses. Currently, the terminus is used by a total of 18 bus routes operated by the Citybus Limited (Citybus), Long Win Bus Company Limited (LW) and NLB. They include six regular routes, eight special routes offering special or peak-hour departures and four overnight routes. During peak periods on weekdays, about 120 buses get in and out of the terminus every hour.
At present, the design of the Yat Tung Estate PTT can meet service demand. As population in the area has more or less stabilized and there are yet to be new development areas, it is expected that the terminus will continue to be able to meet service demand for some time. However, if future service demand goes up significantly and overloads the terminus, the Government will separately consider the provision of suitable transport facilities.

There are currently three regulator's kiosks in the Yat Tung Estate PTT, each for permanent use by Citybus, LW and NLB. As we understand it, some staff members find the existing NLB regulator's kiosk somewhat inconvenient in terms of location for the discharge of their duties and the kiosk is a bit crowded. To improve the working environment of front-line staff and facilitate their work, the NLB has applied to the HD for the provision of another regulator's kiosk. The new kiosk is expected to be in place in May this year.

Depending on the actual situation, the TD meets with the franchised bus companies from time to time and discusses with them bus services and related matters, such as route planning, service frequency, service level, operational safety and working environment of bus captains. The TD also meets with the representatives of bus captain unions to understand and discuss issues of their concern. They are mainly on work arrangements, measures for improving operational safety, working environment of bus captains, and so on. The TD, together with franchised bus companies, has taken appropriate and feasible follow-up actions on the comments and requests raised by bus captain unions. Examples include the provision of mobile toilets or facilities such as microwave ovens and refrigerators for use by staff at a number of bus termini.

Implementation of Article 22(4) of Basic Law

6. **MR WONG YUK-MAN** (in Chinese): President, article 22(4) of the Basic Law stipulates that "[f]or entry into the Hong Kong Special Administrative Region, people from other parts of China must apply for approval. Among them, the number of persons who enter the Region for the purpose of settlement shall be determined by the competent authorities of the Central People's Government after consulting the government of the Region". In this connection, will the Government inform this Council:

(1) of the annual numbers of "Certificates of Entitlement to the Right of Abode in the Hong Kong Special Administrative Region" issued by
the authorities between 2003 and 2013, as well as the daily average number of Mainland residents who came to Hong Kong for settlement during that period holding Permits for Proceeding to Hong Kong and Macao affixed with such Certificates; and

(2) whether the Central People's Government (CPG) consulted, in accordance with the aforesaid provision, the Hong Kong Special Administrative Region (HKSAR) Government in the past five years on the number of persons to be approved to enter HKSAR for the purpose of settlement; if CPG did, when it did so, and of the views given by the HKSAR Government, and among such views, of those accepted and those not accepted by CPG respectively?

SECRETARY FOR SECURITY (in Chinese): President, the reply is as follows:

(1) The annual number of Certificate of Entitlement to the Right of Abode in the Hong Kong Special Administrative Region (CoEs) issued by the Immigration Department between 2003 and 2013, and the daily average number of Mainland residents who came to Hong Kong holding One-way Permits (OWPs) affixed with CoEs are in Annex.

(2) OWPs are documents issued by relevant authorities in the Mainland. Their application, approval and issuance fall within the remit of the Mainland authorities. The HKSAR Government always attaches great importance to the views of various sectors of the society concerning Mainland residents settling in Hong Kong, and exchanges views with the Mainland authorities on the approval of OWPs. Having considered suggestions from the Government of the Hong Kong Special Administrative Region and various sectors of the society, the Mainland authorities have adjusted and refined the OWP Scheme from time to time. For example, in 2009, the "eligibility points" for OWP applications of separated spouses were relaxed, thereby further shortening their waiting time from five years to four. Also, starting from 2011, the Mainland authorities have allowed eligible Mainland "overage children" of Hong Kong residents to apply for OWP in an orderly manner, utilizing residual
OWP quota and responding to their request to reunite with their parents in Hong Kong.

We will keep in view the suggestions from various sectors of the society and the interests of the local community. We will continue to exchange views with the Mainland authorities on the overall usage of OWP quota, and reflect to them the aspirations of the society.

Annex

Number of CoEs issued by the Immigration Department and the daily average number of Mainland residents who came to Hong Kong holding OWPs affixed with CoEs

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of CoEs issued by the Immigration Department</th>
<th>Daily average number of Mainland residents who came to Hong Kong holding OWPs affixed with CoEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>12 379</td>
<td>37</td>
</tr>
<tr>
<td>2004</td>
<td>8 735</td>
<td>28</td>
</tr>
<tr>
<td>2005</td>
<td>6 553</td>
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<tr>
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<td>4 550</td>
<td>12</td>
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<tr>
<td>2009</td>
<td>5 232</td>
<td>14</td>
</tr>
<tr>
<td>2010</td>
<td>3 987</td>
<td>13</td>
</tr>
<tr>
<td>2011</td>
<td>3 765</td>
<td>10</td>
</tr>
<tr>
<td>2012</td>
<td>3 900</td>
<td>10</td>
</tr>
<tr>
<td>2013</td>
<td>4 811</td>
<td>12</td>
</tr>
</tbody>
</table>

Note:

# The Immigration Department issues CoEs to applicants assessed to have the right of abode in Hong Kong, and passes the CoEs to the applicants through the Exit and Entry Administration Offices of the Public Security Bureau of the Mainland. The latter will affix the CoEs to the OWPs upon their approval, so that applicants holding OWPs affixed with CoEs can come to Hong Kong for settlement. CoEs have no validity period, whereas OWPs are valid for three months. Applicants can separately apply for CoEs and OWPs, hence the two figures in the Annex are not directly related.
Provision of Inclusive Play Equipment at Children's Playgrounds for Enjoyment of Children with or Without Disabilities

7.  **MR IP KWOK-HIM** (in Chinese): President, some concern groups have pointed out that although the Leisure and Cultural Services Department (LCSD) claims that about 70% of its 680 outdoor children's playgrounds are installed with inclusive play equipment for enjoyment of children with or without disabilities (inclusive playgrounds), most items of the equipment therein are in fact not "inclusive" at all. For instance, only ordinary slides and spring riders but not any play equipment suitable for children with disabilities are installed at the Sai On Lane Children's Playground in the Western District. Moreover, metal poles have been installed at one of the entrances to the Li Sing Street Playground in the Western District, thus refusing access by wheelchair users. Some parents of autistic children living in Yuen Long have also pointed out that they cannot find a single merry-go-round after visiting all the children's playgrounds provided by LCSD in Yuen Long. In this connection, will the Government inform this Council:

(1) of the criteria based on which the authorities determine whether or not a children's playground is inclusive; whether they will consider reviewing such criteria and formulating afresh the definition of inclusive playgrounds;

(2) whether it will comprehensively review and upgrade the equipment in the existing inclusive playgrounds; and

(3) of the distribution of inclusive playgrounds at present; whether the authorities will consider providing such kind of playgrounds in every district?

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President,

(1) Barrier-free access is provided in the parks and children's playgrounds under the management of the LCSD to help children with disabilities enjoy the facilities. Diverse types of play equipment are installed at the venues, including tactile play panels and movable parts in different shapes suitable for visually-impaired children, movable parts that produce sounds when knocked, as well
as transfer platforms or ramps that help children using wheelchairs to use facilities such as sway boats and swings and allow them to join other children in playing with these facilities. The facilities promote not only the all-round development of children, but also the acquisition of different skills, such as how to communicate and co-operate with other children. The play equipment allows for activities that provide stimulation that can help to enhance children's intellectual and physical development.

(2) To enable children with or without disabilities to have fun and grow up in a harmonious and happy environment, the LCSD will continue to introduce more inclusive play equipment when providing new facilities or replacing existing facilities in children's playgrounds, taking into account the physical environment (for example, topographic features and site area) and the conditions of existing facilities of individual playgrounds in various districts. To better meet users' needs, the LCSD will also consult the District Councils concerned when replacing facilities at existing venues or planning for new playgrounds. In 2013 and 2014, additional inclusive play equipment has been or will be installed at Hong Ning Road Park in Kwun Tong, Ap Lei Chau Park in the Southern District and Tsuen Wan Tin Hau Temple Garden.

(3) Inclusive play equipment is available at the outdoor children's playgrounds under the management of the LCSD in all districts for the enjoyment of children with or without disabilities. Currently, about 700 outdoor children's playgrounds under the management of the LCSD offer more than 800 sets of children's play equipment, about 70% of which have inclusive play elements.

Human Trafficking Offences

8. MR DENNIS KWOK: President, section 129 of the Crimes Ordinance (Cap. 200) stipulates that a person who takes part in bringing another person into, or taking another person out of, Hong Kong for the purpose of prostitution shall be guilty of the offence of trafficking in persons to or from Hong Kong. The recent cases of serious and egregious abuse of foreign domestic helpers have aroused concerns that the scope of this provision is too narrow as only human
trafficking activities done for the purpose of prostitution will be caught by it. In contrast, the Palermo Protocol under the United Nations Convention against Transnational Organized Crime defines human trafficking activities as those done for the purpose of exploitation and exploitation may take the form of "prostitution of others, sexual exploitation, forced labour, slavery or similar practices, removal of organs or other types of exploitation". In this connection, will the Government inform this Council:

(1) whether it will draw reference from the Palermo Protocol, and review and amend the aforesaid provision of human trafficking; if it will, of the details; if not, the reasons for that; and

(2) whether it will review and reform the investigation approach and prosecution policy adopted by the law-enforcement authorities regarding human trafficking; if it will, of the details; if not, the reasons for that?

SECRETARY FOR SECURITY: President, Hong Kong attaches great importance to combating human trafficking. The Government has all along spared no effort in fighting the crime.

As regards foreign domestic helpers, like other residents in Hong Kong, they enjoy equal and full protection of our laws where applicable, including entitlements under the Employment Ordinance. The Government does not tolerate any illegal acts and will take stringent enforcement and prosecution action against any malpractice. Past cases of successful conviction of employers who abused their foreign domestic helpers and the prompt enforcement actions taken against cases of suspected abuse against foreign domestic helpers have proven the commitment of the Government and the strength of our laws in protecting foreign domestic helpers.

Our replies to the two parts of the question are as follows:

(1) Our legislation already provides a solid framework underpinning our robust efforts to combat human trafficking. Most conducts collectively referred to as "trafficking in persons" in the Palermo Protocol are offences prohibited under section 129 of the Crimes Ordinance (Cap. 200), other relevant provisions under the Crimes Ordinance (Cap. 200) and relevant provisions under other
ordinances, such as the Immigration Ordinance (Cap. 115) and the Offences Against the Person Ordinance (Cap. 212). The prescribed maximum penalties of these offences on conviction range from 10-year to life imprisonment. They are sufficiently stringent to deter and combat human trafficking.

(2) Law-enforcement departments (including the Police Force and the Immigration Department) work closely with relevant departments (including the Social Welfare Department, the Labour Department and the Department of Justice) on the enforcement, prosecution, prevention and victim support in human trafficking cases. Last year, the Police Force refined its data processing mechanism to enhance analysis on reported and detected major criminal cases involving victims who are foreign domestic helpers and offenders who are their employers. Training for front-line police and immigration officers was enhanced on both anti-human trafficking enforcement and victim identification. Relevant guidelines were widely distributed to front-line police and immigration officers conducting anti-vice operations as a checklist to enhance their awareness and capability in identifying victims during their course of duties.

Moreover, law-enforcement departments will continue to enhance co-operation with overseas counterparts on intelligence exchange, and liaison with non-governmental organizations and local consulates to strengthen prevention and victim support on human trafficking.

As regards prosecution policy, the Department of Justice has included in the Prosecution Code 2013 published in September 2013 a new paragraph entitled "Human Exploitation Cases" which sets out the instructions and approaches prosecutors should be taking in this area, mandates prosecutors to handle human trafficking cases with the necessary understanding, skill and sensitivity. It specifically states that prosecutors can make reference to applicable international standards and practices concerning human trafficking victims. The revised Prosecution Code would provide stronger linkage between the various laws and approaches in Hong Kong that are being used to combat human trafficking.
Maintenance, Conservation and Redevelopment of Buildings Managed by Hospital Authority

9. **MS CYD HO** (in Chinese): President, according to a discussion paper submitted by the Government to the Public Works Subcommittee of this Council in November last year, the Hospital Authority (HA) is managing 42 public hospitals/healthcare institutions, 48 specialist out-patient clinics and 73 general out-patient clinics, which are occupying a total of around 300 buildings. Among these buildings, over 56% of them were completed more than 30 years ago and some are even over 85 years old. In this connection, will the Government inform this Council:

(1) if it knows whether the HA has conducted a comprehensive assessment on the overall maintenance, conservation and redevelopment of the aforesaid buildings; if the HA has, of the outcome and details of the assessment; if not, the reasons for that; whether the HA has formulated an overall policy on the maintenance, conservation and redevelopment of these buildings; if so, of the details; if not, the reasons for that; and

(2) among the aforesaid buildings, of the respective names of those which are currently classified as Grade 1, Grade 2 and Grade 3 historic buildings, and whether it knows the respective details of the annual expenditure budgeted by the HA for the maintenance or refurbishment of each of these historic buildings (set out one by one in a table according to their grading)?

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, the healthcare facilities managed by the HA provide comprehensive public healthcare services for the whole community of Hong Kong. These facilities are prone to accelerated deterioration due to constant and heavy utilization. We will closely monitor the operation of the HA public healthcare facilities, plan for and implement repair, renovation and redevelopment projects as appropriate to meet the increasing service demand in the light of service and operational needs and local demand for public healthcare services. We will also improve the existing facilities to conform with the modern standards for medical equipment.
My reply to the various parts of the question is as follows:

(1) The HA plans for the provision of hardware facilities in the public healthcare sector having regard to such factors as the growing and ageing population in Hong Kong, the changes in public demand for public healthcare services, the standards required of modern medical equipment and the wear and tear of existing healthcare facilities. The HA also carries out various projects to increase and renew healthcare facilities for the provision of quality services for the public. Over the years, we obtained funding approval of the Legislative Council to carry out a number of capital works such as expansion, redevelopment, reprovisioning and refurbishment of existing hospitals, as well as construction of new hospitals. Apart from this, the HA also conducts annual review of the conditions of the structures and facilities of its public hospitals and, on the basis of the outcome of the annual review, determines the order of priority and estimates of expenditure for implementing various minor maintenance and improvement works in the coming three years. Every year, the HA provides funding for each hospital cluster to carry out minor works to improve, repair and maintain the structures and facilities of public hospitals. The order of priority and provision for minor maintenance and improvement works are determined on the basis of the outcome of the annual review of the conditions of the hospitals' structures and facilities. Therefore, the annual funding for repair and maintenance for each hospital will be different. Although hospital buildings declared as Grade 1, Grade 2 and Grade 3 historic buildings were built many years ago, with the annual review and effective maintenance measures in place, the conditions of their structures and facilities can still meet the operational needs of the hospitals.

(2) Among the structures under the HA, 14 are accorded Grade 1, Grade 2 or Grade 3 status. In the three financial years from 2011-2012 to 2013-2014, the total expenditure on the maintenance and improvement of those 14 historic buildings by the HA is about $44 million. As for 2014-2015, the estimated expenditure is about $18.5 million. The relevant information is set out in the following table:

<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td>Main Block of Tung Wah Hospital</td>
<td>1</td>
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<td>7.3</td>
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<tr>
<td>Blocks A, B, C, M, P and R, Out-patient Block and uniform room of Kowloon Hospital</td>
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<td>Nurses Quarters of Queen Mary Hospital</td>
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<td>St John Hospital</td>
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</tr>
<tr>
<td>Utility Building of Kowloon Hospital</td>
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</tr>
</tbody>
</table>

### Expenditure on Legal Aid Cases

10. **MR NG LEUNG-SING** (in Chinese): President, the actual expenditure on legal aid services incurred by the Legal Aid Department (LAD) in 2012-2013 rose by 11% from the previous financial year. The authorities have advised that as legal aid expenditure is largely demand driven, if the expenditure of a certain financial year exceeds the approved provision, they will seek additional funding in accordance with the relevant provisions under the Public Finance Ordinance (Cap. 2), so as to ensure that the eligible legal aid applications will not be turned down. There are comments that such a practice is tantamount to allowing legal aid expenditure without a ceiling. Furthermore, while the Director of Legal Aid may act for the aided persons through lawyers of the LAD, the Director or the aided persons may also select other counsel/solicitors as representatives. Under the Legal Aid Ordinance (Cap. 91), the Director is required to maintain separate panels of counsel and solicitors (panels) who are willing to investigate, report and give opinions in respect of legal aid cases and to act for the aided persons. In this connection, will the Government inform this Council:
(1) whether the authorities will draw reference from the relevant system of the United Kingdom and set a ceiling on the annual expenditure on legal aid services, so as to ensure that public resources are allocated properly and put to the best use;

(2) given that when the aided persons do not choose their own lawyers and let the Director of Legal Aid assign counsel/solicitors on the panels as their representatives, the LAD will take into consideration the experience and expertise of the counsel/solicitors and the types and complexity of the cases concerned when assigning lawyers, of the specific procedures and criteria based on which the LAD select the most suitable lawyers among the counsel/solicitors who meet such requirements; and

(3) of the details of the 100 publicly-funded legal aid cases which incurred the highest litigation fees (including the types of cases and the amount of litigation fees paid by the LAD), and the respective amounts of litigation fees paid by the LAD to the top 10 counsel and solicitors to whom the LAD assigned the most civil or criminal cases, in the past five years?

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

(1) All along, the policy objective of legal aid is to ensure that no one with reasonable grounds for taking or defending a legal action is denied access to justice because of a lack of means. The major responsibility of the LAD is to administer the Legal Aid Schemes to ensure the prudent use of public money. To ensure the rational use of public funds, legal aid will only be granted to applicants who pass both the merits test and the means test in accordance with the Legal Aid Ordinance. In assessing the merits of an application, the LAD will consider the facts of the case, evidence available and the legal principles applicable to the case to determine whether there are reasonable grounds for legal aid to be granted. The LAD also has an established mechanism to ensure that public resources are allocated properly and put to the best use. For example, all legal
aid applications are processed by in-house legal aid counsel. If anyone believes that an applicant or aided person has given the LAD false information on merits or means, he/she can provide details to the LAD. If the case is substantiated after investigation, the LAD will discontinue the legal aid and refer the case to the police for follow-up action. As such, we have no intention to set a ceiling on the annual expenditure on legal aid services because such a move is detrimental to the principle of ensuring that a person's access to justice would not be hindered by the constraints of the fiscal position of the LAD.

(2) When distributing legal aid work to lawyers on the Legal Aid Panel, the LAD will adhere to the fundamental principle that the aided person's interest is of paramount importance. The LAD's primary duty towards the aided person is to facilitate access to and attainment of justice through competent legal representation. To this end, the LAD has devised criteria on the assignment of legal aid cases based on factors such as the experience and expertise of the lawyers as well as the nature and complexity of the particular case. For example, for civil cases, counsel or solicitors should have at least three years of post-call/post-admission experience, and should have handled a minimum number of civil cases in the relevant area of work within a specified period. Assignment to counsel and solicitors who do not meet the selection criteria may be allowed only with the approval of a directorate officer. The criteria have been endorsed by the Legal Aid Services Council and uploaded onto the website of the LAD.

(3) Given the time constraint, we can only provide the information on the 20 cases which involved the highest litigation fees paid by the LAD in each of the past five years as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>2009 Fees (SM)</th>
<th>2010 Fees (SM)</th>
<th>2011 Fees (SM)</th>
<th>2012 Fees (SM)</th>
<th>2013 Fees (SM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immigration matter</td>
<td>23.64</td>
<td>5.95</td>
<td>15.17</td>
<td>4.37</td>
<td>7.20</td>
</tr>
<tr>
<td>Traffic accident</td>
<td>2.31</td>
<td>2.91</td>
<td>6.79</td>
<td>4.10</td>
<td>5.65</td>
</tr>
<tr>
<td>Medical negligence</td>
<td>15.17</td>
<td>12.91</td>
<td>15.12</td>
<td>6.79</td>
<td>4.10</td>
</tr>
<tr>
<td>Personal injury</td>
<td>3.46</td>
<td>3.01</td>
<td>5.78</td>
<td>4.00</td>
<td>4.54</td>
</tr>
<tr>
<td>Type</td>
<td>2009 Fees* ($M)</td>
<td>Type</td>
<td>2010 Fees* ($M)</td>
<td>Type</td>
<td>2011 Fees* ($M)</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------</td>
<td>----------------------</td>
<td>-----------------</td>
<td>----------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2.96</td>
<td>Personal injury</td>
<td>2.18</td>
<td>Personal injury</td>
<td>4.31</td>
</tr>
<tr>
<td>Traffic accident</td>
<td>2.91</td>
<td>Criminal trial</td>
<td>2.18</td>
<td>Personal injury</td>
<td>3.95</td>
</tr>
<tr>
<td>Professional negligence</td>
<td>2.60</td>
<td>Medical negligence</td>
<td>2.10</td>
<td>Probate dispute</td>
<td>3.75</td>
</tr>
<tr>
<td>Traffic accident</td>
<td>2.56</td>
<td>Personal injury</td>
<td>2.02</td>
<td>Personal injury</td>
<td>3.58</td>
</tr>
<tr>
<td>Personal injury</td>
<td>2.08</td>
<td>Judicial review</td>
<td>1.87</td>
<td>Personal injury</td>
<td>2.86</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1.82</td>
<td>Judicial review</td>
<td>1.87</td>
<td>Personal injury</td>
<td>2.36</td>
</tr>
<tr>
<td>Judicial review</td>
<td>1.76</td>
<td>Employment dispute</td>
<td>1.87</td>
<td>Personal injury</td>
<td>2.05</td>
</tr>
<tr>
<td>Personal injury</td>
<td>1.72</td>
<td>Traffic accident</td>
<td>1.85</td>
<td>Personal injury</td>
<td>2.02</td>
</tr>
<tr>
<td>Personal injury</td>
<td>1.69</td>
<td>Criminal trial</td>
<td>1.80</td>
<td>Personal injury</td>
<td>1.91</td>
</tr>
<tr>
<td>Personal injury</td>
<td>1.35</td>
<td>Traffic accident</td>
<td>1.42</td>
<td>Matrimonial case</td>
<td>1.90</td>
</tr>
<tr>
<td>Personal injury</td>
<td>1.30</td>
<td>Criminal trial</td>
<td>1.38</td>
<td>Miscellaneous</td>
<td>1.80</td>
</tr>
<tr>
<td>Air travel incident</td>
<td>1.22</td>
<td>Medical negligence</td>
<td>1.38</td>
<td>Personal injury</td>
<td>1.71</td>
</tr>
<tr>
<td>Personal injury</td>
<td>1.22</td>
<td>Matrimonial case</td>
<td>1.30</td>
<td>Personal injury</td>
<td>1.68</td>
</tr>
<tr>
<td>Medical negligence</td>
<td>1.21</td>
<td>Criminal trial</td>
<td>1.26</td>
<td>Traffic accident</td>
<td>1.55</td>
</tr>
<tr>
<td>Personal injury</td>
<td>1.13</td>
<td>Criminal trial</td>
<td>1.25</td>
<td>Traffic accident</td>
<td>1.39</td>
</tr>
<tr>
<td>Personal injury</td>
<td>1.12</td>
<td>Personal injury</td>
<td>1.25</td>
<td>Miscellaneous</td>
<td>1.12</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1.11</td>
<td>Medical negligence</td>
<td>1.20</td>
<td>Land dispute</td>
<td>1.03</td>
</tr>
</tbody>
</table>

Note:

* In some cases, the litigation costs incurred may be recovered in full or in part from the opposite party and/or deducted from the awards obtained by the aided person. From 2009 to 2013, the percentage of the costs recovered in relation to the costs incurred ranged from 19% to 62%.

In the past five years, the 10 counsel and solicitors who were assigned with the most number of cases (civil and criminal) and the amount of litigation costs paid for these assigned cases are as follows:
<table>
<thead>
<tr>
<th>Rank</th>
<th>Counsel</th>
<th>Solicitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of cases</td>
<td>Fees paid (HK$)</td>
</tr>
<tr>
<td>2009</td>
<td>1</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>27</td>
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<td></td>
<td>7</td>
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<tr>
<td></td>
<td>8</td>
<td>26</td>
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<td></td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>25</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Rank</th>
<th>Counsel</th>
<th>Solicitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of cases</td>
<td>Fees paid (HK$)</td>
</tr>
<tr>
<td>2010</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>34</td>
</tr>
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<td></td>
<td>4</td>
<td>31</td>
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<tr>
<td></td>
<td>5</td>
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<td></td>
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<td>26</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>8</td>
<td>25</td>
</tr>
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</tr>
<tr>
<td></td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>2,104,750.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>Counsel</th>
<th>Solicitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of cases</td>
<td>Fees paid (HK$)</td>
</tr>
<tr>
<td>2011</td>
<td>1</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>29</td>
</tr>
<tr>
<td>Rank</td>
<td>Counsel</td>
<td>Solicitors</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td>Number of cases</td>
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</tr>
<tr>
<td>3</td>
<td>27</td>
<td>813,105.00</td>
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<tr>
<td>4</td>
<td>27</td>
<td>605,000.00</td>
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<tr>
<td>5</td>
<td>24</td>
<td>1,445,250.00</td>
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<tr>
<td>6</td>
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<td>1,507,000.00</td>
</tr>
<tr>
<td>7</td>
<td>24</td>
<td>450,725.00</td>
</tr>
<tr>
<td>8</td>
<td>24</td>
<td>310,300.00</td>
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<td>23</td>
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<td>748,380.00</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>875,965.00</td>
</tr>
</tbody>
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### 2012

<table>
<thead>
<tr>
<th>Rank</th>
<th>Counsel</th>
<th>Solicitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of cases</td>
<td>Fees paid (HK$) #</td>
</tr>
<tr>
<td>1</td>
<td>39</td>
<td>858,107.50</td>
</tr>
<tr>
<td>2</td>
<td>29</td>
<td>834,658.50</td>
</tr>
<tr>
<td>3</td>
<td>29</td>
<td>854,497.50</td>
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<tr>
<td>4</td>
<td>29</td>
<td>723,445.00</td>
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<tr>
<td>5</td>
<td>28</td>
<td>528,447.50</td>
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<tr>
<td>6</td>
<td>27</td>
<td>597,550.00</td>
</tr>
<tr>
<td>7</td>
<td>27</td>
<td>2,594,782.50</td>
</tr>
<tr>
<td>8</td>
<td>27</td>
<td>372,000.00</td>
</tr>
<tr>
<td>9</td>
<td>27</td>
<td>408,467.50</td>
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<tr>
<td>10</td>
<td>27</td>
<td>796,300.00</td>
</tr>
</tbody>
</table>

### 2013

<table>
<thead>
<tr>
<th>Rank</th>
<th>Counsel</th>
<th>Solicitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of cases</td>
<td>Fees paid (HK$) #</td>
</tr>
<tr>
<td>1</td>
<td>37</td>
<td>To be finalized</td>
</tr>
<tr>
<td>2</td>
<td>36</td>
<td>To be finalized</td>
</tr>
<tr>
<td>3</td>
<td>33</td>
<td>477,767.50</td>
</tr>
<tr>
<td>4</td>
<td>32</td>
<td>441,630.00</td>
</tr>
<tr>
<td>5</td>
<td>32</td>
<td>456,580.00</td>
</tr>
<tr>
<td>6</td>
<td>32</td>
<td>545,600.00</td>
</tr>
<tr>
<td>Rank</td>
<td>Counsel</td>
<td>Solicitors</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td>Number of cases</td>
<td>Fees paid (HK$)</td>
</tr>
<tr>
<td>7</td>
<td>31</td>
<td>433,727.50</td>
</tr>
<tr>
<td>8</td>
<td>29</td>
<td>486,750.00</td>
</tr>
<tr>
<td>9</td>
<td>29</td>
<td>337,500.00</td>
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<tr>
<td>10</td>
<td>29</td>
<td>16,200.00</td>
</tr>
</tbody>
</table>

Note:

# The amount of fees paid for the cases assigned in the year and paid up to 5 February 2014.

In accordance with the data protection principles under the Personal Data (Privacy) Ordinance and the restriction on disclosure of information concerning aided persons and their cases under the Legal Aid Ordinance, the LAD is not at liberty to disclose the names of the counsel/solicitors assigned to handle individual legal aid cases and their charges.

Relationship Between Road Works and Traffic Accidents on Tuen Mun Road

11. **MR TAM YIU-CHUNG** (in Chinese): President, recently, quite a number of residents in Tuen Mun have relayed to me that traffic accidents have often occurred on Tuen Mun Road since the commencement of the works for Reconstruction and Improvement of Tuen Mun Road (the Project) in 2008. In this connection, will the Government inform this Council:

(1) whether it has assessed how far the causes of the traffic accidents on Tuen Mun Road since the commencement of the Project are related to the Project; if it has, of the assessment outcome; if not, the reasons for that;

(2) as an incident occurred on 30 November last year in which over 50 vehicles had their tyres punctured by a screw protruding from an expansion joint on a bridge when they were passing through a section of Tuen Mun Road where construction works were being carried out, whether the authorities have taken any corresponding
precautionary and remedial measure targeting at the risk factors of potential traffic accidents arising from the Project, with a view to reducing traffic accidents; if so, of the details; if not, the reasons for that; and

(3) whether the Highways Department (HyD) and other government departments disseminate, on a daily basis to road users (including bus drivers and other motorists) and members of the transport industry, information on the measures taken for the Project, such as diversion of traffic, road narrowing and imposition of speed limit, and so on; if so, of the details; if not, the reasons for that?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, with the objective of improving the Tuen Mun Road (TMR) to current expressway design standards as far as practicable, the Government has commenced the project on reconstruction and improvement of TMR (the Project), the scope of which includes reconstruction of the road section between Tsuen Wan and Sam Shing Hui, widening of traffic lanes and provision of hard shoulders, and so on. The works have been progressing smoothly since their commencement in October 2008, and are expected to complete in phases in 2014.

My reply to the three parts of Mr TAM Yiu-chung's question is as follows:

(1) According to the records of the Transport Department (TD) (as at December 2013), the annual traffic accident figures for the road section concerned during the works are more or less the same as those before the works. The relevant figures are tabulated below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of traffic accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>180</td>
</tr>
<tr>
<td>2004</td>
<td>140</td>
</tr>
<tr>
<td>2005</td>
<td>149</td>
</tr>
<tr>
<td>2006</td>
<td>141</td>
</tr>
<tr>
<td>2007</td>
<td>175</td>
</tr>
<tr>
<td>2008 (From January to September before works commencement)</td>
<td>120</td>
</tr>
<tr>
<td>Year</td>
<td>Number of traffic accidents</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>2008 (From works commencement in October to December)</td>
<td>34</td>
</tr>
<tr>
<td>2009</td>
<td>159</td>
</tr>
<tr>
<td>2010</td>
<td>180</td>
</tr>
<tr>
<td>2011</td>
<td>192</td>
</tr>
<tr>
<td>2012</td>
<td>175</td>
</tr>
<tr>
<td>2013^ (As at December)</td>
<td>197</td>
</tr>
</tbody>
</table>

Note:

^ Provisional figures

Representatives from various government departments, including the TD, police and HyD, reported to members of the Traffic and Transport Committee of the Tuen Mun District Council on 13 July 2012 on the details of and causes for traffic accidents on TMR. At the meeting, the police explained to the Committee on their investigation into the contributory factors of these accidents. It is shown in the results of the analysis that the major causes for traffic accidents are driving too close to the vehicle in front, losing control of the vehicle, careless lane changing and driving inattentively by the driver. There is no evidence linking the traffic accidents on TMR to the implementation of the Project.

(2) All temporary traffic management measures put in place for the Project since works commencement are designed in accordance with the Code of Practice for the Lighting, Signing and Guarding of Road Works (CoP) formulated under the Road Traffic (Traffic Control) Regulations (Cap. 374G). Before implementation, these measures have to be vetted and approved by the Traffic Management and Liaison Group (TMLG) (comprising representatives from relevant government departments including the TD, Traffic Wing of the police and HyD) established for the Project.

The TD, Traffic Wing of the police and HyD have been keeping watch over the temporary traffic management and diversion
measures during the works. In case traffic accidents occur at or near the road sections where these measures are in place, resident site supervisory staff of the HyD will examine the measures concerned with the contractor. They will also closely monitor the traffic situation at the relevant road sections with the HyD and TD. Whenever necessary and if approved by the TMLG, improvement measures will be implemented.

Upon receiving the report of the incident involving the tyres of a number of heavy vehicles being punctured by a screw protruding from the expansion joint on the bridge section of TMR heading for Tuen Mun near Yau Kom Tau on 30 November 2013, immediate urgent repairs were arranged by the HyD. Other expansion joints on Ting Kau Viaduct and Yau Kom Tau Viaduct were also inspected on the same day and no similar problems were identified. According to the records of the HyD, incidents of this kind involving tyre damage of a number of vehicles by a protruded screw are extremely rare. The HyD will learn from the incident, and pay more attention to monitoring the condition of expansion joints on bridges during the contractor's repairs and inspections of highway facilities in future.

(3) As mentioned in part (2) above, temporary traffic management and diversion measures arranged by the Government for major road works are subject to prior vetting and approval by the TMLG according to the CoP. For large scale temporary traffic arrangement and diversion schemes, relevant District Councils will also be consulted before implementation.

For the Project, the HyD has consulted the Tsuen Wan District Council and the Tuen Mun District Council before implementation of large-scale temporary traffic arrangement and diversion schemes (such as full closure of a section of TMR) and informed residents or management companies of nearby buildings and housing estates via notices or leaflets delivered by email, fax or by hand. Prior notification has been given to transport trades including bus, taxi and minibus operators to explain to them the implementation details. Separately, the TD and HyD have reminded road users of such
measures via variable message signs installed on gantries along viaducts leading to TMR and mobile message signs erected by the contractor.

Before reducing temporarily the speed limit of TMR, the HyD has arranged for leaflet distribution at Tsing Ma Control Area and Tai Lam Tunnel Toll Plaza to motorists and transport trades including bus, taxi and minibus operators. Huge banners have been mounted at footbridges across TMR to alert road users of the temporary speed limit. During the implementation of the measure, the contractor has installed new speed limit signs and painted conspicuous speed limit road markings to remind road users of the relevant arrangements.

Moreover, the Emergency Traffic Co-ordination Centre under the TD is responsible for monitoring and handling traffic and transport incidents on the road. In case of occurrence of such incidents, traffic information and public transport service news will be disseminated promptly to road users, media, government departments and organizations by the Centre, with a view to minimizing the impact to the public.

Unpaid Medical Fees Owed by Non-local Pregnant Women After Giving Birth in Public Hospitals

12. MR GARY FAN (in Chinese): President, it has been reported that the total amount of unpaid medical fees owed by non-local pregnant women after giving birth in public hospitals exceeded $10 million last year. That amount represented an increase of over 70% from the previous year and accounted for 20% of the provision made by the Hospital Authority (HA) for bad and doubtful debts of medical fees last year. In this connection, will the Government inform this Council:

(1) whether it knows the number of the aforesaid cases and the total arrears in each of the past five years, together with a breakdown by public hospital; among such cases, the number of those which involved Mainland pregnant women whose spouses were not permanent residents of Hong Kong, and the total arrears concerned;
(2) if it knows the existing procedure of the HA for recovering arrears from non-local pregnant women; the number of cases in which the HA took recovery actions in each of the past five years, as well as the number of cases in which the arrears were fully recovered and the total arrears collected; whether the HA has reviewed the reasons why its recovery actions succeeded in some cases but failed in others;

(3) if it knows whether the HA has analysed the characteristics of non-local pregnant women who defaulted on payment (including their places of domicile and the number of days they stayed in Hong Kong before giving birth, and so on); if it has, of the conclusion, and whether it will make use of the relevant findings of such analysis to formulate a mechanism to closely monitor those non-local pregnant women who have a high risk of defaulting on payment; if not, the reasons for that;

(4) whether it knows the measures adopted by the HA at present to prevent non-local pregnant women from defaulting on payment, and whether the HA will introduce any new measure; if the HA will, of the details and implementation timetable; if the HA will not, the reasons for that; and

(5) as some members of the public have proposed that the Government should introduce legislation to require non-local pregnant women who defaulted on payment to immediately clear the debt (including interest) and pay a fine of the same amount when they re-enter Hong Kong, or face prosecution or refusal for entry, whether the authorities have assessed the feasibility of such proposal, and whether they will adopt it; if they will not, of the reasons for that?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, our healthcare system mainly serves Hong Kong residents. The HA will provide healthcare services for non-local residents under specific circumstances, such as when the patients are in a "life or limb- threatening" situation, or when there is spare service capacity. However, the HA will charge these patients according to the cost-recovery principle.
My reply to the various parts of the question is as follows:

(1) The number of cases and the amount of arrears where non-local pregnant women defaulted on payment after giving birth in public hospitals are set out in the tables below:

<table>
<thead>
<tr>
<th>Number of default cases</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pamela Youde Nethersole Eastern Hospital</td>
<td>23</td>
<td>21</td>
<td>21</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Queen Mary Hospital</td>
<td>25</td>
<td>8</td>
<td>15</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Queen Elizabeth Hospital</td>
<td>38</td>
<td>32</td>
<td>41</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>United Christian Hospital</td>
<td>28</td>
<td>13</td>
<td>11</td>
<td>17</td>
<td>38</td>
</tr>
<tr>
<td>Kwong Wah Hospital</td>
<td>40</td>
<td>49</td>
<td>21</td>
<td>37</td>
<td>45</td>
</tr>
<tr>
<td>Princess Margaret Hospital</td>
<td>41</td>
<td>76</td>
<td>47</td>
<td>49</td>
<td>56</td>
</tr>
<tr>
<td>Prince of Wales Hospital</td>
<td>66</td>
<td>61</td>
<td>29</td>
<td>43</td>
<td>73</td>
</tr>
<tr>
<td>Tuen Mun Hospital</td>
<td>69</td>
<td>48</td>
<td>56</td>
<td>39</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td>330</td>
<td>308</td>
<td>241</td>
<td>251</td>
<td>379</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Arrears ($ million)</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pamela Youde Nethersole Eastern Hospital</td>
<td>0.6</td>
<td>0.5</td>
<td>0.6</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Queen Mary Hospital</td>
<td>0.5</td>
<td>0.1</td>
<td>0.4</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Queen Elizabeth Hospital</td>
<td>1.3</td>
<td>0.4</td>
<td>1.2</td>
<td>1.0</td>
<td>1.6</td>
</tr>
<tr>
<td>United Christian Hospital</td>
<td>0.7</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Kwong Wah Hospital</td>
<td>1.3</td>
<td>1.7</td>
<td>0.7</td>
<td>0.8</td>
<td>1.6</td>
</tr>
<tr>
<td>Princess Margaret Hospital</td>
<td>1.7</td>
<td>2.2</td>
<td>1.3</td>
<td>1.4</td>
<td>1.9</td>
</tr>
<tr>
<td>Prince of Wales Hospital</td>
<td>2.5</td>
<td>1.5</td>
<td>0.5</td>
<td>0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Tuen Mun Hospital</td>
<td>2.1</td>
<td>1.5</td>
<td>1.5</td>
<td>0.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>10.7</td>
<td>8.4</td>
<td>6.6</td>
<td>5.8</td>
<td>10.2(1)</td>
</tr>
</tbody>
</table>

Note:

(1) The arrears of 2012-2013 increased by 76% as compared to that of 2011-2012. This was mainly due to the adjustment of obstetric package charge for non-local pregnant women without prior booking from $48,000 to $90,000 in May 2012. In addition, with the HA’s suspension of delivery booking by non-local pregnant women since April 2011, as well as the restriction imposed by the Government on the number of non-local pregnant women giving birth in Hong Kong since 2012, there was an increase in the number of cases of gate-crashing the accident and emergency departments (A&EDs) by non-local pregnant women.
Out of the above default cases concerning non-local pregnant women, the HA does not have a breakdown on the number of those Mainland pregnant women whose spouses are not permanent residents of Hong Kong.

(2) to (5)

The HA handles all default cases in a serious manner. It will, where appropriate, take legal actions and file claims with the Court. Since the implementation of the Non-eligible Person Obstetric Package Charge on 1 September 2005, the filing of claims and recovery of arrears by the HA through the Small Claims Tribunal and District Courts are as follows:

<table>
<thead>
<tr>
<th>Accumulated amount as at 31 March 2013</th>
<th>Filing of Claims</th>
<th>Recovery of Arrears</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount ($ million)</td>
<td>97.1</td>
<td>14.1</td>
</tr>
<tr>
<td>Number of cases</td>
<td>3,290</td>
<td>556</td>
</tr>
</tbody>
</table>

The reasons for unable to recover the arrears in some of the cases include: incomplete addresses provided by the patients, financial difficulties claimed by patients or their departure from Hong Kong, and so on. The HA notes that the non-local pregnant women who had defaulted on payments are mainly Mainland pregnant women seeking treatments at the A&EDs shortly before labour.

The HA reviews the default cases on a regular basis and takes appropriate measures to recover the arrears. Apart from the abovementioned legal actions, the HA has put in place a series of measures to minimize default on payment of medical fees. These measures include:

(i) issuing interim bills to patients on a weekly basis during their hospitalization and final bills regularly upon their discharge;

(ii) requiring all in-patients to provide such contact details as addresses and telephone numbers (including contact details outside Hong Kong);
(iii) reminding patients or their family members through telephone calls for early settlement of bills before and after the patients' discharge;

(iv) requiring non-eligible persons to pay a deposit of $47,000 upon admission to public wards (except for emergency cases);

(v) imposing administrative charges on patients who have received medical services but made late payments of medical fees and charges; and

(vi) not providing non-emergency medical services for non-eligible persons with outstanding fees.

Noting that some non-local pregnant women with outstanding fees will leave Hong Kong and return to the Mainland, the HA will not only take legal actions in the Courts of Hong Kong, but also attempt to recover the arrears through courts in the Mainland.

The HA will closely monitor the effectiveness of various measures and legal actions, keep close liaison with parties concerned, and take further measures as appropriate with a view to safeguarding the relevant public revenue.

Support for Development of Football in Hong Kong

13. **DR KENNETH CHAN** (in Chinese): President, to support Hong Kong Football Association (HKFA) in reforming and implementing its long-term development plan, the Government has, since 2011, provided funding to the HKFA for implementing a three-year project — Project Phoenix (the Project). However, incidents of suspected manipulation of the results of the Hong Kong First Division League have been uncovered recently. Regarding the development of football in Hong Kong, will the Government inform this Council:

(1) whether it knows the respective aggregate expenditures of various programmes under the Project up to the present; of the objectives of the Project and how the programmes have been implemented at present; whether the authorities and the HKFA have formulated follow-up plans on those programmes which have fallen short of the
targets; if they have, of the details; if not, whether they will do so immediately; if they will, of the details; if not, the reasons for that;

(2) whether the authorities and the HKFA will conduct a comprehensive review of the Project after its completion in September this year; if they will not, of the reasons for that; if they will, the specific plan for and timetable of the review, and whether they will make public the review report; if they will not make public the report, of the reasons for that;

(3) whether the authorities will continue to allocate resources and take specific measures to support the football development in Hong Kong after the completion of the Project; if they will, of the details; if not, the reasons for that;

(4) whether it will, in response to the recent incidents of suspected manipulation of the results of football matches, adjust its policies for supporting football development; if it will, of the specific direction of adjustment and details of the policies concerned; if not, the reasons for that; whether the authorities and the HKFA will take measures to strengthen the confidence of various stakeholders on football development in Hong Kong; if they will, of the details; if not, the reasons for that; and

(5) as it has been reported that the authorities have once proposed to organize a "Chief Executive Cup" Football Tournament, whether the plan has been shelved; if so, of the reasons for that; if not, the benefits expected from such Tournament to football development in Hong Kong, and the current progress of the preparatory work for the Tournament?

SECRETARY FOR HOME AFFAIRS (in Chinese): President, the Home Affairs Bureau commissioned a consultancy study in 2009 to review the position of football in Hong Kong and to recommend viable options for the development of the sport locally. To take forward the recommendations made by the consultant, the HKFA appointed a Change Agent in October 2010 to formulate a football development strategy, entitled Project Phoenix, to help the HKFA in the areas of governance structure, development strategy and business planning.
The Sports Commission endorsed a proposal in October 2011 to earmark $20 million annually over a period of three years from 2011-2012 onwards for allocation to the HKFA to implement the recommendations made under Project Phoenix. The funding cycle for Project Phoenix commenced in November 2011. The HKFA is required to submit to the Football Task Force (FTF) a proposal on the use of funding each year. The FTF examines these proposals and makes recommendations on the allocation of funding, which must be applied to the agreed programmes for implementing Project Phoenix. The HKFA may also submit funding applications to the FTF whenever the need arises.

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

(1) As at the end of January 2014, the funding allocated from Home Affairs Bureau to help cover the expenditure incurred by the HKFA in the implementation of Project Phoenix is as follows:

| Staff costs related to Project Phoenix          | $27.92 million |
| Commissioning of consultancy services         | $1.80 million  |
| Administrative consultancy services           | $1.32 million  |
| Legal advisory services                       | $0.46 million  |
| Total                                         | $31.50 million |

Funding is released to the HKFA in instalments on a quarterly basis upon Home Affairs Bureau's scrutiny of the relevant documentary proof furnished by the HKFA for the approved programmes.

The Change Agent's report made 33 recommendations have on the direction of football development and the operation of the HKFA. Of these recommendations, 22 have been completed by the HKFA so far. The remaining 11 are either ongoing or underway. For example, the Premier League will be launched in the 2014-2015 football season. The completed and ongoing recommendations include the approval of a new constitution, the adoption of a new board structure and the reorganization of the administrative structure. Over the past two years, the HKFA's efforts have led to improvements in areas such as youth development, coach education, the development of women's football, the training of referees, and the management and training of the Hong Kong representative teams.
The HKFA regularly reports to the FTF on the progress of various recommendations made under Project Phoenix. Where recommended action has fallen behind schedule, the HKFA gives explanations and revises the timetable taking into account the actual circumstances. The FTF reviews the reports submitted by the HKFA in order to understand the issues in question and monitor the progress of implementing relevant measures, and assists the HKFA as appropriate.

(2) The FTF is closely monitoring the implementation and effectiveness of Project Phoenix. We plan to review fully the effectiveness of Project Phoenix before the conclusion of the three-year funding cycle, and report to the public on the result of the review.

(3) In taking forward the aforesaid review, the FTF will consider factors such as the progress of local football development, the way forward as well as the overall availability of funds, and make recommendations as to whether and how to sustain support for football development in Hong Kong.

(4) The recent incidents of suspected manipulation of the results of football matches are absolutely unacceptable. The Home Affairs Bureau supports the Independent Commission Against Corruption's (ICAC) rigorous investigation into such incidents in a bid to eradicate unscrupulous practices in football. We note that the HKFA has set up an ad hoc committee to investigate the incidents and will fully co-operate with the ICAC on the investigations. We consider that the action taken by the HKFA has demonstrated its determination to uphold the fairness and integrity of local football.

Whether in Hong Kong or in any other parts of the world, corruption has been a serious threat to fairness and integrity in the football sector. Last year, the Chief Executive Officer of the HKFA attended a conference held by the Asian Football Confederation and the Interpol in Kuala Lumpur, where he exchanged views with other regions on issues concerning anti-corruption and match-fixing. In the long run, the HKFA considers that reforming local football, in particular by taking forward recommendations in Project Phoenix such as organizing a highly transparent and well-governed local
professional football league, will be conducive to further combating corruption.

(5) The Home Affairs Bureau has not made any proposal to organize a "Chief Executive's Cup" football tournament.

Chiropractor Service

14. **MR PAUL TSE** (in Chinese): President, in the Thematic Household Survey Report No. 53 published in November 2013, the Census and Statistics Department estimated that about 33,700 persons aged 15 and over in Hong Kong had received chiropractic treatment during the 12 months before enumeration, and about 70% of the respondents claimed that chiropractic treatment was effective. Also, relevant statistics in the United States indicated that low back pain ranked second among the most common causes for patients seeking medical services (with common cold ranking first). A chiropractic organization has pointed out that while the practising qualifications and the conduct of chiropractors have been brought under regulation since the Chiropractors Registration Ordinance (Cap. 428) came into operation in 1993 and chiropractic services have been proven to be of significant benefits in treating low back pain and other pains caused by chiropractic problems, the chiropractor profession has still been excluded from the public health system. The organization is of the view that this situation has not only wasted existing chiropractic talents, but also aggravated the staff shortage problem among other medical professions in public hospitals and lengthened the waiting time for consultation for the patients concerned. In this connection, will the Government inform this Council:

(1) whether it knows the number of attendances seeking treatment from the public health system due to low back pain and pains caused by chiropractic problems in each of the past three years; the specialist clinics to which the patients concerned were referred for follow up, their average waiting time for treatment, and the manpower figures of the specialties concerned;

(2) whether it knows the current number of registered chiropractors in Hong Kong; how many of them are working in public hospitals; whether the Strategic Review on Healthcare Manpower Planning and Professional Development conducted by the authorities in 2012
has studied: (i) the feasibility as well as the pros and cons of including chiropractic services in the public health system, and (ii) whether recruiting chiropractors, increasing their number and setting up a chiropractor specialty in a systematic manner can facilitate the treatment of patients suffering from the aforesaid pains in a more effective and time-saving way, thereby shortening unnecessary waiting and referral times as well as reducing the workload of doctors; if such studies have been conducted, of the outcome; if not, the reasons for that and whether such studies can be conducted immediately; and

(3) as I have learned that a local university will start offering chiropractic-related programmes from 2015 onwards, whether the Government knows if the Hospital Authority (HA) has conducted studies on absorbing the graduates of such programmes into the public health system; if the HA has, of the arrangements?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the HA has been providing Hong Kong citizens with comprehensive medical services and limited Chinese medicine services on the basis of conventional medicine.

Chiropractic service is a form of alternative medicine. The diseases treated by chiropractors are covered by the standard services of the HA. At present, general practitioners, Orthopaedics and Traumatology (O&T) specialists and other allied health professionals (such as physiotherapists and occupational therapists) of the HA provide comprehensive services for patients suffering from musculoskeletal diseases.

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

(1) The HA does not maintain figures on the referrals of patients to specialist out-patient services due to preliminary diagnosis of low back pain and pains caused by chiropractic problems.

As mentioned above, treatment for musculoskeletal diseases is mainly provided by general practitioners, O&T specialists and other allied health professionals of the HA. The number of attendances of the HA's general out-patient clinics (GOPC), O&T specialist
The HA does not maintain statistics on the waiting time of GOPC and allied health out-patient clinics, nor manpower figures of specific specialist and allied health clinics.

The HA has implemented a triage system for all newly referred specialist out-patient (SOP) cases to ensure that patients with urgent conditions requiring early intervention are treated with priority. Under the current triage system, new referral cases are usually first screened by a nurse and then by a specialist doctor of the relevant specialty for classification into priority 1 (urgent), priority 2 (semi-urgent) and routine categories.

The median waiting time of O&T specialist out-patient clinics new cases triaged as priority 1 and priority 2 for 2010-2011, 2011-2012 and 2012-2013 is less than one week and five weeks respectively. For new cases triaged as routine category, the median waiting time is 32 weeks, 43 weeks and 52 weeks for 2010-2011, 2011-2012 and 2012-2013 respectively.

(2) As at 31 December 2013, there were 180 registered chiropractors in Hong Kong. The HA currently does not employ registered chiropractors.

In the face of growing and ageing population and increasing demand for healthcare services, the Government is conducting a strategic
review on healthcare manpower planning and professional development. The review covers healthcare professionals from 13 disciplines which are subject to statutory regulation, including doctors, dentists, nurses and chiropractors, and so on.

The review will formulate recommendations on how to cope with anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development, with a view to ensuring the healthy and sustainable development of our healthcare system.

(3) The University Grants Committee (UGC) considers proposals of its funded institutions for introducing new publicly-funded programmes in the context of the triennial academic development planning exercise. In the academic development planning exercise for the 2012-2013 to 2014-2015 triennium, no institution ran training programmes on chiropractic.

The UGC-funded institutions are currently preparing for the academic development planning exercise for the 2015-2016 academic year and the 2016-2017 to 2018-2019 triennium, and are yet to submit proposals to the UGC. It is yet to know whether they intend to provide any publicly-funded training programmes on chiropractic in the future. Besides, institutions can provide such programmes on a self-financing basis, but UGC does not have information of self-financing programmes.

The Government keeps an open mind on training programmes offered by local tertiary institutions for any healthcare disciplines. The HA will consider and plan new services and facilities with regard to the public demand for healthcare services.

Constitutional Development

15. **DR LAM TAI-FAI** (in Chinese): *President, with the release of the "Consultation Document on the Methods for Selecting the Chief Executive in 2017 and for Forming the Legislative Council in 2016", the Government officially launched a five-month public consultation on 4 December last year. The Chief*
Executive stated in his Policy Address released last month that the Government "is committed to … achieving the objective of selecting the Chief Executive by way of universal suffrage in 2017 in strict compliance with the Basic Law and the Interpretation and Decisions of the Standing Committee of the National People's Congress, and after extensive public consultation … The Government will collate the views received and commence the 'Five-step Process' of constitutional development". Regarding constitutional development, will the Government inform this Council:

(1) whether it has sought legal advice on whether the civil nomination option proposed by pan-democrats contravenes the Basic Law and the relevant Interpretation and Decisions of Standing Committee of the National People's Congress; if it has, of the advice; if the advice is in the affirmative, of the details; if the advice is in the negative, the justifications for that;

(2) whether it has discussed the constitutionality and models of operation of the civil nomination option with those organizations or political parties advocating the option; if it has, of the details; if not, the reasons for that;

(3) whether, according to the analysis of the Government, the implementation of the "three-track nomination" option (that is, candidature in the 2017 Chief Executive election can be obtained through any one of the three routes, namely civil nomination, nomination by political parties and nomination by a nominating committee) proposed by pan-democrats is (i) conducive to the balanced participation of all sectors and groups in society, (ii) conducive to the effective operation of the executive-led system, (iii) conducive to the maintenance of the long-term prosperity and stability of Hong Kong, and (iv) in compliance with the requirement for a broadly representative nominating committee; if it is, of the details; if not, the justifications for that;

(4) whether it has discussed the constitutionality and feasibility of the three-track nomination option with the organizations or individuals advocating the option; if it has, of the details; if not, the reasons for that;
(5) given that Article 45(1) of the Basic Law stipulates that "the Chief Executive of the Hong Kong Special Administrative Region shall be selected by election or through consultations held locally and be appointed by the Central People's Government", whether the Government has studied the circumstances or criteria which should be adopted for deciding if the Chief Executive should be selected by election or through consultations; if it has, of the details; if not, the reasons for that;

(6) given that Article 45(2) of the Basic Law stipulates that "[t]he method for selecting the Chief Executive shall be specified in the light of the actual situation in the Hong Kong Special Administrative Region and in accordance with the principle of gradual and orderly progress. The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures", whether the Government has sought legal advice on the definitions of or the relevant assessment criteria for the following terms: (i) "actual situation", (ii) "gradual and orderly progress", (iii) "broadly representative", and (iv) "democratic procedures"; if it has, of the legal advice;

(7) given that some political parties and organizations have repeatedly indicated that for the selection method to be regarded as "genuine universal suffrage", there must be "no screening" in the method of nominating candidates for the selection of Chief Executive by universal suffrage, whether the Government has studied if such a remark is consistent with the Government's interpretation of "genuine universal suffrage"; if the study outcome is in the affirmative, of the details; if the study outcome is in the negative, the justifications for that;

(8) given that the incumbent Dean of the School of Law of Tsinghua University, who is also a former member of the Basic Law Committee, has earlier pointed out that the universal suffrage system to be implemented in Hong Kong should achieve the dual objectives of preserving Hong Kong's "meritocracy" and safeguarding the interests of the business and industrial sectors, whether the Government has adopted these objectives in promoting
of the total number of consultation activities on constitutional development (including public forums and closed meetings) attended by government officials so far and the number of participants (set out in table form by type of activities);

whether it will step up public consultation efforts (especially on consultation activities targeting at young people and the academia) in the remaining time of the consultation exercise; if it will, of the details; if not, the reasons for that; and

whether the Government will invite pan-democrats to hold open debates on the options for constitutional development in the next stage of the consultation exercise; if it will, of the details; if not, the reasons for that?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Chinese): President, on 4 December 2013, the HKSAR Government formally launched the public consultation on the implementation of universal suffrage for the Chief Executive Election in 2017 and the method for forming the Legislative Council in 2016 to prepare for the "Five-step Process" of constitutional development. The five-month consultation will end on 3 May 2014. We hope that different sectors of the community will have thorough discussions on the issues related to the two electoral methods, on the legal basis of the Basic Law and the relevant Interpretation and Decisions of the Standing Committee of the National People's Congress (NPCSC). At this stage, the Government would continue meeting with various sectors of the community and listen to different views and suggestions with an open, inclusive and pragmatic mind. At present, the Government would not pass judgment or comment on specific proposals or views from individuals and groups. Therefore, with regard to the various questions raised by Dr LAM, it is not appropriate for the Government to give substantive responses at this stage.

Since the formal launch of the public consultation in December last year, the three members of the Task Force on Constitutional Development (the Task Force) and other politically appointed officials have attended activities, including
forums and seminars, with different sectors and groups. Members of the Task Force have also been visiting the 18 District Councils to listen to the views of District Council members. Information regarding these activities is uploaded to the website of the public consultation on the methods for selecting the Chief Executive in 2017 and for forming the Legislative Council in 2016 <www.2017.gov.hk>, and will be included in the consultation report. We will continue to maintain communication with people from different sectors through different means throughout the consultation period, to extensively listen to views from various sectors of the community. After the end of the consultation period, we will faithfully summarize and consolidate views received, with a view to facilitating the Chief Executive to make a report to the NPCSC to formally kick-start the "First Step" of the "Five-step Process" of constitutional development.

Improvement to Facilities and Manpower in Prince of Wales Hospital

16. **DR ELIZABETH QUAT** (in Chinese): President, it has been reported that according to the latest report on the Surgical Outcomes Monitoring and Improvement Programme released by the Hospital Authority (HA), the performance of Prince of Wales Hospital (PWH) in respect of urgent surgeries has been rated as unsatisfactory, with the actual death rate of the patients concerned being higher than the expected death rate. Analyses of the HA revealed that the aforesaid situation might have been related to the low percentage of patients being admitted to the Intensive Care Unit (ICU) ward after they had undergone urgent surgeries, which affected the post-surgery care for such patients. It has also been reported that some surgeons considered the use of beds in the ICU of the PWH to be unsatisfactory, and it was heard that some patients of the PWH had died as a result of not being offered intensive care. They also opined that the effect of the proposal to add more high dependency beds to the surgical wards, as put forth in the report, would be minimal for addressing the problem of shortage of hospital beds. However, the phase two redevelopment plan (the redevelopment plan) of the PWH has been much protracted because the relevant technical studies will not commence until the third quarter of this year, and the funding proposal will only be submitted, in July next year the earliest, to the meeting of the Government's Resource Allocation Exercise. In connection with the healthcare services of the PWH, will the Government inform this Council:
(1) as some healthcare personnel have reflected the view that quite a number of departments of the PWH have high bed occupancy rates (in particular the medical wards, with an occupancy rate once reaching 130%), but the commencement date for the redevelopment plan of the PWH is still uncertain, whether the Government knows if the HA will, in the light of the prolonged overcrowding in the wards of the PWH, take measures to strive for commencing the studies concerned in the second quarter of this year so that the funding proposal can be submitted in time in July this year; if it will, of the details; if not, the reasons for that;

(2) whether it knows if the HA will take other measures to commence the redevelopment plan expeditiously so as to address the prolonged problem of insufficient hospital beds in the PWH; if the HA will, of the details; if not, the reasons for that; and

(3) as some healthcare personnel have pointed out that the quality of the healthcare services has been affected by the problems of manpower shortage and insufficient number of hospital beds in the PWH, and therefore the PWH should concurrently enhance its healthcare manpower and increase the number of hospital beds, whether it knows if the HA has assessed the long-term needs for the healthcare services of the PWH; if it has, of the details, and whether the HA will take any specific measure to ensure that the PWH will appropriately co-ordinate its planning for human resources and the development of facilities so that these two areas will complement each other to cope with the increase in the demand for healthcare services; if the HA will, of the details; if not, the reasons for that?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, with a gross floor area of 71 500 sq m, the new building constructed in the phase one redevelopment project of the PWH was opened in late 2010 to provide a better hospital environment for patients. The original proposal for the phase two redevelopment project of the PWH was to demolish Staff Blocks A, C and D and the lecture hall of the nursing school for the construction of a new block and provision of sufficient clinical space and facilities in compliance with the current design and standards.
In light of the relevant government departments' latest projection of population growth and expected changes in demographic structure in the New Territories East (NTE), as well as the increasing demand for medical services in the cluster, the HA will conduct comprehensive clinical services planning for the NTE Cluster in 2014, including the review of the content of the phase two redevelopment project of the PWH.

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

(1) and (2)

Aimed at renewing the dilapidated and outdated medical facilities, the original proposal for the phase two redevelopment project of the PWH did not include the provision of additional beds. However, in light of the latest projection of population growth and expected demographic changes in the NTE Cluster (including Sha Tin, Tai Po and the North District), the HA needs to re-define the clinical services plan for the phase two redevelopment project of the PWH, with consideration given to increasing the number of beds and expanding in-patient and ambulatory services to alleviate the shortage of acute beds in the district and shorten the waiting time for in-patient admission, so as to meet the long-term medical services demand of the district. Factors to be considered include the pace of population growth and ageing, changes in service models, advancement in medical technology and new developments in medical services. The HA will work out detail scope of the phase two redevelopment project based on the clinical services plan so as to conduct the technical feasibility study and draw up an overall development plan for the PWH. It is expected that the services planning and technical feasibility study will be completed in the first half of 2015. We will then seek funding approval in accordance with the established procedures, with a view to implementing the phase two redevelopment project of the PWH as soon as possible.

(3) In the face of manpower shortage and consistently high occupancy rate in recent years, the PWH has put in place a number of measures to improve the service quality.
Take Accident and Emergency (A&E) service as an example, the PWH is continuing its effort to actively recruit doctors to fill the vacancies in the A&E Department, and will flexibly deploy healthcare personnel to support the A&E service when necessary. At present, staff have been deployed from other departments (such as the Department of Family Medicine) to the A&E Department, part-time doctors have been recruited and support has been sought from doctors who are willing to work extra shifts or sessions through the Special Honorarium Scheme. The PWH has also increased the A&E Nurse Clinic sessions to seven days a week. Non-emergency and mild trauma cases will be treated by nurse specialists so that doctors could attend to patients in critical condition. At the same time, psychiatric consultation will be provided at the A&E Department for patients with mental health problems to facilitate timely assessment and early intervention so as to reduce unnecessary admissions.

In addition, the PWH plans to provide 50 additional medical beds and a haematological oncology ward in 2014-2015 to relieve the pressure on services. It will also increase service sessions of the operation theatres and endoscopy examination to meet service demand.

Regulation of Intermediaries for Indonesian Domestic Helpers

17. **MR LEUNG KWOK-HUNG** (in Chinese): President, it is learnt that intermediaries are required, apart from applying for an employment agency licence under the Employment Ordinance (EO) (Cap. 57), also to obtain a business accreditation certificate (BAC) issued by the Consulate General of the Republic of Indonesia (Indonesia) in Hong Kong before they may arrange domestic helpers from Indonesia (Indonesian domestic helpers or IDHs) to come and work in Hong Kong. It has been reported that less than 30% of IDH intermediaries hold BACs (accredited intermediaries). Hence, some accredited intermediaries help unaccredited intermediaries to operate in the name of their branches through granting business concessions. Moreover, I have received complaints from quite a number of Indonesian Domestic Helpers and their employers, who alleged that quite a number of IDH intermediaries required Indonesian domestic helpers to surrender passports to them for retention. In addition, some intermediaries charged Indonesian domestic helpers a handling fee or training fee of an amount equivalent to Indonesian domestic helpers' six to
nine months' wages, and required those Indonesian domestic helpers who could not afford such fees to take out loans from their associated finance companies in Hong Kong at exorbitant interest rates as high as 40% per annum. In this connection, will the Government inform this Council:

(1) of the current number of IDH intermediaries in Hong Kong holding business registration certificates;

(2) whether it knows the current number of accredited intermediaries in Hong Kong;

(3) of the number of accredited intermediaries which submitted business registration applications with the names of proprietors/partners inconsistent with the names of proprietors/partners in their branch registration applications, in the past five years;

(4) regarding accredited intermediaries helping unaccredited intermediaries' operation by granting business concessions, whether the Government has any measure to regulate this practice; if so, of the details; if not, the reasons for that;

(5) whether it has any measure to eradicate the practice of accredited intermediaries helping unaccredited intermediaries apply for Indonesian domestic helpers or in their operation; if so, of the details; if not, the reasons for that;

(6) whether it is illegal for IDH intermediaries to require Indonesian domestic helpers to surrender passports to them for retention; if so, of the relevant legislation that they have violated and the penalties for such offences; if not, whether it has assessed if such a practice of the intermediaries is sensible and reasonable;

(7) whether there is any measure to eradicate the practice of intermediaries of charging foreign domestic helpers high fees in the name of handling fees or training fees; if so, of the details; if not, whether the Government is turning a blind eye to such a practice;

(8) whether there is any measure under the existing regime to ensure that IDH intermediaries will take care of the rights and interests of Indonesian domestic helpers during their employment in Hong Kong; if so, of the details, and whether it has assessed if the recent
incident of suspected abuse of an IDH has indicated that such measures are ineffective; if such measures are not available, how the protection for the rights and interests of Indonesian domestic helpers can be enhanced;

(9) whether there is any measure to eradicate the practice of some Hong Kong finance companies in providing loans to Indonesian domestic helpers and transferring such money to other people (such as intermediaries in Indonesia, and so on) before Indonesian domestic helpers come to Hong Kong; if so, of the details; if not, the reasons for that; and

(10) whether there is any measure to eradicate the situation of Indonesian domestic helpers who owe debts to Hong Kong finance companies coming to work in Hong Kong, so as to prevent their employers from being embroiled in the matter and harassed by debt collectors; if so, of the details; if not, the reasons for that?

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my response to Mr LEUNG Kwok-hung's enquiry is set out below:

(1) Pursuant to the Business Registration Ordinance, business operators shall provide the "Description and nature of business" of their businesses to the Business Registration Office of the Inland Revenue Department. The column "Description and nature of business" in the application form is only for putting down a general description and has no prescribed format or category. The Business Registration Office does not keep statistics for a particular business category.

(2) According to information provided by the Indonesian Consulate-General, there were 237 employment agencies in Hong Kong accredited by the Consulate as at 5 February 2014.

(3) For the reasons set out in answer (1), the Business Registration Office of the Inland Revenue Department cannot identify those agency businesses with business registration certificates from its database and cannot provide the required information. Moreover, for the purpose of the Business Registration Ordinance, a person
operating on a sole proprietorship is the sole proprietor, and persons operating a partnership business are the partners. These business operators are not required to provide their personal particulars when applying for registration of their branch businesses.

(4) and (5)

According to the EO, each of the employment agencies has to obtain a licence from the Labour Department (LD) before operating any business of placement service. At present, the EO and Employment Agency Regulations (EAR) do not require an employment agency to be accredited by other countries before it can obtain a licence. We also do not require a foreign domestic helper to apply through an employment agency accredited by other countries for working in Hong Kong. Individual countries may, according to their own policies, grant accreditation to local employment agencies for processing the employment contract of their workers to work in Hong Kong, which is an arrangement outside the jurisdiction of the LD. According to the laws of Hong Kong, a local employment agency without a licence issued by the LD, regardless of whether such employment agency has been accredited, is not permitted to obtain employment for another person or supplying personnel to an employer. The LD will investigate into and take appropriate action against any employment agencies that operate illegally.

(6) There is no legislation authorizing employment agencies to retain personal identification documents (for example, identity card, passport, and so on) of foreign domestic helpers without the latter's consent. If an employment agency retains the passport of a foreign domestic helper without the latter's consent and there is evidence to show that the employment agency has the intention to treat the passport as its own to dispose of regardless of the right of the foreign domestic helper, it may amount to theft under the Theft Ordinance. Any person who commits theft shall be liable on conviction upon indictment to maximum imprisonment of 10 years. The LD will refer such cases to the Police Force for investigation if employment agencies are found to have done so during their handling of cases. If the licensee of an employment agency is convicted of an offence under the Theft Ordinance, the LD will revoke his/her licence.
(7) According to the EO, as in the case of other job seekers, employment agencies are only allowed to receive from foreign domestic helpers for successful job placement service the prescribed commission specified in the Second Schedule of the EAR, which is no more than 10% of the latter's first month's salary. Employment agencies are not allowed to receive from a job seeker, in connection with obtaining employment for him/her, any fees or rewards, except the prescribed commission. For application fees or training fees, and so on, paid by foreign domestic helpers to employment agencies or recruiters in their home countries for working in Hong Kong, despite the fact that the HKSAR Government does not have any jurisdiction over such overseas operations, we have proactively raised the matter with the relevant Consulates in Hong Kong and urged them to draw the problem to the attention of their government and take follow-up action.

(8) Foreign domestic helpers enjoy the same protection and rights under the EO as local employees. The LD has launched extensive promotional and educational activities to ensure that foreign domestic helpers are aware of their own rights. If their employment rights are infringed, they can seek assistance from the LD and make use of the free conciliation and consultation services provided by the LD as local workers. Following the recent incident of the alleged abuse of an foreign domestic helper, the LD has planned to step up its publicity and educational efforts for foreign domestic helpers to deepen their understanding of their personal safety and employment rights.

(9) Except for exempted bodies, anyone who conducts business as a money lender must apply for a licence under the Money Lenders Ordinance and be subject to the regulation of that Ordinance. If reports relating to the violation of Money Lenders Ordinance are received, the Police Force will undertake relevant investigation and follow-up work according to the situation of the case.

(10) The Immigration Department (ImmD) assesses the visa applications of foreign domestic helpers according to established procedures, and considers whether the applicant meets the relevant criteria and normal immigration requirements, such as: holding a valid travel
document with adequate returnability to his/her country of residence or citizenship, be of clear criminal record and raises no security or criminal concerns to Hong Kong, and having no likelihood of becoming a burden to Hong Kong, and so on.

If the ImmD receives notification from employers that they are harassed owing to their foreign domestic helpers' indebtedness, the ImmD will keep the information on record. The record will be one of the considerations to be taken into account in future assessment of the relevant foreign domestic helper's application for visa or extension of stay.

**Development of Cycle Track Networks**

18. MISS ALICE MAK (in Chinese): President, The Civil Engineering and Development Department (CEDD) is currently developing in phases a cycle track network running through New Territories East and New Territories West (covering places such as Ma On Shan, Sha Tin, Tai Po, Fan Ling, Sheung Shui, Yuen Long, Tuen Mun and Tsuen Wan, and so on) with a total length of about 104 km. However, some members of the public have pointed out that the authorities have not planned for similar cycle track networks on Hong Kong Island and in Kowloon, thus hindering the public from cycling in the urban areas for recreational and short-distance travelling purposes. In connection with the development of cycle track networks, will the Government inform this Council:

1. of the respective total lengths and locations of the cycle tracks in various District Council (DC) districts;

2. whether various DCs made proposals to the authorities for providing additional cycle tracks in the DC districts concerned in the past three years; if they did, of the details of the proposals and whether the authorities had accepted them; if the authorities did not accept them, the reasons for that;

3. of the current works progress of the provision of cycle tracks along the waterfronts in locations such as Kai Tak New Development Area, Tsuen Wan, southern part of the Tseung Kwan O Town Centre, northern part of Mui Wo, Central and Hong Kong Island East, with a breakdown by location;
(4) whether it conducted, in the past three years, any study on the feasibility of providing cycle tracks on Hong Kong Island and in Kowloon (including waterfronts, except the locations mentioned in part (3)); if it did, of the outcome of the study; if the study outcome is that it is feasible, of the implementation date; if no study has been conducted, the reasons for that; and

(5) whether it will improve its bike-friendly policies (including encouraging public transport operators to introduce measures to facilitate passengers in carrying their bicycles on board, as well as considering afresh the development of a large-scale public bicycle-hiring service), so as to promote the function of bicycles as a mode of transport; if it will, of the details; if not, the reasons for that?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, roads in Hong Kong's urban areas are usually narrow and crowded. As the standard width of a cycle track should at least be 3.5 m, which is about the width of a traffic lane, it is difficult to find suitable space for building cycle tracks in urban areas without affecting traffic. There are also busy traffic and frequent loading and unloading activities in urban areas. Hence, due to road safety considerations, the Government does not encourage the public to use bicycles as a transport mode in urban areas. Compared with urban areas, the traffic flow density is relatively low in new towns or new development areas (NDAs), rendering these areas more suitable for cyclists to commute for short distance. The Government has therefore been striving to foster a bicycle-friendly environment in new towns and NDAs. We are conducting a comprehensive review of our cycling policies and will take reference from overseas experience. We hope to put forward policies and proposals to enhance the bicycle-friendly environment within this year.

My reply to the various parts of Miss Alice MAK's question is as follows:

(1) At present, the length of cycle tracks in 18 districts adds up to about 219 km. Their locations are listed at Annex 1.
(2) In the past three years, the Government received a number of proposals from some DCs regarding the provision of additional cycle tracks. Details of the DC members' proposals and the corresponding follow-up actions as provided by relevant departments are summarized at Annex 2.

(3) According to the Development Bureau, the current works progress of the provision of waterfront cycle tracks in Kai Tak New Development Area, Tsuen Wan, southern part of the Tseung Kwan O Town Centre, northern part of Mui Wo, Central and Hong Kong Island East is set out at Annex 3.

(4) As mentioned above, it is difficult to find suitable space for building cycle tracks in urban areas. Due to road safety considerations, the Government does not encourage the public to use bicycles as a transport mode in urban areas where traffic is busy. We will continue to provide cycle tracks and ancillary facilities at appropriate locations in new towns and NDAs to allow people to ride bicycles safely for short-distance travel or leisure purposes.

Meanwhile, we understand that the West Kowloon Cultural District (WKCD) Authority will provide cycle tracks in the WKCD park for public use. The WKCD Authority will examine the specific designs of the cycle tracks in the detailed design stage.

(5) The Government encourages public transport operators to allow the carriage of bicycles on board provided that safety and passenger convenience are not compromised. Given that public transport is mainly used for carrying passengers and that about 90% of the commuters travel by means of public transport, the operators have to set appropriate requirements for the carriage of bicycles by passengers having regard to the actual occupancy situation and passenger safety and convenience. Details of these requirements are set out at Annex 4.
Total Lengths and Locations of Cycle Tracks with Breakdown by DC Districts* (as at January 2014)

<table>
<thead>
<tr>
<th>DC</th>
<th>Total Length of Cycle Track (km)</th>
<th>Location of Cycle Track</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central and Western</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Wan Chai</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Eastern</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Southern</td>
<td>0.3</td>
<td>Cyberport</td>
<td>—</td>
</tr>
<tr>
<td>Kowloon City</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sham Shui Po</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Kwun Tong</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Yau Tsim Mong</td>
<td>1.8</td>
<td>West Kowloon Waterfront Promenade</td>
<td>Administered by the WKCD Authority</td>
</tr>
<tr>
<td>Wong Tai Sin</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Islands</td>
<td>14</td>
<td>Tung Chung Road, Yu Tung Road, Mui Wo, and so on.</td>
<td>—</td>
</tr>
<tr>
<td>North</td>
<td>27</td>
<td>Pak Wo Road, Wo Hop Shek, Shek Wu Hui, Luen Wo Hui, Sha Tau Kok Road (Lung Yeuk Tau), and so on.</td>
<td>—</td>
</tr>
<tr>
<td>Sai Kung</td>
<td>20.6</td>
<td>Po Lam, Hang Hau, Tiu Keng Leng, Tseung Kwan O South, Wan Po Road (near Tseung Kwan O Industrial Estate), and so on.</td>
<td>—</td>
</tr>
<tr>
<td>Sha Tin</td>
<td>56</td>
<td>Tai Wai Shing Mun River, Wo Che, Yuen Chau Kok, Siu Lek Yuen, Shek Mun, A Kung Kok, Ma On Shan, Tolo Highway, Fo Tan, and so on.</td>
<td>—</td>
</tr>
<tr>
<td>DC</td>
<td>Total Length of Cycle Track (km)</td>
<td>Location of Cycle Track</td>
<td>Remarks</td>
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<tr>
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<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Tai Po</td>
<td>35</td>
<td>Tai Wo Road, Ting Kok Road, Nam Wan Road, Tolo Highway, and so on.</td>
<td></td>
</tr>
<tr>
<td>Tsuen Wan</td>
<td>0</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Kwai Tsing</td>
<td>0</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Tuen Mun</td>
<td>20</td>
<td>Castle Peak Road (Lam Tei and Lingnan), Tuen Fu Road, Tin King Road, Tsing Tin Road, Tsing Chung Koon Road, Ming Kum Road, Tsing Wun Road, Tuen Mun River, Lung Mun Road, Wu Chui Road, Wu King Road, Hoi Wong Road, Hoi Wing Road, and so on</td>
<td></td>
</tr>
<tr>
<td>Yuen Long</td>
<td>44</td>
<td>Castle Peak Road (Yuen Long and Ping Shan), Wang Lok Street, Long Ping Road, Wang Tat Road, Yuen Long Industrial Estate, Ping Ha Road, Tin Shui Wai, Hung Shui Kiu, and so on</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>218.7</td>
<td>—</td>
<td></td>
</tr>
</tbody>
</table>

Note:

* Cycling parks managed by the Leisure and Cultural Services Department are not included.
Proposals from DCs and Responses from the Administration in the Past Three Years Regarding the Provision of Additional Cycle Tracks

<table>
<thead>
<tr>
<th>DC</th>
<th>Proposal</th>
<th>Response from the Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern</td>
<td>To complement the South Island Line (East) project, it was proposed that</td>
<td>The Transport Department (TD) responded that, due to road safety considerations, the Government</td>
</tr>
<tr>
<td></td>
<td>a cycle track be constructed from Ocean Park Station routing through</td>
<td>did not encourage the public to use bicycles as a transport mode in urban areas, but would</td>
</tr>
<tr>
<td></td>
<td>Ocean Park Road, Heung Yip Road and extending westward to connect the</td>
<td>continue to foster a bicycle-friendly environment in new towns and NDAs. Since a cycle track</td>
</tr>
<tr>
<td></td>
<td>Aberdeen waterfront via the newly developed green belt and footbridge</td>
<td>must be wide enough to ensure safety, it was difficult to spare space for building a cycle track</td>
</tr>
<tr>
<td></td>
<td>along the Wong Chuk Hang nullah.</td>
<td>at the newly developed green belt along the Wong Chuk Hang nullah.</td>
</tr>
<tr>
<td>Central and</td>
<td>At the meeting of the Culture, Leisure and Social Affairs Committee of</td>
<td>According to the Leisure and Cultural Services Department (LCSD), the Central and Western District</td>
</tr>
<tr>
<td>Western</td>
<td>the Central and Western DC on 27 June 2013, some members proposed that a</td>
<td>Promenade is long and narrow, with most sections measuring only a few metres in width and</td>
</tr>
<tr>
<td></td>
<td>cycle track be constructed along the Central and Western District</td>
<td>serving mainly as waterfront passageways. Due to site constraints, there is no sufficient space</td>
</tr>
<tr>
<td></td>
<td>Promenade.</td>
<td>to provide a cycle track in the existing promenade area. However, the Government will examine</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the feasibility of the proposed provision of a cycle track in the permanent waterfront promenade</td>
</tr>
<tr>
<td></td>
<td></td>
<td>at the new Central harbourfront.</td>
</tr>
</tbody>
</table>
At the meeting of the District Facilities Management Committee of the Kwun Tong DC on 17 May 2012, it was proposed that the Housing Department (HD) should provide a cycle track to encircle the public housing area under the development plan of the "District Open Space Adjoining Public Housing Development at Anderson Road".

The HD had examined the proposed provision of a cycle track encircling the open space concerned. On 6 September 2012, the HD and LCSD met with the chairman and members of the District Facilities Management Committee of the Kwun Tong DC, and explained that due to site constraints, it was unlikely that a cycle track could be constructed within the open space concerned. The chairman of the Committee and members present agreed that it was not necessary to provide a cycle track at the open space concerned.

In March 2012, the Traffic and Transport Committee proposed the provision of cycle tracks to connect:

(a) Tung Chung Municipal Services Building;
(b) Tung Chung new ferry pier with Tung Chung old ferry pier; and
(c) waterfront cycle tracks to be extended from Tung Chung to Sunny Bay MTR Station.

For items (a) and (b), the TD has responded that as Tung Chung is a developed area, there are certain limitations and difficulties to the provision of cycle tracks. Under the Planning and Engineering Study on the Remaining Development in Tung Chung, the CEDD will review whether there is room for improvement in respect of cycle tracks.

For item (c), the TD responded that the Revised Concept Plan for Lantau released by the
<table>
<thead>
<tr>
<th>DC</th>
<th>Proposal</th>
<th>Response from the Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Members also suggested the early implementation of the proposed South Lantau Mountain Bike Trail (MBT) networks project to expand and improve the existing MBT network in South Lantau.</td>
<td>Planning Department in 2007 covered the preliminary proposal of providing a cycle track from Tung Chung to Sunny Bay. Public views would be sought if the proposal is to be taken forward by the relevant departments in future.</td>
</tr>
<tr>
<td>North</td>
<td>It was proposed that a cycle track be constructed along Wah Ming Road to facilitate cyclists and to enhance the safety of road users.</td>
<td>The TD has conducted a preliminary assessment on the feasibility of the proposal. In terms of technicality, the provision of the cycle track would involve the acquisition of private land and affect about 80 trees and two slopes. In addition, road widening works are underway at the intersection of Wah Ming Road and Pak Wo Road, making it difficult to spare sufficient space for the construction of the cycle track. Since there is already a cycle track along Pak Wo Road, which is near Wah Ming Road, to link up the cycle track network in North district as a whole, the TD</td>
</tr>
<tr>
<td>DC</td>
<td>Proposal</td>
<td>Response from the Administration</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>It was proposed that a cycle track be constructed along Sha Tau Kok Road.</td>
<td>has no plan for the time being to provide a cycle track along Wah Ming Road. The TD will continue to explore other viable options with the DC on enhancing cycle tracks within the district.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There is already a cycle track along the section of Sha Tau Kok Road between Jockey Club Road and San Wai Barracks. If additional cycle tracks are to be built along the remaining sections of Sha Tau Kok Road, it would involve the acquisition of private land and the removal of a large number of trees. As such, the TD has not yet any plan to extend the existing cycle track along Sha Tau Kok Road.</td>
</tr>
<tr>
<td>Sha Tin</td>
<td>It was proposed that a cycle track be constructed along Che Kung Miu Road for connection to the Hin Keng area and Mei Tin Road in Tai Wai.</td>
<td>The proposal and related traffic improvement projects have been referred to the Highways Department (HyD) for further study and implementation. The HyD has completed the engineering design and planning of the proposed cycle track along Che Kung Miu Road. The project is expected to be gazetted in April 2014, followed by detailed design and project arrangement.</td>
</tr>
<tr>
<td>DC</td>
<td>Proposal</td>
<td>Response from the Administration</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Tai Po</td>
<td>It was proposed that the existing cycle track be extended to Lam Tsuen Wishing Square and Sam Mun Tsai Village to complement district tourism development.</td>
<td>The CEDD is focusing on the implementation of the trunk network of the cycle track between Ma On Shan and Tuen Mun. The CEDD will take the proposed extension of the existing cycle track to Lam Tsuen Wishing Square into account when it considers expanding the cycle track network from the trunk network in future. Meanwhile, the CEDD is designing a cycle track along Sam Mun Tsai Road to near the entrance of the typhoon shelter. En route to Sam Mun Tsai Village is a 250 m long dam, which is not wide enough for building a cycle track. Large-scale modification of the dam will be necessary in order to build a cycle track there, which will pose many challenges. As such, the CEDD will now focus on building the cycle track network to the entrance of the typhoon shelter. The proposal to extend the cycle track network to the entrance of Sam Mun Tsai Village will be investigated further in future.</td>
</tr>
</tbody>
</table>
Works Progress of the Provision of Waterfront Cycle Tracks in Kai Tak New Development Area, Tsuen Wan, Southern Part of the Tseung Kwan O Town Centre, Northern Part of Mui Wo, Central and Hong Kong Island East

<table>
<thead>
<tr>
<th>Waterfront Location</th>
<th>Works Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kai Tak New Development Area</td>
<td>The approved Kai Tak Outline Zoning Plan No. S/K22/2 in 2007 included the provision of a cycle track network in the former Airport Runway and the waterfront promenade of the South Apron area. The CEDD subsequently proposed the extension of the network to link up major scenic spots within the area, thus increasing the total length of the proposed cycle track network to about 13 km. The CEDD is consulting the relevant DC and cycling associations on the proposal. The proposed project will be undertaken in line with the open space projects in the Kai Tak Development, and is expected to be completed in phases before 2021.</td>
</tr>
<tr>
<td>Tsuen Wan</td>
<td>The CEDD is conducting a consultation on the proposed cycle track alignment. The implementation timetable will be finalized upon completion of the detailed design.</td>
</tr>
<tr>
<td>Southern part of the Tseung Kwan O Town Centre</td>
<td>The cycle track was open for public use on 16 November 2013.</td>
</tr>
<tr>
<td>Northern part of Mui Wo</td>
<td>The CEDD plans to construct a 230 m long and 11.5 m wide segregated pedestrian walkway and cycle track along the waterfront between Mui Wo Cooked Food Market and River Silver. The Islands DC, Mui Wo Rural Committee and local residents have been consulted and they supported the proposal. Construction is expected to be completed by the third quarter of 2016.</td>
</tr>
<tr>
<td>New Central Harbourfront</td>
<td>The Urban Design Study for the New Central Harbourfront recommended the Government to consider providing a cycle track in the permanent waterfront promenade at the new Central harbourfront subject to detailed assessment. The Government will consider the feasibility of constructing the cycle track when taking forward the permanent development of the new Central harbourfront, having regard to relevant factors, including ancillary facilities, road safety and traffic demand, and so on.</td>
</tr>
<tr>
<td>Waterfront Location</td>
<td>Works Progress</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Hong Kong Island East</td>
<td>The CEDD has conducted a feasibility study on the inclusion of cycle track as an option for the topical study of the proposed boardwalk underneath the Island Eastern Corridor, and has reported the preliminary results to the Task Force on Harbourfront Developments on Hong Kong Island under the Harbourfront Commission. As the proposed boardwalk involves the Protection of the Harbour Ordinance, the CEDD will further examine whether its construction complies with relevant requirements of the Ordinance.</td>
</tr>
</tbody>
</table>

Annex 4

Public Transport Operators' Requirements on Carriage of Bicycles by Passengers

- **MTR:** Passengers are allowed to carry bicycles which comply with the size limits specified in the Conditions of Carriage of Luggage.

- **Franchised buses:** Bicycles are allowed on board as long as they are properly folded, do not occupy seats and do not cause obstructions.

- **Ferries:** Ferries allow the boarding of bicycles that do not occupy seats if the cabin permits proper parking of bicycles. The design and occupancy characteristics of most vessels operated by franchised and licensed ferry companies meet the conditions for the carriage of bicycles by passengers.

- **Taxis:** A taxi driver may charge a passenger the baggage fare for the bicycle that the passenger carries as long as the bicycle can fit the size of the luggage compartment and operational safety is not undermined.

- **Trams and public light buses:** These modes are not suitable for the carriage of bicycles owing to the constraints in the design of the vehicle compartment, passageway and entrance/exit.
Manpower Shortage of Construction Industry

19. **MR ABRAHAM SHEK** (in Chinese): President, some members of the construction industry have pointed out that the Construction Industry Council (CIC) received an annual income of several hundred million dollars, including levies and government funding, in each of the past few years, but the programmes offered by the CIC only train students to become semi-skilled workers, without training up a sufficient number of semi-skilled workers for the job types with keen manpower demand. In this connection, will the Government inform this Council:

(1) whether it knows the number of semi-skilled workers trained up by the CIC in 2013, with a breakdown by job type;

(2) whether it knows how the CIC utilizes its income last year; of the measures put in place by the authorities to ensure that the CIC utilizes its income effectively, including training up, in a timely manner, a sufficient number of workers for the construction industry in response to the manpower demand of the industry;

(3) as the authorities plan to introduce a bill to amend the Construction Workers Registration Ordinance (Cap. 583) (CWRO) with a view to, inter alia, providing explicitly that the CIC can make use of the levies collected under that ordinance and the Construction Industry Council Ordinance (Cap. 587) (the Ordinance) at its discretion for performing its various functions under the two ordinances to facilitate more effective use of resources, of the crux of the problem that hampers the effective use of such levies by the CIC at present (and set out one by one), and how the proposed amendments can improve the efficiency of the CIC in utilizing its resources and performing its functions;

(4) as the findings of a survey conducted by the Hong Kong Construction Association at the end of last year show that there is a shortage of more than 10,000 skilled workers in Hong Kong at present and it has been reported that the Development Bureau has also advised the Labour Advisory Board that the construction industry would face an annual shortage of some 20,000 skilled workers in the coming four years, whether the authorities have new measures in place to address the manpower shortage of the
construction industry; if they have, of the details and timetable; if not, the reasons for that; and

(5) as there are views that most of the skilled workers in the construction industry are trained up by contractors themselves, whether the authorities have evaluated if the CIC should respond closely to market needs by providing programmes for training skilled workers comprehensively?

SECRETARY FOR DEVELOPMENT (in Chinese): President, established under the Ordinance, the CIC is a statutory co-ordinating body comprising industry stakeholders of the construction industry and has its autonomy. The CIC provides advice and reflect needs to the Government on behalf of the industry. It also deploys the collected levies to implement various measures to support the development of the industry, including nurturing manpower and enhancing the skill levels of construction personnel. To cope with the increasing construction manpower demand in recent years, the CIC has invested substantially in training local construction personnel. In 2013, the CIC's training expenses amounted to about $350 million. Additional provision has already been earmarked for training works in 2014. In fact, to address the manpower challenges, the Administration has deployed a series of measures since 2008-2009, including obtaining approvals from the Legislative Council for allocating funding of $100 million and $220 million in 2010 and 2012 respectively for the CIC to enhance its training resources of local construction personnel.

My reply to the five parts of Mr SHEK's question is as follows:

(1) In 2013, about 5 500 trainees have joined various courses organized by the CIC for training of semi-skilled workers. About 3 200 of them have graduated. Its breakdown for major trades is tabled in the Annex.

(2) and (5)

As the statutory body of the industry established pursuant to the Ordinance, the CIC comprises members from various sectors of the industry representing employers, construction professionals, academics, contractors and workers. It also includes independent persons and government officials. They work together to monitor
its operations. Under the CIC, various committees have been formed to take forward measures to support the long-term development of the industry, including planning and provision of training courses and programmes to meet the manpower demand of the industry. There are representatives of the Administration in the CIC and its various committees. Further, pursuant to the Ordinance, the CIC shall submit to the Secretary for Development a programme of its proposed activities and estimates of its income and expenditure for the next financial year. Also, the CIC shall submit a report on the activities, the statement of accounts and the auditor's report for the financial year to the Secretary for Development within six months after the end of the year. The latter documents will be laid on the table of the Legislative Council as required by the Ordinance. Moreover, the CIC publishes annual reports for release to the public about its achievements in the past year and its future strategic direction.

To have a better grasp of the future manpower situation to help formulate long-term training strategy in order to meet the construction manpower demand, the CIC has commissioned a manpower forecast study on projecting the supply and demand of construction personnel over a 10 year horizon. Further, as the industry co-ordinating body, the CIC has been maintaining close liaison with stakeholders to gauge the latest market situation. It reviews from time to time and adjusts the training programmes timely as necessary to better meet the prevailing market needs. To train more semi-skilled workers, the CIC has launched various initiatives including the Enhanced Construction Manpower Training Scheme and the Contractor Cooperative Training Scheme. Over the past few years, the training places offered by the CIC have been substantially increased to respond to the needs of the industry.

On the proposal for the CIC to train workers up to the level of skilled workers, the CIC has received views from some industry stakeholders and has prepared to study and discuss the proposal under its Construction Industry Training Board. During the study, the CIC will take account of a number of factors, including the role of the CIC in provision of training, the mode of training, the resources implication, and so on.
(3) At the time when the idea of setting up the CIC was considered, the proposed arrangement would be for the CIC to pool together the levies collected from relevant Ordinances as far as possible to facilitate more efficient deployment of resources in performing its various functions. Currently, the CIC collects levies from relevant contractors under Section 23 of the CWRO and section 32 of the Ordinance. However, as the relevant provisions of the ordinances do not explicitly stipulate that the CIC can make use of the levies collected under the CWRO at its discretion, we are preparing to explicitly state the abovementioned arrangement in the proposed amendments to the CWRO. This amendment will not have any financial implication to the CIC.

(4) With the onset of major infrastructure projects and other construction projects entering the construction stage, the construction output will be maintained at a high level in the next few years. The abovementioned manpower forecast study conducted by the CIC has indicated that the industry is facing increasing demand in construction manpower, ageing and skills mismatch. Having considered the forecast construction output, retirement of workers and local workers going to work outside Hong Kong, the Administration projected that the industry will need over 30,000 additional construction workers, including over 20,000 skilled workers, in the years to come. Although we will continue to strive to meet the high manpower demand by local training, re-training and attracting more new entrants to the industry, there is considerable difficulty in training up the required large number of skilled workers in the short-term. Fresh graduates of the CIC training courses are semi-skilled workers with limited experience. They need time as well as guidance and instructions from skilled workers to progressively attain the productivity of skilled workers.

It is the Government's policy to ensure the priority of local workers in employment and to safeguard their salaries and benefits at reasonable levels. On this basis, employers are required to accord priority to local workers in filling available job vacancies. In the years to come, however, the industry is facing tightening manpower situation. With due regard to the principle of not affecting the employment and reasonable income levels of local construction
workers, we need to make full use of the "Supplementary Labour Scheme" to import skilled labour timely. This will not only help meet the manpower demand of the construction works, but also relieve the pressure on the local in-service skilled workers so that there is room for the semi-skilled workers to enhance their skills to achieve the productivity of skilled workers through in-service training.

Annex

Number of trainees joining the CIC training programmes in 2013
with breakdown in major trades

<table>
<thead>
<tr>
<th>Trade</th>
<th>Number of graduates in 2013 (a)</th>
<th>Trainees under training in end 2013 (b)</th>
<th>Total (a) + (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar bender and fixer</td>
<td>615</td>
<td>387</td>
<td>1 002</td>
</tr>
<tr>
<td>Leveller</td>
<td>422</td>
<td>225</td>
<td>647</td>
</tr>
<tr>
<td>Carpenter (formwork)</td>
<td>427</td>
<td>196</td>
<td>623</td>
</tr>
<tr>
<td>Painter and decorator</td>
<td>281</td>
<td>120</td>
<td>401</td>
</tr>
<tr>
<td>Plasterer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bricklayer</td>
<td>250</td>
<td>143</td>
<td>393</td>
</tr>
<tr>
<td>Tiler</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plumber</td>
<td>184</td>
<td>143</td>
<td>327</td>
</tr>
<tr>
<td>Joiner</td>
<td>109</td>
<td>110</td>
<td>219</td>
</tr>
<tr>
<td>Electrical wireman</td>
<td>91</td>
<td>108</td>
<td>199</td>
</tr>
<tr>
<td>Bamboo scaffold</td>
<td>120</td>
<td>30</td>
<td>150</td>
</tr>
<tr>
<td>Metal scaffold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metal worker</td>
<td>85</td>
<td>46</td>
<td>131</td>
</tr>
<tr>
<td>General welder</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural steel welder</td>
<td>102</td>
<td>20</td>
<td>122</td>
</tr>
<tr>
<td>Concretor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metal formwork erector</td>
<td>55</td>
<td>24</td>
<td>79</td>
</tr>
<tr>
<td>Others</td>
<td>about 500</td>
<td>about 700</td>
<td>about 1 200</td>
</tr>
<tr>
<td>Total</td>
<td>about 3 200</td>
<td>about 2 300</td>
<td>about 5 500</td>
</tr>
</tbody>
</table>
Prevention of Water Mains from Bursting and Handling of Such Incidents

20. MR KWOK WAI-KEUNG (in Chinese): President, it was reported that last month, fresh water supply in the Western District was suspended for five hours due to the burst of an underground fresh water main, and it was estimated that at least 40 000 residents and a large number of eateries were affected. Regarding the prevention of water mains from bursting and handling of such incidents, will the Government inform this Council:

(1) whether it has received complaints about the aforesaid incident; if it has, of the number of such complaints and their main contents; how the authorities followed up such complaints;

(2) of the channels through which the authorities disseminate information on suspension of fresh water supply to the residents and eateries in the affected areas in general;

(3) of the details of each incident of fresh water main bursting since January 2013, broken down by the District Council (DC) district, including (i) the location of the burst water main, (ii) the duration of the resultant fresh water supply suspension, and (iii) the number of years for which the water main concerned had been used; among such incidents, the number of those involving water mains which had been used for less than 30 years; and

(4) given that the Water Supplies Department (WSD) commenced the Water Mains Replacement and Rehabilitation (R&R) Programme in 2000 to replace and rehabilitate aged water mains in phases, of the respective total length of water mains for which works have yet to start in various DC districts at present, and the relevant works schedules; whether the authorities will, upon completion of the R&R Programme in 2015, gradually replace and rehabilitate water mains with relatively shorter years of service (for example, less than 30 years); whether the authorities at present carry out repairs and maintenance of such water mains on a regular basis; if they do, of the manpower and expenditure involved; if not, the reasons for that?
SECRETARY FOR DEVELOPMENT (in Chinese): President, on receipt of the report of a burst involving an 18 inch diameter cast iron fresh water main at Pokfulam Road near Haking Wong Building of the University of Hong Kong in the evening of 31 December 2013, the WSD immediately dispatched staff to the scene to shut down the burst main and carry out emergency repair work. The fresh water supply at High Street as well as the area from First Street to Third Street was affected. After the burst section of the water main was completely isolated, the WSD noticed at noon on 1 January 2014 that fresh water was still gushing from inside of the water main because two valves in the upstream could not be closed completely due to ageing. Therefore, the WSD had to turn off the main valve at the Western Fresh Supply Service Reservoir before they could lay the new water main and complete the repair work. As a result, the fresh water supply to other buildings in the Western District was also affected at 5 pm on 1 January 2014. At about 9 pm that day, the WSD finished the repair work and resumed water supply.

The water main concerned has been in use for over 30 years and the burst incident was due to ageing. That section of water main was included in Stage 4 of the R&R Programme and the concerned works contract commenced in May 2011. To tie in with the programme of the West Island Line project of the MTR Corporation Limited (MTRCL), the replacement works for the water main section concerned were originally scheduled to commence after the completion of the West Island Line in 2014, so as not to hinder the progress of the West Island Line project by the temporary traffic arrangement for the water main replacement works. In the light of the incident, the WSD is now negotiating with the MTRCL to explore the feasibility of bringing forward the replacement works for the section of water main to an earlier date.

The WSD has been taking a multi-pronged approach in tackling the problem of ageing water mains. In addition to the R&R Programme, it has strived to reduce the risk of water main burst by way of leakage detection and water pressure management. These efforts have reaped positive results, with the number of water main burst incidents dropping from a peak of about 2500 in 2000 to about 260 in 2013.

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

(1) During the incident, the WSD immediately deployed water wagons, water tanks and temporary standpipes to provide fresh water for the affected residents and shops. The WSD received over 700 telephone enquiries about the incident, including the reasons for
water supply suspension, the time when water supply would be resumed, the number and locations of water wagons, water tanks and temporary standpipes provided, and so on. The WSD also received the concerns of the Central and Western District councillors on 2 and 6 January 2014 as relayed to them by the DC. In this connection, the WSD reported on details of the incident, the way they handled it and the progress of replacement for the section of water main at the meeting of the Food, Environment, Hygiene & Works Committee of the Central and Western DC on 16 January 2014. The WSD has no record of receiving any further enquiry or complaint about the incident.

(2) Generally, the WSD would announce emergency suspension of fresh water supply on its website. In cases where the affected area is extensive, the WSD would issue a press release and inform the public of the emergency suspension through the media, such as the radio.

(3) There were 138 fresh water main burst incidents occurred between January 2013 and January 2014. Nineteen of them involved water mains that have been laid for less than 30 years. Details of these incidents, including the DC districts in which they occurred, are shown in Annex 1.

(4) The WSD has launched the R&R Programme to replace and rehabilitate about 3 000 kilometres (km) of aged water mains in stages since 2000. As at January 2014, works have been completed for about 2 336 km of water mains (accounting for 78% of the total length under the programme). The respective lengths of water mains for which works have yet to be carried out in each DC district under the R&R Programme are shown in Annex 2. Contracts for the replacement and rehabilitation of these water mains have already commenced and are expected to be completed in stages by the end of 2015.

The current R&R Programme will be completed in 2015. The WSD is reviewing its effectiveness and examining ways to integrate it more closely with other related measures, including leakage detection and water pressure management, in order to determine the scale and pace of the next stage of the R&R Programme for more effective improvements to the conditions of the water main network.
Under the current establishment of the WSD, about 500 staff members are engaged in the operation, repair and maintenance of water mains. They are responsible for the daily monitoring and operation of the water main networks; regular inspection, repairs and maintenance of associated facilities; and emergency repair works. In 2013-2014, the expenditure of maintenance and repair works for water mains (as at January 2014) amounted to about $180 million. The above figures cover the manpower and expenditure for maintaining the entire water main network under the WSD, including the water mains that have been laid for less than 30 years.

Annex 1

Incidents of Fresh Water Main Bursts Between January 2013 and January 2014

<table>
<thead>
<tr>
<th>Date of Fresh Water Main Burst</th>
<th>District</th>
<th>Location of Bursted Fresh Water Main</th>
<th>Suspension of Fresh Water Supply (hour)** (if applicable)</th>
<th>Years of Bursted Fresh Water Main Laid</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/1/2013</td>
<td>Central and Western</td>
<td>Carriageway of Seymour Road</td>
<td>11.9</td>
<td>*</td>
</tr>
<tr>
<td>6/1/2013</td>
<td>Wan Chai</td>
<td>Pavement of Tin Lok Lane</td>
<td>9.1</td>
<td>*</td>
</tr>
<tr>
<td>6/1/2013</td>
<td>Eastern</td>
<td>Pavement of City Garden Road</td>
<td>10.8</td>
<td>*</td>
</tr>
<tr>
<td>13/1/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Kwong Fai Circuit</td>
<td>6.5</td>
<td>*</td>
</tr>
<tr>
<td>18/1/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Lai Yiu Street</td>
<td>7.0</td>
<td>*</td>
</tr>
<tr>
<td>18/1/2013</td>
<td>Wan Chai</td>
<td>Within a works site at Queen's Road East</td>
<td>11.0</td>
<td>*</td>
</tr>
<tr>
<td>24/1/2013</td>
<td>Kwun Tong</td>
<td>Carriageway of Hoi Bun Road near Shun Yip Street</td>
<td>No suspension</td>
<td>29</td>
</tr>
<tr>
<td>29/1/2013</td>
<td>Sai Kung</td>
<td>Carriageway of Wan Po Road near Pung Loi Road</td>
<td>3.1</td>
<td>*</td>
</tr>
<tr>
<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)** (if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------</td>
<td>-------------------------------------</td>
<td>---------------------------------------------------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>8/2/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Kung Um Road</td>
<td>7.0</td>
<td>*</td>
</tr>
<tr>
<td>13/2/2013</td>
<td>Sha Tin</td>
<td>Carriageway of Chik Fai Street, Tai Wai</td>
<td>6.1</td>
<td>30</td>
</tr>
<tr>
<td>14/2/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Kung Um Road</td>
<td>5.2</td>
<td>*</td>
</tr>
<tr>
<td>17/2/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Tai Tong Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>1/3/2013</td>
<td>Kwai Tsing</td>
<td>Pavement of Cheung Wan Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>7/3/2013</td>
<td>Kwun Tong</td>
<td>Within a works site at Hiu Ming Street</td>
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<td>*</td>
</tr>
<tr>
<td>9/3/2013</td>
<td>Kwun Tong</td>
<td>Carriageway of Ngau Tau Kok Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>10/3/2013</td>
<td>Yuen Long</td>
<td>Pavement of Kam Sheung Road</td>
<td>6.8</td>
<td>*</td>
</tr>
<tr>
<td>20/3/2013</td>
<td>Kowloon City</td>
<td>Carriageway of Mok Cheung Street</td>
<td>9.5</td>
<td>*</td>
</tr>
<tr>
<td>21/3/2013</td>
<td>Tsuen Wan</td>
<td>Carriageway of Castle Peak Road</td>
<td>6.9</td>
<td>*</td>
</tr>
<tr>
<td>21/3/2013</td>
<td>Sha Tin</td>
<td>Pavement of Kong Pui Street, Yuen Chau Kok</td>
<td>7.9</td>
<td>32</td>
</tr>
<tr>
<td>24/3/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Hop Yick Road</td>
<td>4.4</td>
<td>*</td>
</tr>
<tr>
<td>25/3/2013</td>
<td>Tai Po</td>
<td>Cycle track of On Cheung Road</td>
<td>No suspension</td>
<td>33</td>
</tr>
<tr>
<td>25/3/2013</td>
<td>Yau Tsim Mong</td>
<td>Carriageway of Tai Kok Tsui Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>6/4/2013</td>
<td>Sha Tin</td>
<td>Carriageway of Tsung Tau Ha Road, Fo Tan</td>
<td>7.3</td>
<td>*</td>
</tr>
<tr>
<td>8/4/2013</td>
<td>Sham Shui Po</td>
<td>Lung Cheung Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)** (if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------</td>
<td>------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>13/4/2013</td>
<td>Kwai Tsing</td>
<td>Pavement of Kwai Hei Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>15/4/2013</td>
<td>Yuen Long</td>
<td>Pavement of Fan Kam Road</td>
<td>14.3</td>
<td>*</td>
</tr>
<tr>
<td>17/4/2013</td>
<td>Yau Tsim Mong</td>
<td>Carriageway of Luen Wan Street</td>
<td>6.5</td>
<td>*</td>
</tr>
<tr>
<td>21/4/2013</td>
<td>Yau Tsim Mong</td>
<td>Carriageway of Canton Road</td>
<td>6.6</td>
<td>28</td>
</tr>
<tr>
<td>28/4/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Container Port Road</td>
<td>10.3</td>
<td>*</td>
</tr>
<tr>
<td>2/5/2013</td>
<td>Sai Kung</td>
<td>Pavement of Sai Sha Road</td>
<td>1.8</td>
<td>26</td>
</tr>
<tr>
<td>6/5/2013</td>
<td>Sai Kung</td>
<td>Po Lam Road South</td>
<td>5.3</td>
<td>*</td>
</tr>
<tr>
<td>10/5/2013</td>
<td>Sham Shui Po</td>
<td>Slope at Beacon Hill Road</td>
<td>14.0</td>
<td>30</td>
</tr>
<tr>
<td>13/5/2013</td>
<td>Sai Kung</td>
<td>Po Lam Road South</td>
<td>2.2</td>
<td>*</td>
</tr>
<tr>
<td>13/5/2013</td>
<td>Yau Tsim Mong</td>
<td>Within a works site at Argyle Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>13/5/2013</td>
<td>Wong Tai Sin</td>
<td>Pavement of Fu Mei Street</td>
<td>9.5</td>
<td>*</td>
</tr>
<tr>
<td>15/5/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Kam Tin Road</td>
<td>6.8</td>
<td>*</td>
</tr>
<tr>
<td>17/5/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Castle Peak Road — San Tin</td>
<td>5.9</td>
<td>*</td>
</tr>
<tr>
<td>20/5/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Tai Wo Hau Road</td>
<td>11.3</td>
<td>*</td>
</tr>
<tr>
<td>22/5/2013</td>
<td>Sai Kung</td>
<td>Tseng Lan Shue, Clear Water Bay Road</td>
<td>2.8</td>
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</tr>
<tr>
<td>22/5/2013</td>
<td>Sai Kung</td>
<td>Ha Yeung Village, Clear Water Bay Road</td>
<td>3.4</td>
<td>2</td>
</tr>
<tr>
<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)** (if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------</td>
<td>--------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>22/5/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Container Port Road</td>
<td>4.7</td>
<td>*</td>
</tr>
<tr>
<td>22/5/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Yiu Wing Street</td>
<td>6.3</td>
<td>*</td>
</tr>
<tr>
<td>28/5/2013</td>
<td>Eastern</td>
<td>Carriageway of Tai Hong Street</td>
<td>6.9</td>
<td>*</td>
</tr>
<tr>
<td>29/5/2013</td>
<td>Sham Shui Po</td>
<td>Within a works site at Yuet Lun Street</td>
<td>2.8</td>
<td>*</td>
</tr>
<tr>
<td>29/5/2013</td>
<td>Yuen Long</td>
<td>Pavement of Kam Tin Road</td>
<td>14.5</td>
<td>*</td>
</tr>
<tr>
<td>3/6/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Fung Cheung Road</td>
<td>5.7</td>
<td>*</td>
</tr>
<tr>
<td>4/6/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Kwai Lok Street</td>
<td>7.3</td>
<td>*</td>
</tr>
<tr>
<td>5/6/2013</td>
<td>Yuen Long</td>
<td>Pavement of Kam Tin Road</td>
<td>6.6</td>
<td>*</td>
</tr>
<tr>
<td>6/6/2013</td>
<td>Kwai Tsing</td>
<td>Pavement of Lai Chi Ling Road</td>
<td>8.0</td>
<td>26</td>
</tr>
<tr>
<td>6/6/2013</td>
<td>Sham Shui Po</td>
<td>Carriageway of Cheung Yee Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>7/6/2013</td>
<td>Tai Po</td>
<td>Pavement of Tai Po Tai Wo Road</td>
<td>11.8</td>
<td>*</td>
</tr>
<tr>
<td>10/6/2013</td>
<td>Kowloon City</td>
<td>Pavement of Argyle Street</td>
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</tr>
<tr>
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<td>3.4</td>
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<td>11/6/2013</td>
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<td>6.4</td>
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<td>Yuen Long</td>
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<td>6.5</td>
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</tr>
<tr>
<td>12/6/2013</td>
<td>Yuen Long</td>
<td>Pavement of Kam Sheung Road</td>
<td>8.0</td>
<td>*</td>
</tr>
<tr>
<td>16/6/2013</td>
<td>Yau Tsim Mong</td>
<td>Carriageway of Bedford Road</td>
<td>6.5</td>
<td>*</td>
</tr>
<tr>
<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)** (if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
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</tr>
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<td>25/6/2013</td>
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<td>26/6/2013</td>
<td>Kowloon City</td>
<td>Carriageway of Mok Cheong Street</td>
<td>8.6</td>
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</tr>
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<td>27/6/2013</td>
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<td>26</td>
</tr>
<tr>
<td>27/6/2013</td>
<td>Kwai Tsing</td>
<td>Verge of Tsuen Wan Road</td>
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</tr>
<tr>
<td>1/7/2013</td>
<td>Yuen Long</td>
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<td>5.3</td>
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<td>Yuen Long</td>
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<td>*</td>
</tr>
<tr>
<td>4/7/2013</td>
<td>Sha Tin</td>
<td>Pavement of Ngan Shing Street</td>
<td>No suspension</td>
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</tr>
<tr>
<td>7/7/2013</td>
<td>Kwai Tsing</td>
<td>Pavement of Kwai Hei Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
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<td>Eastern</td>
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<td>No suspension</td>
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<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)**(if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
<tr>
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<td>6.5</td>
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<tr>
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<td>15/7/2013</td>
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<td>*</td>
</tr>
<tr>
<td>15/7/2013</td>
<td>Kowloon City</td>
<td>Carriageway of Ko Shan Road</td>
<td>7.0</td>
<td>33</td>
</tr>
<tr>
<td>15/7/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Yiu Wing Street</td>
<td>10.0</td>
<td>28</td>
</tr>
<tr>
<td>19/7/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of San Kwai Street</td>
<td>5.0</td>
<td>*</td>
</tr>
<tr>
<td>21/7/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Hop Yick Road</td>
<td>5.2</td>
<td>*</td>
</tr>
<tr>
<td>23/7/2013</td>
<td>Sai Kung</td>
<td>Within a works site at Tai Po Tsai Village, Clear Water Bay Road</td>
<td>4.4</td>
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</tr>
<tr>
<td>25/7/2013</td>
<td>Kwai Tsing</td>
<td>Pavement of Kwai Hei Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>30/7/2013</td>
<td>Kwai Tsing</td>
<td>Pavement of Yiu Wing Street</td>
<td>10.0</td>
<td>*</td>
</tr>
<tr>
<td>30/7/2013</td>
<td>Sai Kung</td>
<td>Carriageway at junction of Tai Mong Tsai Road and Yan Yee Road</td>
<td>12.4</td>
<td>*</td>
</tr>
<tr>
<td>1/8/2013</td>
<td>Sha Tin</td>
<td>Carriageway of Ngan Shing Street near Tak Yi Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>4/8/2013</td>
<td>Eastern</td>
<td>Carriageway of City Garden Road</td>
<td>12.8</td>
<td>*</td>
</tr>
<tr>
<td>6/8/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Ma Tin Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)** (if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
<tr>
<td>--------------------------------</td>
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<td>----------------------------------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>12/8/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Castle Peak Road — San Tin</td>
<td>7.0</td>
<td>*</td>
</tr>
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<td>12/8/2013</td>
<td>Central and Western</td>
<td>Carriageway of Kotewall Road</td>
<td>10.5</td>
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<tr>
<td>14/8/2013</td>
<td>Sai Kung</td>
<td>Pavement of Po Lam Road South</td>
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</tr>
<tr>
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<td>Sham Shui Po</td>
<td>Carriageway of Cheung Shun Street</td>
<td>7.8</td>
<td>*</td>
</tr>
<tr>
<td>20/8/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Kwai Lok Street</td>
<td>6.0</td>
<td>*</td>
</tr>
<tr>
<td>25/8/2013</td>
<td>Tai Po</td>
<td>Carriageway near bus terminal at Tai Po Centre</td>
<td>6.3</td>
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</tr>
<tr>
<td>26/8/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Kwai Shing Circuit</td>
<td>5.0</td>
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</tr>
<tr>
<td>28/8/2013</td>
<td>Kwai Tsing</td>
<td>Pavement of Kwai Hei Street</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>11/9/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Kung Yip Street</td>
<td>6.7</td>
<td>*</td>
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<td>Kwai Tsing</td>
<td>Carriageway of Container Port Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>15/9/2013</td>
<td>Yau Tsim Mong</td>
<td>Carriageway of Bedford Road</td>
<td>6.9</td>
<td>*</td>
</tr>
<tr>
<td>18/9/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Hop Yick Road</td>
<td>8.0</td>
<td>*</td>
</tr>
<tr>
<td>25/9/2013</td>
<td>Sham Shui Po</td>
<td>Within a works site at Yen Chow Street</td>
<td>No suspension</td>
<td>2</td>
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<tr>
<td>26/9/2013</td>
<td>Sham Shui Po</td>
<td>Carriageway of Cheung Yee Street</td>
<td>6.6</td>
<td>*</td>
</tr>
<tr>
<td>27/9/2013</td>
<td>Sai Kung</td>
<td>Pavement of Ho Chung New Village</td>
<td>4.0</td>
<td>11</td>
</tr>
<tr>
<td>4/10/2013</td>
<td>Sham Shui Po</td>
<td>Carriageway of Yee Kuk Street</td>
<td>6.3</td>
<td>*</td>
</tr>
<tr>
<td><strong>Date of Fresh Water Main Burst</strong></td>
<td><strong>District</strong></td>
<td><strong>Location of Bursted Fresh Water Main</strong></td>
<td><strong>Suspension of Fresh Water Supply (hour)</strong>** (if applicable)**</td>
<td><strong>Years of Bursted Fresh Water Main Laid</strong></td>
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<td>Within a works site at Kwai Tsing Road</td>
<td>3.8</td>
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<td>*</td>
</tr>
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<td>16/10/2013</td>
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<td>4.5</td>
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<tr>
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<td>Tai Po</td>
<td>Pavement of Wan Tau Kok Lane</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>19/10/2013</td>
<td>Sha Tin</td>
<td>Pavement of Hin Keng Street, Tai Wai</td>
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<td>24/10/2013</td>
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<td>Within a works site at Tsam Chuk Wan</td>
<td>3.6</td>
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<tr>
<td>28/10/2013</td>
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</tr>
<tr>
<td>29/10/2013</td>
<td>Sai Kung</td>
<td>Carriageway of Sai Sha Road</td>
<td>No suspension</td>
<td>26</td>
</tr>
<tr>
<td>30/10/2013</td>
<td>Yuen Long</td>
<td>Carriageway of Castle Peak Road — San Tin</td>
<td>7.0</td>
<td>*</td>
</tr>
<tr>
<td>30/10/2013</td>
<td>Kowloon City</td>
<td>Carriageway of Nga Tsin Wai Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>31/10/2013</td>
<td>Yuen Long</td>
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<td>6.8</td>
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</tr>
<tr>
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<tr>
<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)** (if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
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<td>-------------------------------------------------------------</td>
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<tr>
<td>9/11/2013</td>
<td>Eastern</td>
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</tr>
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<td>15/11/2013</td>
<td>Tai Po</td>
<td>Carriageway of On Po Road</td>
<td>No suspension</td>
<td>31</td>
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<tr>
<td>16/11/2013</td>
<td>Kowloon City</td>
<td>Carriageway of Good Shepherd Street</td>
<td>11.1</td>
<td>*</td>
</tr>
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<td>23/11/2013</td>
<td>Sha Tin</td>
<td>Pavement of Hin Keng Street, Tai Wai</td>
<td>8.9</td>
<td>31</td>
</tr>
<tr>
<td>26/11/2013</td>
<td>North</td>
<td>Pavement of Ma Tso Lung Road</td>
<td>7.9</td>
<td>31</td>
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<tr>
<td>4/12/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Kwok Shui Road</td>
<td>5.2</td>
<td>*</td>
</tr>
<tr>
<td>5/12/2013</td>
<td>Tai Po</td>
<td>Cycle track of Nam Wan Road</td>
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<td>10/12/2013</td>
<td>Sha Tin</td>
<td>Pavement of Heung Fan Liu Street, Tai Wai</td>
<td>7.7</td>
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<tr>
<td>12/12/2013</td>
<td>Sai Kung</td>
<td>Po Lam Road South</td>
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<td>Sha Tin</td>
<td>Near the slope at Pak Tin North, Tai Wai</td>
<td>2.7</td>
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<tr>
<td>16/12/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Kwok Shui Road</td>
<td>6.9</td>
<td>*</td>
</tr>
<tr>
<td>19/12/2013</td>
<td>Sha Tin</td>
<td>Pavement of Wo Che Estate</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>27/12/2013</td>
<td>Kowloon City</td>
<td>Carriageway of Good Shepherd Street</td>
<td>6.3</td>
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<tr>
<td>28/12/2013</td>
<td>Kwai Tsing</td>
<td>Carriageway of Shek Pai Street</td>
<td>4.0</td>
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<tr>
<td>30/12/2013</td>
<td>Tai Po</td>
<td>Carriageway of Po Heung Street</td>
<td>6.8</td>
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<tr>
<td>Date of Fresh Water Main Burst</td>
<td>District</td>
<td>Location of Bursted Fresh Water Main</td>
<td>Suspension of Fresh Water Supply (hour)** (if applicable)</td>
<td>Years of Bursted Fresh Water Main Laid</td>
</tr>
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<td>-------------------------------</td>
<td>---------------------------</td>
<td>----------------------------------------------------------------</td>
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<tr>
<td>31/12/2013</td>
<td>Central and Western</td>
<td>Carriageway of Pokfulam Road</td>
<td>22.0 (High Street, First to Third Street)</td>
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<td></td>
<td>4.0 (Western)</td>
<td></td>
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<tr>
<td>5/1/2014</td>
<td>North</td>
<td>Carriageway of Sheung Shui Jockey Club Road</td>
<td>4.9</td>
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<tr>
<td>7/1/2014</td>
<td>Sha Tin</td>
<td>Within a works site at Lok Wo Sha, Ma On Shan</td>
<td>73.4***</td>
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<td>Tai Po</td>
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<td>6.5</td>
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</tr>
<tr>
<td>14/1/2014</td>
<td>Kowloon City</td>
<td>Carriageway of Princess Margaret Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
<tr>
<td>18/1/2014</td>
<td>Kwai Tsing</td>
<td>Carriageway of San Kwai Street</td>
<td>6.8</td>
<td>*</td>
</tr>
<tr>
<td>21/1/2014</td>
<td>Sha Tin</td>
<td>Pavement at junction of Tai Wai Road and Mei Tin Road</td>
<td>No suspension</td>
<td>*</td>
</tr>
</tbody>
</table>

Notes:

* The water main was laid over 30 years ago. As the water main was laid long time ago, the WSD does not have accurate record on the year when the water main was laid.

** Where the water supply suspension is expected to last for more than three hours, the WSD would arrange emergency provision of temporary water supply (including water wagons, water tanks and temporary standpipes).

*** Only toilets and the convenience store inside the Wu Kai Sha Station were affected. For safety reasons, repair works to the water main could only commence after completion of the strengthening works to the underground soil in the Lok Wo Sha works site.
Annex 2

As at January 2014, the distribution of the water mains for which works have yet to be carried out is as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Length of Water Mains for Which Works Have Yet to be Carried Out (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central and Western</td>
<td>57</td>
</tr>
<tr>
<td>Wan Chai</td>
<td>57</td>
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<tr>
<td>Eastern</td>
<td>55</td>
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<tr>
<td>Southern</td>
<td>23</td>
</tr>
<tr>
<td>Kwun Tong</td>
<td>49</td>
</tr>
<tr>
<td>Wong Tai Sin</td>
<td>15</td>
</tr>
<tr>
<td>Kowloon City</td>
<td>61</td>
</tr>
<tr>
<td>Yau Tsim Mong</td>
<td>58</td>
</tr>
<tr>
<td>Sham Shui Po</td>
<td>39</td>
</tr>
<tr>
<td>Sai Kung</td>
<td>11</td>
</tr>
<tr>
<td>Sha Tin</td>
<td>19</td>
</tr>
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<td>Tai Po</td>
<td>9</td>
</tr>
<tr>
<td>North</td>
<td>15</td>
</tr>
<tr>
<td>Yuen Long</td>
<td>29</td>
</tr>
<tr>
<td>Tuen Mun</td>
<td>42</td>
</tr>
<tr>
<td>Tsuen Wan</td>
<td>34</td>
</tr>
<tr>
<td>Kwai Tsing</td>
<td>50</td>
</tr>
<tr>
<td>Islands</td>
<td>41</td>
</tr>
</tbody>
</table>

**Redevelopment of Old Buildings**

21. **DR CHIANG LAI-WAN** (in Chinese): President, some members of the public have relayed to me that the introduction of a number of schemes one after another by the Government to assist owners of old buildings in carrying out building inspections and repair works reflects that the problem of poor maintenance of old buildings in Hong Kong is serious, and many of such buildings even need to be redeveloped. In this connection, will the Government inform this Council:
(1) of the number of buildings in Hong Kong of three storeys or above that will be over 40 years old in the next 10 years, with a breakdown by the District Council (DC) district set out in Table 1;

Table 1

<table>
<thead>
<tr>
<th>DC district</th>
<th>Number of buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sham Shui Po</td>
<td></td>
</tr>
<tr>
<td>Yau Tsim Mong</td>
<td></td>
</tr>
<tr>
<td>Kowloon City</td>
<td></td>
</tr>
<tr>
<td>Kwun Tong</td>
<td></td>
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<tr>
<td>Wong Tai Sin</td>
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<tr>
<td>Sai Kung</td>
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<tr>
<td>Southern</td>
<td></td>
</tr>
<tr>
<td>Central and Western</td>
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<tr>
<td>Eastern</td>
<td></td>
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<tr>
<td>Wan Chai</td>
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<td>Sha Tin</td>
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<td>Tai Po</td>
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<tr>
<td>North</td>
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<tr>
<td>Tsuen Wan</td>
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<tr>
<td>Tuen Mun</td>
<td></td>
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<tr>
<td>Yuen Long</td>
<td></td>
</tr>
<tr>
<td>Kwai Tsing</td>
<td></td>
</tr>
<tr>
<td>Islands</td>
<td></td>
</tr>
</tbody>
</table>

(2) whether the authorities regularly conducted inspections on buildings over 40 years old in the past three years, so as to ascertain whether such buildings were structurally safe; if they did, of the frequency of such inspections; whether the authorities graded these buildings according to the inspection results (that is, Category I: requiring emergency remedial works; Category II: with obvious defects found; Category III: with minor defects found; and Category IV: with no
apparent defect); of the number of buildings which were inspected, with a breakdown by the grading of the buildings and the DC district set out in Table 2;

Table 2

<table>
<thead>
<tr>
<th>DC district</th>
<th>Grading of the buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Category I</td>
</tr>
<tr>
<td>Sham Shui Po</td>
<td></td>
</tr>
<tr>
<td>Yau Tsim Mong</td>
<td></td>
</tr>
<tr>
<td>Kowloon City</td>
<td></td>
</tr>
<tr>
<td>Kwun Tong</td>
<td></td>
</tr>
<tr>
<td>Wong Tai Sin</td>
<td></td>
</tr>
<tr>
<td>Sai Kung</td>
<td></td>
</tr>
<tr>
<td>Southern</td>
<td></td>
</tr>
<tr>
<td>Central and Western</td>
<td></td>
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<tr>
<td>Eastern</td>
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<tr>
<td>Wan Chai</td>
<td></td>
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<tr>
<td>Sha Tin</td>
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<td>Tai Po</td>
<td></td>
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<tr>
<td>North</td>
<td></td>
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<tr>
<td>Tsuen Wan</td>
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<td>Tuen Mun</td>
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<tr>
<td>Yuen Long</td>
<td></td>
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<tr>
<td>Kwai Tsing</td>
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<tr>
<td>Islands</td>
<td></td>
</tr>
</tbody>
</table>

(3) whether it knows the number of applications under the Demand-led Redevelopment Project (hereinafter referred as "Pilot Scheme") which were rejected by the Urban Renewal Authority (URA) in the past five years, and the justifications for rejecting such applications, with a breakdown by the name of the building concerned set out in Table 3;

Table 3

<table>
<thead>
<tr>
<th>Name of the building</th>
<th>Justification(s) for rejecting the applications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
(4) whether it knows the profit/loss status of the projects completed by the URA in the past five years; whether the authorities have reviewed the reasons for the loss incurred in some of these projects and formulated remedial measures accordingly, with the relevant information set out in Table 4:

<table>
<thead>
<tr>
<th>Project title</th>
<th>Profit/Loss</th>
<th>Reasons for incurring loss (if applicable)</th>
<th>Remedial measures (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(5) whether it will take measures to expedite the progress of redevelopment of old buildings; if it will, of the details; if not, the reasons for that; and

(6) whether it has considered acquiring and consolidating sites in old district to form sites of larger area for carrying out urban renewal projects, so as to avoid constructing high-rise buildings on small sites (commonly known as "toothpick-like buildings", "blade-like buildings"); if it has, of the details; if not, the reasons for that?

SECRETARY FOR DEVELOPMENT (in Chinese): President, at present, there are about 9,900 privately-owned buildings aged 40 years or above in Hong Kong (excluding the New Territories Exempted Houses). To address the issue of urban decay and to improve the living conditions of residents in the old urban areas, the URA was established under the Urban Renewal Authority Ordinance (URAO) (Cap. 563) in May 2001 and tasked to implement urban renewal programmes. Apart from redevelopment, rehabilitation is another core business under urban renewal. Complementary to this arrangement, the Buildings Department (BD) is forging ahead with its promotion of the need for timely building maintenance. Through a multi-pronged approach comprising public education, financial and technical support, legislation and law enforcement, the BD collaborates with the community in fostering a safe living environment.

My reply to the six parts of the question is as follows:
(1) As at 31 December 2013, the number of private buildings aged 40 years or above of three storeys or more, broken down by the DC districts (excluding the New Territories Exempted Houses) is tabulated below:

<table>
<thead>
<tr>
<th>DC district</th>
<th>Number of buildings (approximate figures)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sham Shui Po</td>
<td>1 200</td>
</tr>
<tr>
<td>Yau Tsim Mong</td>
<td>1 860</td>
</tr>
<tr>
<td>Kowloon City</td>
<td>1 580</td>
</tr>
<tr>
<td>Kwun Tong</td>
<td>370</td>
</tr>
<tr>
<td>Wong Tai Sin</td>
<td>280</td>
</tr>
<tr>
<td>Sai Kung</td>
<td>30</td>
</tr>
<tr>
<td>Southern</td>
<td>440</td>
</tr>
<tr>
<td>Central and Western</td>
<td>1 460</td>
</tr>
<tr>
<td>Eastern</td>
<td>580</td>
</tr>
<tr>
<td>Wan Chai</td>
<td>1 140</td>
</tr>
<tr>
<td>Sha Tin</td>
<td>60</td>
</tr>
<tr>
<td>Tai Po</td>
<td>80</td>
</tr>
<tr>
<td>North</td>
<td>190</td>
</tr>
<tr>
<td>Tsuen Wan</td>
<td>300</td>
</tr>
<tr>
<td>Tuen Mun</td>
<td>30</td>
</tr>
<tr>
<td>Yuen Long</td>
<td>150</td>
</tr>
<tr>
<td>Kwai Tsing</td>
<td>120</td>
</tr>
<tr>
<td>Islands</td>
<td>20</td>
</tr>
<tr>
<td>Total (Approximate figure)</td>
<td>9 900</td>
</tr>
</tbody>
</table>

According to the BD's rough estimate, the number of buildings aged 40 years will increase annually by about 600 in the next 10 years. As it is difficult to predict the pace of redevelopment of old buildings by private owners, the BD cannot accurately estimate the number of private buildings aged over 40 years of three storeys or more in the various districts across the territory in the next 10 years.

(2) Although it is the owners' responsibility to carry out regular inspection and timely maintenance of their buildings to ensure building safety, under the premise of safeguarding public safety, the BD has implemented a series of measures and regular operations to inspect aged and/or dilapidated buildings. Private buildings aged
over 40 years of three storeys or more will also be covered in the inspection and review if they are the target buildings of the relevant measure or operation. Details are appended below:

(i) The BD has fully implemented the Mandatory Building Inspection Scheme since 30 June 2012. Under the scheme, the Building Authority will select a certain number of private buildings aged 30 years or above every season (except domestic buildings not exceeding three storeys), and issue statutory notices to the owners of the selected buildings requiring them to carry out prescribed inspections and (if necessary) prescribed repairs with respect to the common areas of the buildings within a specified period.

(ii) The BD carries out "large-scale operations" every year to inspect dilapidated buildings, including buildings that may pose danger based on reports made by the public or information known to the BD through other channels. In these operations, once the BD identifies buildings that pose danger, or with defective drainage systems, the BD will issue statutory investigation orders and repair orders against those buildings. In cases of emergency or serious nuisance on hygiene grounds, the BD will carry out the necessary rectification work first and recover the costs from the owners afterwards.

(iii) The BD arranges regular staff inspection to existing pre-war buildings across the territory to ascertain their safety conditions.

In the course of the above operations, should emergency and defective cases be identified, the BD will immediately follow up in accordance with established procedures. The BD does not give separate ranking to the buildings that have been inspected according to their conditions.

(3) The Urban Renewal Strategy (URS) promulgated in February 2011 proposes that in responding to the requests of owners, redevelopment by the URA can take more diverse forms. In July 2011, the URA
launched the Demand-led Redevelopment Project Pilot Scheme (the Demand-led Scheme). Up till now, three rounds of the Demand-led Scheme have been launched. Twenty-five applications were received in the first round, of which three were selected by the URA. Thirty-four applications were received in the second round, of which four were selected. For the 51 applications received in the third round, a number have been selected for inclusion in the URA's 2014-2015 Business Plan for implementation.

The basic application requirements for the three rounds of the Demand-led Scheme are as follows:

(i) the application must be submitted by owners of not less than 67% of the undivided shares of each lot within the site under application;

(ii) the area of the site under application should be larger than 400 sq m; and

(iii) all the buildings within the site are classified as "poor" or "varied" in the URA's Building Conditions Survey.

Upon receipt of the applications, the URA will shortlist for further consideration those applications which meet the above basic requirements, including ranking those applications. The ranking criteria include the state of dilapidation of the buildings, the extent of planning gain which the redevelopment will bring to the community, the existing living conditions of the residents and the implementability of the redevelopment project, and so on.

The implementation of a selected project is subject to the acceptance of the URA's conditional offers by owners of not less than 80% of the undivided shares of each lot within the site within a specified period of time, as well as the granting of authorization by the Secretary for Development for the URA to implement the project.

The seven projects selected by the URA in the first two rounds of the Scheme had been commenced. With the exception of one project, which was terminated due to the failure in getting the owners of 80%
of the undivided shares of the site under application to accept the URA's conditional offers, the other six projects are being implemented.

Selected projects of the third round are originally scheduled for commencement after 1 April 2014. Due to the special circumstances of the project at Kai Ming Street, commencement of this project was advanced to December 2013 upon the endorsement of the URA Board and the approval of the Financial Secretary.

As regards the names of buildings that have not been selected, as the disclosure of information on these buildings involves privacy issues and might compromise the interest of the building owners themselves, in the absence of the owners' prior consent, the URA is not in a position to disclose the names of the buildings. These applications have not been selected because some of them failed to meet the basic requirements, while others did not fare well in the ranking process.

(4) In response to the request of the Legislation Council Panel on Development, the URA has been reporting the financial results of its completed projects to the Panel annually since 2009-2010. Details of the revenue and expenditure positions of the 16 completed projects that have already been reported are as follows:

<table>
<thead>
<tr>
<th>Project Address (Project Name)</th>
<th>Total Direct Cost ($ million)</th>
<th>Total Revenue ($ million)</th>
<th>Net Surplus/(Deficit) after Land Premium Foregone by the Government ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reclamation Street, Mong Kok (MOD595)</td>
<td>(89.8)</td>
<td>190.2</td>
<td>74.4</td>
</tr>
<tr>
<td>Johnston Road, Wan Chai (J Residence)</td>
<td>(445.8)</td>
<td>1,043.4</td>
<td>406.6</td>
</tr>
<tr>
<td>Kennedy Town New Praya, Kennedy Town (The Merton) (Developer responsible for acquisition cost, development cost, interest and land premium)</td>
<td>0.0</td>
<td>464.5</td>
<td>464.5</td>
</tr>
<tr>
<td>Project Address (Project Name)</td>
<td>Total Direct Cost ($ million)</td>
<td>Total Revenue ($ million)</td>
<td>Net Surplus/(Deficit) after Land Premium Foregone by the Government ($ million)</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------------</td>
<td>------------------------------</td>
<td>---------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ka Wai Man Road, Kennedy Town (Mount Davis 33)</td>
<td>(8.5)</td>
<td>159.2</td>
<td>150.7</td>
</tr>
<tr>
<td>Waterloo Road/Yunnan Lane, Yau Ma Tei (8 Waterloo Road)</td>
<td>(5.9)</td>
<td>135.5</td>
<td>129.6</td>
</tr>
<tr>
<td>Queen Street, Sheung Wan (Queen's Terrace)</td>
<td>(13.2)</td>
<td>576.7</td>
<td>563.5</td>
</tr>
<tr>
<td>Argyle Street/Shanghai Street, Mong Kok (Langham Place)</td>
<td>(324.0)</td>
<td>450.0</td>
<td>126</td>
</tr>
<tr>
<td>Kwong Yung Street, Mong Kok (Paradise Square)</td>
<td>(245.1)</td>
<td>301.9</td>
<td>56.8</td>
</tr>
<tr>
<td>Tsuen Wan Town Centre, Tsuen Wan (Vision City and Citywalk)</td>
<td>(6,072.5)</td>
<td>4,148.4</td>
<td>(1,924.1)</td>
</tr>
<tr>
<td>Yeung Uk Road, Tsuen Wan (The Dynasty and Citywalk 2)</td>
<td>(705.4)</td>
<td>1,702.9</td>
<td>997.5</td>
</tr>
<tr>
<td>Po On Road/Shun Ning Road, Sham Shui Po (Beacon Lodge)</td>
<td>(178.9)</td>
<td>521.4</td>
<td>297.5</td>
</tr>
<tr>
<td>Fuk Wing Street/Fuk Wa Street, Sham Shui Po (Vista)</td>
<td>(164.7)</td>
<td>438.7</td>
<td>234.0</td>
</tr>
<tr>
<td>Bedford Road/Larch Street, Tai Kok Tsui (i-home)</td>
<td>(164.2)</td>
<td>424.0</td>
<td>181.8</td>
</tr>
<tr>
<td>Queen's Road East, Wan Chai (Queen's Cube)</td>
<td>(95.9)</td>
<td>416.2</td>
<td>320.3</td>
</tr>
<tr>
<td>Baker Court, Hung Hom (Baker Residences)</td>
<td>(23.9)</td>
<td>35.0</td>
<td>8.1</td>
</tr>
<tr>
<td>First Street/Second Street, Sai Ying Pun (Island Crest)</td>
<td>(489.1)</td>
<td>3,883.2</td>
<td>2,867.1</td>
</tr>
</tbody>
</table>
According to the URA, it has been able to record a surplus for the completed redevelopment projects is mainly due to the buoyant property market as well as the significant rise in property prices over the past 10 years. If these redevelopment projects are evaluated in accordance with the "mark to market" principle at the time when redevelopment was decided, it is expected that most of them would record a deficit.\(^{(1)}\)

The URA has to implement its redevelopment projects in accordance with the policy framework stipulated under the URAO and the URS.

For the small to medium-sized development projects of the URA, it takes about six to eight years from project commencement, acquisition, resumption, tendering, construction to project completion. For the larger-scale projects such as the Kwun Tong Town Centre Development Project, it takes over 10 years to complete. The larger-scale projects has a longer implementation timetable mainly because of the complex planning parameters involved and the need to address the diverse aspirations of the local community and the affected households and shop operators. For example, the Kwun Tong Town Centre project has to be implemented by phases so as to minimize any adverse impact that redevelopment will bring to the existing services and facilities (including government services, transport facilities, hawker bazaar, and so on) and to maintain their smooth operation as far as possible.

To a certain extent, the progress of all the URA redevelopment projects will also hinge on the progress with the clearance of the affected shop operators and residents at site. The URA has always adopted the "people-first" principle and made best endeavours to reach settlement with those few occupiers who may still remain at the project sites.

\(^{(1)}\) The Centa-City Index was 40.67 when the URA was established in 2001. Since then, the index has been rising and reached 118.20 in end 2013. The index has risen by 290% in the past 12 years.
To meet public expectation for speeding up the pace of urban renewal, the URA will review the whole redevelopment process, with a view to identifying room for expediting the process while adhering to the framework and the requirements of the URAO and the URS.

(6) Since its establishment in 2001, the URA has commenced or undertaken some 60 redevelopment projects, including those projects commenced by the ex-Land Development Corporation (ex-LDC), projects announced but not yet commenced by ex-LDC, projects entrusted by the URA to the Hong Kong Housing Society, projects initiated by the URA and projects commenced under the Demand-led Scheme.

These projects vary in size. Some examples of large-scale projects will include the Kwun Tong Town Centre development project (with site area of 5.35 hectares); the Lee Tung Street/McGregor Street project (with site area of 8,236 sq m); the Hai Tan Street/Kweilin Street and Pei Ho Street project in Sham Shui Po (with site area of 7,440 sq m); the Peel Street/Graham Street project in Sheung Wan (with site area of 5,330 sq m). Taking the Kwun Tong Town Centre project as an example, apart from providing for residential and commercial uses, the new development will also provide a public transport interchange, landscaped areas, hawker bazaar, and government, institution and community facilities. Other URA redevelopment projects also bring about planning gain and social benefits to the community and the local area in varying degrees.

The Demand-led Scheme launched by the URA in 2011 has a minimum site area requirement of not less than 400 sq m, which is generally smaller than the site areas of the URA's self-initiated projects. Considering that each demand-led application to be submitted must be sponsored by owners of not less than 67% of the undivided shares of each lot within the application site, which may be hard to achieve, the URA has set a smaller minimum site area requirement to facilitate the applicants.
Since the launch of the Demand-led Scheme, eight projects have been commenced. The site areas of some of these projects are well above the threshold requirement. While the Demand-led Scheme has been well-received, the URA is facing the challenge of an increasing number of applications with larger site areas and which require the consideration of more varied factors. For the purpose of maintaining a sustainable urban renewal programme that balances the goal of a better utilization of land, brings improvement to the living conditions of the affected households and at the same time, is capable of being self-financed in the long run, the URA will conduct a review of the pilot scheme with a view to, *inter alia*, better rationalization of resources deployed for the Demand-led Scheme *vis-à-vis* its self-initiated redevelopment programme.

The URA subscribes to the view that large-scale redevelopment projects can bring more significant benefit to the community. The URA will continue to pursue an urban renewal programme adopting the people first, district-based and public participatory approach under the 2011 URS, while maintaining the goal of being self-financed in the long run.

**Prevention of Elderly Suicide**

22. **MR CHAN CHI-CHUEN** (in Chinese): President, the Hospital Authority (HA) has implemented the Elderly Suicide Prevention Programme (the Programme) since 2002 to provide multi-disciplinary services to elderly people with suicidal tendency at psychogeriatric fast track clinics. The Programme adopts a two-tier service model under which the provision of the first-tier service relies on front-line staff, including healthcare personnel, social workers and staff of voluntary agencies, to early detect and screen elderly people with suicidal tendency, and refer them to receive service at the second tier, where psychiatrists provide them with specialist treatment. In this connection, will the Government inform this Council if it knows:
(1) the number of elderly people who, before committing suicide, contacted the front-line staff at the first tier in the past five years but were not referred to receive the second-tier service;

(2) the number of elderly people with suicidal tendency who received services under the Programme, and the respective numbers of elderly people who gave up the idea of committing suicide and committed suicide ultimately after treatment, in each of the past 10 years (set out in the table below); and

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of service recipients</th>
<th>Number of people who gave up the idea of committing suicide</th>
<th>Number of people who committed suicide ultimately</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
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<td></td>
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<td>2011</td>
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<td></td>
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<td>2010</td>
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<td>2009</td>
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<td>2008</td>
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<td>2007</td>
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<td>2006</td>
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<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(3) whether the HA regularly reviewed and improved the Programme in the past five years; if it did, of the details; if not, the reasons for that?

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

(1) and (2)

The Government attaches great importance to the mental well-being of the public and has been offering a wide range of mental health services (including prevention, early identification, timely
intervention and treatment, and rehabilitation) which are accessible by people in need on a continuous basis. As a positive response to the community's concern over elderly suicide, the HA has implemented the Programme since 2002-2003 to provide timely and appropriate psychiatric diagnosis and treatments for elders suspected to have suicidal tendency, with a view to reducing their risk of committing suicide.

More often than not, elders tend to seek help from social workers, healthcare personnel and medical practitioners they know before attempting suicide. The Programme therefore aims to enhance the awareness of front-line social workers and healthcare personnel of elderly suicide and help them identify elders with suicidal tendency and symptoms of depression, so that elders at risk of suicide can be referred to specialist psychogeriatric services as early as possible. In addition, medical staff of the psychogeriatric departments in all the HA clusters will pay home visits to elders in need and offer them appropriate support.

Under the Programme, all elders who have been identified as being at risk of suicide will be immediately referred to the HA's psychiatric departments for further diagnosis and treatment. Over the past 10 years from 2002-2003 to 2012-2013, the Programme has provided relevant medical services for over 7,000 elders at risk of suicide. Of these elders, 48 committed suicide. The HA does not have the breakdown of statistics requested in part (2) of the question.

(3) The Psychogeriatric Services Working Group of the HA regularly reviews the Programme on aspects including the referral mechanism, service outcomes and various follow-up arrangements. It also takes into account the views from front-line social workers, patients and medical staff in refining the Programme. The HA will continue to monitor closely the operation of the Programme and provide appropriate support for patients in need of such services.
MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Member's motion: Motion of Thanks.

Mr Andrew LEUNG will move this motion. Mr Frederick FUNG, Mr SIN Chung-kai, Ms Cyd HO, Mr CHEUNG Kwok-che, Mr LEE Cheuk-yan and Dr Fernando CHEUNG wish to move amendments to the motion, and Mr WONG Kwok-kin wishes to move an amendment to Mr LEE Cheuk-yan's amendment.

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.

The ending time for today's and tomorrow's debates will be about 10.30 pm. The debates for tomorrow and the day after tomorrow will start at 9 am.

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", as printed on the Agenda, be passed.

First, I wish to point out that that 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 proposals in the Chief Executive's Policy Address.

In the last Session, some Members voiced the concern that since the debate on the policy address was held merely two weeks after the release of the policy address, they did not have sufficient time to make preparations. This year, the debate on the Policy Address is held four weeks after the release of the Policy Address and within this period, the 18 panels held a series of policy briefings to listen to the explanations of various Directors of Bureaux and other Principal Officials on the policy initiatives in the coming year. In response to Members' requests, the time for some briefing sessions was also extended. I trust Members have obtained more information for making proper preparations for these three days of debate.

President, in the Policy Address, the Chief Executive expressed gratitude for the collaboration of the Legislative Council in the work of the Government. However, I wish to stress that one of the principal duties of the Legislative Council is to monitor the administration by the Government. Be it Members who were returned by functional constituencies or those returned by geographical direct elections, when they find that problems have arisen in the formulation and even implementation of policies, or that there is room for improvement in bills under scrutiny, they have the responsibility to voice views and even criticisms on behalf of their voters. Officials should also give appropriate explanations and
solve problems in a rational and pragmatic manner. Although the Chief Executive once said that he hoped the communication and co-operation with Legislative Council Members could be strengthened, I must point out that the maintenance of a good relationship requires concerted efforts from both sides. Unfortunately, ever since the Chief Executive took office, the relationship between the executive and the legislature has not seen any improvement. I hope that the Administration could take concrete steps to demonstrate the Government's sincerity in improving the relationship between the executive and the legislature. Meanwhile, Members may also give government officials a very hectic time. However, Members are just devoted to their work of monitoring the Government. In fact, we all hope that the Government can improve its administration, develop the economy and improve people's livelihood. Our common goal is to work for the well-being of society as a whole.

As Chairman of the House Committee, each time after the meetings of the House Committee, I would meet the Chief Secretary for Administration together with the Deputy Chairman to relay Members' decisions and views. I am glad that the Chief Secretary always shows an open and positive attitude to Members' requests. We also hope that through the opportunity of this kind of meetings, we can understand the authorities' positions on the relevant issues and the difficulties encountered by them, so as to carry out co-ordination, build consensus and strengthen mutual ties. I hope that through this kind of meetings and exchanges, the co-operation between the executive and the legislature can be made even smoother.

The scrutiny of bills is also a very important responsibility of the Legislative Council. According to the Legislative Programme of this Session submitted by the Administration to the Legislative Council in October last year, 11 bills will be introduced in the first half of the Session, whereas the remainder of 17 bills will be introduced only in the second half of the Session. In response to our request, the Chief Secretary for Administration has urged various Policy Bureaux to adhere strictly to the Legislative Programme in the introduction of bills. However, the Administration has hitherto only introduced five bills. I have to point out that the Legislative Council needs sufficient time to scrutinize bills. I hope the Administration can put in place satisfactory arrangements, so that bills — in particular, important and controversial ones — can be introduced into the Legislative Council as early as possible. Moreover, consultations
should be carried out prior to their introduction, including consultations in local communities and with the sectors concerned. Of course, it is also necessary to consult the relevant panels of the Legislative Council.

President, in the past few weeks, various sectors of society have expressed various views and concerns in relation to the Policy Address. I believe that in the debate in the next three days, Members of this Council will put forward various views and proposals in relation to policy initiatives that are or are not included in the Policy Address. Many measures of poverty alleviation are proposed in the Policy Address this year and I believe Members would not query such a policy direction. However, these measures entail a substantial amount of new recurrent expenditure, so the Administration should respond to the concerns of the public in this regard. As the Chief Executive pointed out emphatically, the people's livelihood and economic development should be pursued in tandem. The Policy Address this year did not touch on economic development at any substantial length and it is also short on support measures for small and medium enterprises and the middle class. I must point out that in order to take forward administration effectively, the Government must forge a consensus and avoid provoking social conflicts. I urge the Administration to give audience to the views and proposals put forward by Members of this Council and the public with humility. Only by doing so can we stride towards the goal of enabling Hong Kong people "to live a better life".

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.

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

MR ANDREW LEUNG (in Cantonese): President, the point raised by the Chief Executive in this year's Policy Address that it is imperative to pursue people's livelihood and develop the economy in tandem is similar to the belief of the Business and Professionals Alliance for Hong Kong (BPA). Although the Government realizes the importance of economic development, it appears that such importance has not been reflected faithfully in the Policy Address. Instead, the Policy Address discusses land, housing and youth education at great length as well as poverty alleviation and support for the disadvantaged at even greater length throughout its 198 paragraphs. The commercial and industrial sector is a bit disappointed that, besides the proposed establishment of an Innovation and Technology Bureau, the Government has failed to propose new specific policies. We hope the Financial Secretary can pay attention to and address the needs of economic development in the Budget to be unveiled at the end of this month.

Insofar as commercial and industrial policies are concerned, we can see that many initiatives originated from the Chief Executive's Manifesto, and some of them have taken on board the views of the Federation of Hong Kong Industries (FHKI). We agree to the Government supporting the commercial and industrial development in order to maintain Hong Kong's competitive edge and address the problem of the hollowing out of local industries. The sector expects the re-initiation of the establishment of the Innovation and Technology Bureau to help promote the technology industry. Furthermore, this Bureau must be headed by a world-class talent, just as the chairing of the Commission on Innovation and Technology by Prof TIEN Chang-lin years ago, before it can rid itself of bureaucracy and truly achieve the objective of leading industries to proceed in the direction of innovation and technology.

The industrial sector is a bit disappointed that the Chief Executive has failed to propose specific industrial policies in the Policy Address. The industrial sector has all along hoped that the Government can assist the return of industries in terms of policy. At present, quite a number of practitioners in high value-added and high technology industries are hoping to return to Hong Kong. To complement the return of such industries, however, new land must be identified for the construction of new plants to attract the return of these
enterprises to form a high value-added industrial cluster. In the past year, the sector has continued to make quite a lot of suggestions to the Government through various advisory bodies. We hope that the SAR Government can give us a prompt response expeditiously and do something for the sector with a view to reviving the local industries. With the proposed establishment of the Innovation and Technology Bureau this year, we firmly believe that provided the Government can expeditiously propose a set of industrial policies conducive to the sector, it can definitely assist in the nurturing of technology enterprises, give incentives to research and development (R&D), enhance the integration of the needs of academic disciplines and business launch to achieve the purpose of promoting interaction and collaboration with emerging industries on the Mainland, pursuing diversified economic development and expanding Hong Kong's economic foundation with a view to enabling the setting up of a technology industry cluster jointly by Hong Kong and the Pearl River Delta. It is the hope of the FHKI and me that this proposal can be put into implementation expeditiously.

President, the industrial sector has all along attached great importance to the collaboration of Hong Kong with other countries and regions. We greatly support the opening of formal negotiations between the SAR Government and the Association of Southeast Asian Nations (ASEAN) on a Hong Kong-ASEAN Free Trade Agreement. We also welcome the setting up of more Economic and Trade Offices in Asia and liaison offices on the Mainland. I believe the authorities are aware that the positioning of Singapore, an ASEAN member, is similar to that of Hong Kong. However, I do not think that the region as a whole cannot accommodate two financial and trade centres. On the contrary, these two cities should be able to complement each other's inadequacies and drive the development of ASEAN as a whole.

During the meeting between the BPA and the leaders of Guangdong Province last month, the collaboration between the two places, including the setting up of a Guangdong-Hong Kong-Macao Free Trade Zone (FTZ), was discussed. One of the development highlights of the FTZ is service and trade liberalization, which is precisely one of the strengths of Hong Kong. The collaboration among the three places will not only result in a wider scope for Hong Kong's services industry, it is also conducive to the collaboration among the three places and the making of a bigger pie. We propose that Nansha be developed with special efforts made in earmarking land to encourage local enterprises, the young generation and professionals to pursue development there
and, under the early and pilot implementation mechanism in Guangdong Province, allow people working across the boundary to pay salaries tax levied in their places of origin under the income tax system. It is hoped that the SAR Government and the Guangdong Provincial Government can make active efforts in raising this proposal with the Central Authorities.

The Policy Address also proposes the establishment of a $1 billion Recycling Fund to promote the sustainable development of the recycling industry, having taken on board the views of the BPA and the FHKI. We have all along maintained communication with the industry and understands that only through the introduction of financial incentives by the Government can the waste separation and recovery system be enhanced in the most effective manner. We have stressed repeatedly in the Legislative Council that the recycling industry is actually a gold mine. In order to enable its proper operation, there must be a sound recovery chain with cash incentives. For instance, in order to recover glass bottles, the Government may rebate 30 cents to people depositing empty bottles at recovery points under flyovers, another 30 cents as transport subsidy and 40 cents to recyclers. This means that a good recovery chain can be achieved with just $1. Not only can waste glass be delivered to the hands of recyclers, all Hong Kong people can also join the ranks of recovery and environmental protection.

President, the BPA and I often say that small and medium enterprises (SMEs) and the middle class are important components of Hong Kong economy. It is really disappointing that this year's Policy Address has not mentioned a single word about them.

In recent years, quite a number of people in many of the SMEs engaging in the manufacturing industry in Hong Kong hope to switch to the high value-added path. However, we must pay more for high added value, and the previous manufacturing process and model must be changed, too. What is more, talents are required to complement our development. Some of the people in the industrial sector have taken the first step, with some having their own designs and creating their own brands. However, many of these people are from large enterprises with abundant funds. An even greater number of people are from SMEs and restrained by their capital flow. Though they have the will, they do not have the strength. Faced with the severe fluctuations of global economy, even those who are slightly capable dare not take any chances.
We know that the Government must step in to really induce enterprises, particularly SMEs, to engage in high-end manufacturing through incorporating high value-added design and R&D into their production lines. When we talk about the Government's stepping in, we do not mean to ask the Government to finance enterprises in engaging in design and R&D, so that enterprises will make profits but the Government will only lose money. On the contrary, we have been calling on the Government to offer tax concession to enable enterprises to enjoy triple tax deduction on expenditure related to design and R&D. In other words, everything will be paid by enterprises in cash, and when they make a profit, the Government can collect taxes. Similar suggestions were already made by the FHKI to the Government even before I joined the Legislative Council. Despite my repeated calls since joining this Council in 2004, some of my suggestions have still not been taken on board by the Government. I hope that the Government can reconsider my suggestions in detail in the new year.

The most direct way of offering assistance to SMEs is to lower profits tax. Over the past two years, the BPA and I have been calling on the Government to lower the tax rate for SMEs with a profit of less than $3 million and set it at 10% to encourage SMEs to make reinvestment and enhance their competitive edge. Consideration can also be given to studying the feasibility of introducing an allowance for enterprises with reference to personal allowance, with a view to further alleviating the tax burden of SMEs. I believe lower tax rates and allowances are conducive to driving more people to start up business.

In a certain section of his Manifesto, the Chief Executive expressed active support for SMEs and said that assistance would be given to SMEs in securing all sorts of short- and long-term financing. He also proposed specifically that the Special Loan Guarantee Scheme (SpGS) be revived expeditiously. Under the SpGS, the Government would provide appropriate guarantee to assist SMEs in obtaining long-term and revolving loans, so that they could make better preparations for long-term development. We were very pleased to note the Government's commitment at that time. In addition, we requested that the SpGS be relaunched for another year to assist enterprises in resolving their short-term liquidity problems. However, the Government has still not given us a formal response.

Despite the Chief Executive's commitment to review laws and regulations and administrative measures not conducive to the operating environment through, for instance, streamlining the licensing system, improving the efficiency of
cross-boundary clearance and rationalizing the management model while striving to facilitate the operation of SMEs and small traders, we can see that the Government is purely responding to the requests of the labour sector on various matters, from adjustments to the minimum wage to issues currently under intense discussion, including whether legislation should be enacted on standard working hours and whether the offsetting mechanism under the Mandatory Provident Fund (MPF) System should be changed. The views of the commercial and industrial sector appear to have fallen on deaf ears. Is all this affordable to SMEs? Is the concern of small employers neglected?

Lastly, I would like to say a few words about the offsetting issue under the MPF System. Since the end of last year, I have been approached by a lot of media for my views on the offsetting mechanism, so I would like to make myself clear here. Under the Employment Ordinance, employers can make use of the accrued benefits generated from their MPF contributions to offset long service payments or severance payments for employees. The commercial and industrial sector holds that abolishing the offsetting mechanism is undesirable because this would run counter to the legislative intent of the Mandatory Provident Fund Schemes Ordinance. Should the offsetting mechanism be scrapped, the financial burden of enterprises, especially SMEs, will be increased.

The three parties, namely employers, employees and the Government, know it very well that the imposition of the requirement on long service payments in Hong Kong is meant to provide protection for outgoing or retiring employees. During the discussion on the MPF System, the commercial sector already made its disapproval very clear on the ground that only the financial sector would stand to benefit from the implementation of the MPF System. In fact, we can now see that this sector has been benefited the most. Insofar as the commercial and industrial sector in general is concerned, its burden will only increase. At that time, we had repeatedly made it very clear that long service payments already served the purpose of providing protection for employees. The requirement that additional contributions be made by employers for employees under the MPF System was not only redundant, but the burden of employers would also become too heavy. Since the Government hoped that the MPF legislation could be passed back then, it proposed that employers' contributions be allowed to offset long service payments and severance payments. Hence, the offsetting mechanism was actually the prerequisite for support for the relevant legislation back then. Without this mechanism, the Mandatory Provident Fund Schemes Ordinance would simply not have been passed. The commercial and industrial
sector strongly objects to the abolition of the mechanism because the operating cost will be increased substantially. Should employers be prohibited from using contributions accrued over the past decade or so to offset severance payments and long service payments, enterprises will incur expenditures beyond their original budget. This will put pressure on employers, especially SMEs, and even the remuneration package and job opportunities of employees. As employees' interests will eventually be affected, I hope the Government and employees can think twice.

President, I so submit.

DR LAU WONG-FAT (in Cantonese): President, in last year's policy address debate, I pointed out that when the Government launched the Individual Visit Scheme (IVS) for Mainland residents, it had not made enough preparations and assessed the possible serious impacts that might be caused by large numbers of visitors coming to Hong Kong on the living of local residents, in order to formulate policies and contingency plans to cope with the problem. The result is that it was only after the local residents had suffered tremendously after a host of problems such as the shortage of powdered formula, crammed maternity wards in hospitals and soaring property prices that the authorities seemed to wake up and launched remedy work hastily. This is an obvious show of a lack of foresight and an inability to prepare for a rainy day.

In a report released by the Government of late, it is estimated that by 2017, the annual number of visitors to Hong Kong will reach 70 million and in the face of this projected great surge in the number of visitors, an official has said that citizens may have to catch one train later than usual. This kind of dismissing a grave problem lightly gives me an impression that the Government has failed to learn from past mistakes. Hong Kong is a tiny but densely populated place. When visitors come here in astronomical numbers, if the only effect is that citizens may have to catch one train later than usual with no other grave problems arising, then Hong Kong can rightly be considered a land of milk and honey and the people of Hong Kong are really blessed.

As the saying goes, "past experience, if not forgotten, is a guide for the future". The mistakes made by the Government regarding the IVS are always considering itself to be in the right, being careless and doing nothing. It only indulges in superficial benefits brought to the economy to the neglect of the
side-effects. It can be envisaged that if this mentality does not change and if problem-solving is delayed to the last minute, we will see history repeat itself and those who have not learnt from past mistakes will be punished again.

We can see that when the Court of Final Appeal handed down a judgment on the right of abode, many so-called knowledgeable persons thought that the judgment would not bring any serious impact to society, the economy, people's living and public order, and the remedial action taken by the National People's Congress interpretation of the Basic Law was also frowned upon. The result is a huge number of babies born in Hong Kong of non-permanent resident parents, giving rise to a shortage of places in kindergartens and primary schools. The whole society suffers badly as a result. And even now, we have no idea what impact this growth in population will have on university education and housing demand.

President, this large number of visitors is a transport problem that must be promptly tackled. From our observation, we gather that most of the Mainland visitors tend to use rail transport and when this is added to the underlying patronage of rail transport by local residents, I would think that a forward-looking development programme for the rail system in Hong Kong should be desirable. For if not, our rail system will be unable to meet the actual demand very soon.

I wish to mention once again the rail construction programme for Tsuen Wan and Tuen Mun which has gained full support from the District Councils of Tsuen Wan and Tuen Mun. It is expected that this railway can greatly facilitate residents living in the coastal areas of New Territories West. Besides, the line can extend to the Shenzhen-Hong Kong borders, hence easing the pressure exerted on the East Rail which is approaching its carrying capacity. This will be enormously helpful to diverting the cross-boundary passenger flow. Also, since the Government has plans to increase housing supply in Tuen Mun substantially, there is thus a compelling need to build a railway linking up Tsuen Wan and Tuen Mun. As to the question of whether this new railway will be operated by the MTR Corporation Limited (MTRCL) which only aims at maximizing profits to the neglect of the affordability of the public, or that a new railway corporation should be set up, this would be an issue worth examination.

In addition, this massive increase of visitors will lead to a huge and additional demand on basic public facilities like public toilets, and such facilities
for kitchen waste, waste water and refuse collection. In tourist hot spots, this
causes problems like heavily packed pedestrian flow. All of these must not be
overlooked. If no solutions to these problems were found, not only would
tourists feel inconvenient but they would also have to face all kinds of safety
hazards. All these will serve to intensify the conflict between locals and
Mainlanders, which will not be conducive to the integration and development of
the two places. In that case, the grievances of locals in Hong Kong will only
accumulate.

President, I would also like to talk about the problem of sewage treatment.
In the coming year, the Development Bureau plans to launch the lead work to
relocate the Shatin Water Treatment Works. It is known that in other places,
methane is produced in the course of sewage treatment for use in the cities. In
Scandinavian countries, gas produced in the course of sewage treatment is even
used as fuel for public transport vehicles. I think that the relocation of the
Shatin Water Treatment Works offers a good opportunity for the Government to
study how clean fuels can be produced and energy conservation achieved in
tandem with sewage treatment.

Talking about energy conservation, the temporary office of Energizing
Kowloon East of the Development Bureau is located underneath a flyover and
many energy-efficient construction methods are used. This is commendable.
But there are also examples of energy wastage in construction projects
undertaken by the Government. In recent years, many open-air footbridges, lifts
and tunnels have been built, but they are fitted with air-conditioning. In fact,
these lifts only serve a height of two or three floors and electrical fans would have
suffice. Air-conditioners will consume much energy and since the lifts are
located on the streets, in hot summer days, there is a great difference in the
temperature inside and outside the lifts. This is not beneficial to citizens using
the lifts, especially elderly persons. This point must not be overlooked. The
authorities must therefore review if it is reasonable to install air-conditioning in
these lifts and introduce improvement measures as appropriate.

In recent years, supplementary appropriation for many government projects
has to be sought and this has caused serious repercussions in society. I believe it
is time for the authorities to review the tendering mechanism for government
projects to see if it is kept abreast of the times. There is a view that the costs of
such government projects should be capped in order to prevent contractors from
exploiting loopholes, resorting to over-spending in projects and increasing the
project costs. In any case, it is unacceptable for government projects to put up such excuses to justify supplementary appropriation in large amounts to cover the additional expenses entailed. The Government should identify some kind of method to check the expenditure on government projects such that taxpayers will be convinced.

I so submit, President. Thank you.

MR SIN CHUNG-KAI (in Cantonese): President, on the economy, the issues related to it are no more than the distribution of economic resources and propelling the development of the economy. The Policy Address talks about a distribution policy which aims at achieving the effect of alleviating poverty. The poverty alleviation measures proposed in the Policy Address can be divided into two kinds in terms of policy objectives. They are, namely, alleviating poverty and preventing inter-generational poverty. An example is the introduction of the Low-income Working Family Allowance. This is a poverty alleviation measure. And the increase in the value of kindergarten education vouchers, increased intake of senior-year undergraduates in government-funded institutions and introduction of the Mainland University Study Subsidy Scheme are measures aimed at preventing inter-generational poverty.

The kinds of assistance offered to the middle class and the grassroots as mentioned in LEUNG Chun-ying's Policy Address are different. Examples include the government proposal on entering into a free trade agreement with the ASEAN, the plans to develop Lantau Island and set up a new statutory body and civil aviation training institute to promote the development of the aviation industry, such that the size of the economy of Hong Kong can be expanded. All of these are meant to assist the middle class. But currently these measures remain at the stage of discussions on the signing of agreements or the forming of relevant committees. In other words, these are no more than talks on paper. The middle-class people expect to see more practical measures from the Government to benefit them, one of their strong demands is a tax cut.

The findings of a survey conducted by the Democratic Party lately show that the public supports a reduction in taxes and broadening the tax bands from $40,000 to $50,000. It is also hoped that the personal allowance will be revised upwards from $120,000 to $132,000 or by about 10%, in order to offset the inflation accumulated over the past two years. And this is only a moderate
increase. As for the allowance for married persons, it is hoped that it can be increased from $240,000 to $264,000. To reduce the tax burden of the middle class, moreover, I hope that the child allowance and dependent parent allowance can be increased to offset the effect of inflation over the past two years. Of course, we have to wait to see how the Financial Secretary will react to these proposals two weeks from now. But since the Policy Address has proposed poverty alleviation measures which, to a certain extent, respond to the needs of the grassroots, I hope that the imminent Budget will respond to the aspirations of the middle class.

No mention is made in the Policy Address on land sales at regular intervals. This is to be regretted because it will not serve to stabilize housing supply further. In our opinion, the Government neglects the burden borne by the young people and the middle class in terms of rents and the Government refuses to extend the scheme of housing loan interest deduction for self-owned properties to tenants. Now the Government has a mortgage loan interest reduction scheme, but the scheme does not apply to tenants. I think the Government should review it.

As for the issue of population ageing, the Government should deal with it early. Besides enhancing the protection for retirees, the Government should introduce a tax allowance for savings for retirement protection to benefit the middle class. This will enable them to make more preparation for their retirement. But there is no response to this from the Government.

We have reservations about the health insurance scheme proposed by the Government previously and we think that the proportion taken up by public healthcare as a share of the Gross Domestic Product (GDP) should be increased. The originally proposed start-up fund of $50 billion for the health insurance scheme should be injected into public healthcare services. If this fund cannot be injected for this purpose, it should first be placed in the Exchange Fund to generate interest income for improving healthcare services.

The Financial Secretary has been in office for many years and during the past six years, he has used $210 billion in rolling out relief measures like "handing out candies" of all sorts, in addition to injecting $114.5 billion in total into 18 funds. The expenditures mentioned in this Policy Address are within the limits of affordability of the Government and they serve to respond to the demands of society. Put simply, it is good that the Financial Secretary has twice cautioned in his blog that we should get prepared for a rainy day. But are we worrying too much? We know that over the many years in the past the Hong
Kong Government has accumulated a certain amount of surplus and for the past years an average of $30 billion was handed out as "candies" every year. Following his argument, if there is an increase in recurrent expenditure by $20 billion, or even if the amount of $10 billion as mentioned by Carrie LAM or the amount of $13 billion as proposed by Prof KC CHAN in the Panel on Financial Services is used for discussion, this will still fall within the scope of our affordability. If we deduct the $5 billion injected into the Language Fund in January 2014 and the $15 billion injected into the Employees Retraining Fund, I would reckon that the surplus of the Government this year will still be close to or more than $30 billion.

During the 16 years since the reunification, that is, from 1997 to 2013, there has been an average of $12.8 billion in surplus every year. The period covers the five consecutive years of deficits recorded during the few years before and after the outbreak of SARS. At that time the Government drew down its accumulated fiscal reserves by nearly $190 billion. I understand this. But if we do an analysis of this period stretching 16 years, we will know that there is a surplus of $12.8 billion on average every year. I have also mentioned just now that, as mentioned in the Policy Address this year, only some $10 billion will be set aside as increase in recurrent expenditure and this is within our affordability.

The surplus in the Exchange Fund amounts to some $600 billion and when this is added to the fiscal reserves, the total is about $1,400 billion. While the Government has not disclosed more details about the Low-income Working Family Allowance, including the adjustment mechanism, and so on, we consider that the subsidy mechanism of the Low-income Working Family Allowance must not be abused. Nevertheless, I would still think that the poverty relief measures proposed in the Policy Address are still within our affordability.

According to economics concepts, economic growth is related to savings and technological development, whereas savings are part of investments. When savings increase, investments will also increase. But for us, we attach more importance to how savings can be turned into investments. When there are more elderly persons in society, personal savings will decrease and government reserves will dwindle because of a decrease in tax revenue and an increase in welfare spending. We must note the warning sounded by the Financial Secretary, that is, come the year 2033, there will be more than 2.5 million elderly persons aged above 65. We concur with this forecast.
We are aware of this and so in 2007 the Democratic Party proposed a reserve fund for elderly persons. The Government should set up a fund worth $50 billion and afterwards, half of the funding will come from fiscal surplus and the other half from profits made by the Exchange Fund. This fund is meant to address the pressure exerted on healthcare and retirement protection as a result of population ageing. Unfortunately, we made this proposal on a reserve fund for elderly persons in 2007, the Government did not respond to it subsequently. Over the past seven years the Financial Secretary has only adopted the practice of "handing out candies". The Government explains that this is a kind of measure aimed at counteracting the economic cycle and it does not intend to use it now, or uses less of it in the future. But we think that the Government should adopt some practical measures other than that. I hope that in the Budget to be presented by the Financial Secretary later this month, he will explain what exactly is the future fund about which he has recently flown balloons, and how it is different from the reserve fund for elderly persons proposed by us in 2007. He should also elaborate on what plans the Government has got to deal with our public finance.

After talking about all these, I would still think that the Government is short of concrete plans for the future. We remain hopeful about certain relief measures this year. Although the Financial Secretary has hinted repeatedly that we should expect fewer sweeteners this year, we would think that there is still room for them. The Democratic Party hopes that there will be tax rebates this year as before and even tax concessions as proposed by us, including an increase in various allowances.

As for economic development, we think that it is important to leave more room of development for the SMEs. Mr Andrew LEUNG has suggested just now that profits tax payable by companies having made $3 million in profit should be reduced. We suggest that not just those making $3 million but all those with a profit of less than $10 million should have their profits tax reduced by one percentage point. This measure is meant to offer assistance to the SMEs in their development.

The Policy Address also mentions the development of Lantau and that a committee would be formed for that purpose. Mr WU Chi-wai of our party has been invited to join the committee. We expect this committee to put into practice a number of measures to develop a new commercial centre on Lantau and
increase job opportunities there. The Democratic Party agrees that an artificial island be constructed in Lantau to offer more business opportunities and shopping malls, hotels and logistics parks should be built there to cope with the commissioning of the Hong Kong-Zhuhai-Macao Bridge.

As for the development of the finance industry, the Democratic Party thinks that the scope of work of the Financial Services Development Council (FSDC) and the Hong Kong Monetary Authority (HKMA) overlaps in some measure. We agree that the HKMA has an important role to play. As for the name of the FSDC, it should be changed into an advisory committee as suggested by Mr Kenneth LEUNG. Having said that, the Government should give a full response to the report issued by the FSDC earlier.

The Government mentions the Innovation and Technology Bureau in the Policy Address. The Democratic Party supports in principle the setting up of this Bureau. I have urged together with Mr Charles Peter MOK in a press conference for the establishment of this Bureau. I hope the Government will not say one thing but do quite another. Over the past few years or over the past year, government efforts in innovation and technology have left much to desire. This applies especially to the sphere of innovation. The Government has been very disappointing in terms of its work in issuing broadcasting licences and promoting public broadcasting services and also with respect to the building of a broadcasting house for Radio and Television Hong Kong. On the issue of licences, the Government only agrees to grant two licences instead of approving the applications from all the three applicants. A number of debates were held on that issue last year. After all, this shows that the Government is not determined to promote innovation and technology. I hope that when this Policy Bureau is set up, the Government can put forward more concrete measures and ideas in these aspects.

On infrastructure, the authorities are discussing with the Mainland on relaxing aviation control. After the completion of the detailed strategic study and ecological assessment, we expect the Government to kick-start the building of the third runway as soon as possible.

Tourism is another important issue. The Government says in the Policy Address that it attaches great importance to the tourism industry. At present, it will draft new legislation to set up the Travel Industry Authority and to introduce the bill to the Legislative Council in the next Legislative Session. We hope that
this bill will be introduced to this Council as soon as possible so that the travel industry can be regulated and its service quality upgraded. At the beginning of this year, the Government issued a report on the capacity of the tourism industry to receive visitors. On the growth of the industry, we can see a double-digit growth in the number of visitors over the past five years. An Honourable colleague said just now that there were 54 million visitors to Hong Kong last year. I believe the number will approach 60 million this year. The Government says that the number will reach 70 million in 2017. I would expect that the number can be reached in 2016. Overall, our receiving capacity is seriously strained. Last September, LEUNG Chun-ying called a halt to the expansion of the IVS temporarily. This is in effect telling visitors to stop coming to Hong Kong. The introduction of tax or administrative measures are in effect similar to calling for fewer visitors to come here.

During the past few days, there were debates on the levy of an arrival tax on visitors coming to Hong Kong on land. We suggest that a moderate tax amounting to $20 to $50 be levied and this should be similar to the air passenger departure tax of $50 and the passenger embarkation fee of $18. The purpose of this tax is chiefly to control the number of visitors. The report compiled by the Government mentions raising the quality of visitors. But how can the quality of visitors be raised? We think that the introduction of a moderate tax would help.

About the conduct of a feasibility study on the establishment of a civil aviation training institute by the authorities, the Democratic Party supports the idea. We think that it is important to expand the job opportunities and room for development for the young people. These can enhance the quality of local and overseas employees and technicians in the aviation industry. In our opinion, it is vital that training be provided to the younger generation, so we will support it. We hope that the Government can give us more details in this aspect.

I would also like to talk about the proposed injection of $1 billion to promote the Hong Kong brand. The Government hopes that by setting aside this fund of $1 billion, specific assistance can be given to Hong Kong-capital enterprises on the Mainland in brand development, upgrading and transformation and expanding the Mainland market. The Democratic Party thinks that the Government should study this carefully. We would welcome more information from the Government so that we can consider the idea carefully and see what can be done to promote such activities.
Lastly, about positioning Hong Kong as an international legal and dispute resolution centre, the Democratic Party supports the idea of turning Hong Kong into a centre for international law and dispute resolution in the Asia-Pacific Region. In this respect, the Government suggests setting up an advisory committee. We would support the idea of turning Hong Kong into a centre for international arbitration services in the Asia-Pacific Region. And we agree that efforts should be made in developing and promoting such a centre. But we are worried that the forming of a committee is another excuse to defer putting relevant measures into practice. We hope that the Government can take this forward expeditiously.

I so submit, in this debate session.

MR TAM YIU-CHUNG (in Cantonese): President, "Support the Needy", "Let Youth Flourish", and "Unleash Hong Kong's Potential" are the themes of this year's Policy Address. Taking an overview of the entire Policy Address, we consider that Chief Executive LEUNG Chun-ying has responded to public opinions and taken a bold approach in putting forward a series of policy measures demonstrating commitment and aggressiveness to address many long-standing social aspirations by, for instance, introducing a Low-income Working Family Allowance to help working poor families get rid of poverty; increasing the supply of land as well as public and private housing units to address the problems faced by the people in housing and in achieving home ownership; providing more opportunities for young people to receive higher education and strengthening vocational education to promote the upward mobility of young people; establishing a Lantau Development Advisory Committee and developing a "bridgehead economy" to open up new opportunities for economic development; and preparing an Elderly Services Programme Plan and making long-term social welfare planning, and so on.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) welcomes these measures, but the success of these policies will ultimately hinge on the specific details and timetables of their implementation. We hope that various Policy Bureaux can extensively listen to the views of various sectors of the community and effectively work out the details and timetables for implementing various policies, with a view to actively taking forward these policies.
In respect of the people's livelihood, Chief Executive LEUNG Chun-ying has put forward in his Policy Address this year a number of policies to support the grassroots and the disadvantaged, but he has not mentioned much about the support for the middle class. Some middle-class people, therefore, consider that the Policy Address has neglected the pressure faced by the middle class in living.

Besides, there are views that many of the policy measures proposed in the Policy Address for supporting the grassroots and the disadvantaged social groups will entail substantial increases in recurrent expenditure. In the event of a reversed trend in the economic development of Hong Kong, these generous support measures for the grassroots and the disadvantaged will take toll on the fiscal discipline of the Government of the Hong Kong Special Administrative Region (SAR) of "keeping expenditure within the limits of revenues and prudent management of public finance" and jeopardize the sound fiscal foundation of the SAR Government. This may result in a huge fiscal deficit for the SAR Government in future, in which case it will be necessary to increase tax or issue bonds in order to meet the increasing government expenditure.

In retrospect, however, over the past few years the SAR Government was always taken to task by the community for failing to put forward continuous target-specific support measures for the grassroots and the disadvantaged despite a huge fiscal surplus but only providing subsidies to the grassroots and the disadvantaged through some one-off relief measures commonly referred to as "handing out candies" which cannot in the least resolve at root the problems faced by the grassroots and the disadvantaged. We, therefore, consider that this Policy Address has taken steps to address the problems at root in response to public opinions and suggestions. For this reason, we consider these initiatives worthy of support.

Having said that, I wish to point out that the series of one-off relief measures commonly referred to as "handing out candies" will still be helpful in some measure to alleviating the pressure of the lower and middle classes in their living. Particularly, such measures as tax rebate, rates concession and electricity tariff subsidy are important to taxpayers in the middle class who have to meet substantial daily living expenses. In this connection, when the SAR Government has amassed a huge amount of fiscal surplus, the provision of some relief measures for the people will not only alleviate the plights of the people but also serve to return wealth to the people and share the benefits with the people.
The Financial Secretary has recently said in his blog that the series of one-off relief measures introduced over the last few years in a row are defensive measures adopted mostly in the light of volatile external economic conditions. He said that these measures should be gradually withdrawn when the external economy gradually stabilizes, stressing that such a day should be approaching soon judging from the present situation.

Financial Secretary John TSANG has made this statement on reducing the "sweeteners" in his blog in order to lower public expectations for the "candies" to be handed out in the Budget. But under the exit plan launched by the United States Federal Reserve, the external economic conditions are obviously shrouded in uncertainties. Added to this is the fact that the middle-class people feel that they are paying a lot of tax but receiving only little welfare and as they are still living under great pressure, they certainly hope to be provided with support.

The DAB hopes that Financial Secretary John TSANG can continue to introduce relief measures such as tax rebate, rates concession and electricity tariff subsidy in the forthcoming Budget having regard to maintaining a fiscal surplus and meeting future expenditure, with a view to demonstrating the Government's care and support for the middle class. Meanwhile, we consider that the Government can, in the light of the actual situation, consider improving these measures to make them more target-oriented. For example, in respect of rates concession, can it be confined to residential units with a low-to-middle rateable value? In other words, luxurious flats with a very high rateable value will not benefit from the concession because it may not be necessary for the Government to particularly take care of these units. The DAB further hopes that Financial Secretary John TSANG can increase the amounts of various tax allowances, such as the salaries allowance, child allowance and the allowance for dependent parents. If these allowances can be adjusted and increased, the tax burden on the middle class will be alleviated.

I also wish to emphasize that it is only when the Hong Kong economy can achieve continuous development that the SAR Government can have sufficient financial means to continuously provide support for people in need in society and improve the living of people in various strata of Hong Kong. Hong Kong also needs to develop an awareness of crisis, maintaining vigilance in peace time and making preparations for a rainy day. We cannot only rely on our past strengths. We must look for new opportunities and momentum for development.
To this end, the establishment of a Lantau Development Advisory Committee as proposed in the Policy Address to develop an East Lantau Metropolis and a bridgehead economy is precisely one of the new bright spots of Hong Kong's economic development. In Lantau and Tung Chung, there are such major infrastructure as the Hong Kong International Airport, AsiaWorld Expo and Disneyland. Coupled with the Hong Kong-Zhuhai-Macao Bridge (HK-ZMB) and the Tuen Mun-Chek Lap Kok Link to be commissioned in 2016 and 2018 respectively, Lantau and Tung Chung will become a transport interchange for Guangdong, Hong Kong and Macao that offers huge potentials for development.

The DAB published such reports as "Proposals on Hong Kong-Zhuahai-Macao Bridge 'Bridgehead Economy' Concept Plan" and "Developing Tung Chung into a Livable Town" in May 2006 and June 2012 respectively, putting forward proposals on the development plans for Lantau and Tung Chung. We also proposed a motion on "Developing a new North Lantau" for debate in the Legislative Council in February last year. During the consultation on the Policy Address this year, we again proposed that the SAR Government should seize the opportunity brought about by the completion of the HK-ZMB by establishing a Lantau Development Committee to take forward the development of Lantau and Tung Chung comprehensively, thereby injecting new momentum into the economic development of Hong Kong. Thank you, President.

MR CHAN KIN-POR (in Cantonese): President, the Policy Address this year has put forward a myriad of practical proposals targeting problems relating to the people's livelihood, including problems in respect of elderly care, poverty alleviation, youth, and land supply. For example, there are a Low-income Working Family Allowance, regularization of a number of programmes under the Community Care Fund, and so on. These proposals can indeed help a lot of people in need, and I personally very much support them.

Having said that, I feel concerned at the same time because this series of proposals will entail an annual increase of $2 billion in the recurrent expenditure of the Government. Given a substantial annual increase in public expenditure, theoretically the Government should explore all possible ways to increase revenue in order to meet the expenditure, but no proposal on economic development has been put forward in the Policy Address in parallel. Frankly
speaking, the competitiveness of Hong Kong has already shown signs of a downturn. If the recurrent expenditure increases substantially with no substantial increase being envisaged for recurrent revenue, this would inevitably arouse concern over the future of Hong Kong.

The Government has always been criticized as a Scrooge, upholding fiscal prudence and the principle of "big market, small government" since the Hong Kong-British era. It was unwilling to increase the recurrent expenditure lightly, worried that once a precedent was set, it would have to meet such expenditure year after year, hence embarking on the road of no return. Even if a surplus was recorded, the Government still preferred to adopt one-off relief measures to "hand out candies", so to speak. Therefore, all that the Government could do in the past was to keep on "handing out candies" without achieving any actual results in poverty alleviation.

The current-term Government is eventually willing to adopt a proactive attitude by substantially increasing the recurrent expenditure for implementing measures to alleviate poverty, demonstrating the Government's resolve to improve the people's livelihood. With regard to the many measures proposed, the Low-income Working Family Allowance and other measures can indeed persistently help the low-income households, whereas the proposals of increasing the value of elderly healthcare vouchers and extending the concessionary fare scheme for the elderly can benefit the elderly. These are measures long championed for by the Legislative Council. I believe they will have the support of the majority in society.

Of course, there are views in the community that the Policy Address has not attached importance to the needs of the middle class and is, therefore, utterly disappointing to many middle-class people. But let us not forget that the Budget will soon be released at the end of the month, and we hope that the Financial Secretary will introduce measures to ease the pressure on the middle class. Speaking of expectations for the Financial Secretary, I hope that the Budget can put forward concrete measures on economic development to dovetail with the expenditure plans in the Policy Address. Since the Government has given up the Scrooge-like fiscal management principles, it should also give up the past principle of non-intervention accordingly and make full commitment to promoting economic development in order to ensure coherence in the policy directions of the SAR.
Over the past year, a number of statistics indicate that the competitiveness of Hong Kong has been receding rather than progressing on various fronts. Society continues to rely heavily on the finance industry, which means that we are actually still relying on our old strengths. But what is most worrying is that even the competitive edges of the finance industry is on the decline. Recently, some academics have projected that based on the current rate of increase in public expenditure, the fiscal reserves of Hong Kong will be exhausted in 2030. This is, of course, just simple mathematical induction that may not necessarily happen in reality. But this is a reminder to us that we would eventually become broke if we keep on relying on our old strengths, not to mention the problem of population ageing to be faced by Hong Kong. In order to help the poor and support the disadvantaged, efforts must be made to vigorously promote the economy at the same time, thereby generating more revenue for Hong Kong society to fund our work.

As regards ways to develop the economy, the last-term Government proposed the development of six priority industries, which I sincerely support. But regrettably, the Government insisted on the non-intervention policy and this explains why all the efforts made for this cause failed to achieve any result. Members must understand that while the six priority industries may not necessarily make a lot of money for Hong Kong, they can create a large number of job opportunities for the youth while redressing the imbalance in the industrial structure and are, therefore, worthy of promotion. I hope that the Government can adopt an aggressive attitude in making proactive efforts to consolidate and promote afresh the development of the six priority industries. On the other hand, I think we should make reference to the experience of Singapore and promote the development of headquarters economy with a new mentality, with a view to attracting investments by more international enterprises. In this respect, I have stated a lot of views before, so I am not going to make any repetition today.

Likewise, the foundation of the finance industry needs to be consolidated, too. The Financial Services Development Council has completed a series of study reports which have made specific recommendations on a number of areas. Most of the recommendations are very helpful to the industry and some have even provided directions for development in the long term. I hope that the Government can expeditiously implement these recommendations.
Moreover, a Free Trade Zone (FTZ) has already been set up in Shanghai while preparations are being made for setting up another FTZ in Guangdong. Many analyses have pointed out that FTZs in the Mainland will compete with Hong Kong direct. Given that competition will be inevitable, we all the more should take an aggressive approach to secure a foothold, with a view to sharing the fruits of development. In this connection, I hope that the Government can take the initiative to explore opportunities of co-operation with the FTZs, thereby enabling the local business sector to participate in the development of the FTZs. All in all, I think this offers an opportunity that enables the Government and the community to obtain a clear picture of the difficulties besetting Hong Kong and then drum up the resolve to make changes.

Furthermore, I also wish to take this opportunity today to talk about the insurance industry. This year's Policy Address has not specially made new proposals relating to the insurance industry while the Policy Agenda has only mentioned the establishment of an Insurance Authority and the progress of the establishment of a Policyholders' Protection Fund. However, the insurance industry actually has plenty of problems that warrant our special attention.

At present, fraud remains a serious problem in the insurance industry. In respect of labour insurance alone, the past decade already saw a loss of $2.6 billion and last year alone recorded a loss of $600 million. Fraudulent activities are the major cause of the loss suffered by the industry. A Joint Subcommittee on Issues Relating to Insurance Coverage for the Transport Sector was set up by the Legislative Council in the last term to specifically look into ways to combat activities relating to insurance fraud. The Government and the police reacted positively at the time, and the police even immediately set up channels for reporting fraudulent activities. But much to our regret, while the Joint Committee completed its report in the year before last and put forward a number of useful suggestions to combat, among other things, the problem of insurance fraud by using sick leave certificates, the Government has not given any response and fraudulent activities carry on continuously. The insurance industry has followed up the problem, but the Government has yet to give any positive response. I hope that the Government can seriously address these fraudulent activities.

With regard to the Policyholders' Protection Fund, the Government is in the course of drafting the relevant legislation. The insurance industry remains concerned about some of the details, including the period of expiry of the policies
of an insolvent insurer. As a company in liquidation generally has many problems, its underwriting policies may very likely have problems too. If the Fund is made to assume the legal liabilities of the policies concerned for a long time, huge potential risks may probably be entailed. Therefore, the insurance industry hopes that the Fund will be required to shoulder the relevant liabilities for a short period, say, a month only, so that the insured will have the opportunity to take out insurance with another insurer.

Regarding the levy, as the Government has proposed to adopt a progressive funding model, the Fund will increase the levy rates when necessary, such as when an insurer becomes insolvent. The industry hopes that the legislation will clearly provide for a cap on the levy which is best to be capped at less than 0.5%, in order to remove uncertainties in the industry.

The Government plans to introduce a bill on the establishment of an independent Insurance Authority within this year and has undertaken to appoint more members from the industry to the Board and the relevant committees of the Insurance Authority, in order to enhance their representativeness. The insurance industry will continue to follow up this matter and communicate with the Government on issues relating to the transitional arrangements. Apart from this, the Health Protection Scheme is also a key concern of the insurance industry, and I will discuss it in the third debate session.

Thank you, President.

MR RONNY TONG (in Cantonese): President, during the Chief Executive Election, many people pointed out that economics was the weakest link in the philosophy of governance of LEUNG Chun-ying. However, President, as a lawyer, I would always give the benefit of doubt to the defendant. Let us examine whether these criticisms are valid against the performance of LEUNG Chun-ying so far. President, it is undeniable that the economic policy of LEUNG Chun-ying was really the weakest in the past two years. It is definitely so in the relative sense, for if I am asked which policy area is his strongest so far, I can hardly think of any offhand. Perhaps his strongest point is lying — sorry, but you may express your views on this later on. Yet relatively speaking, I think his economic policies may be the worst of the worst.
President, I am not making convenient smears of him. Members may as well read his Policy Address, bearing in mind that this is already his second Policy Address, and notice that nothing has actually been said in all those paragraphs. Take financial services as an example. He has failed to put forth any concrete proposals other than the mere repetition of the establishment of the Financial Services Development Council (FSDC). President, LEUNG Chun-ying may be thinking that he can shirk his responsibility by adopting governance by committee in Hong Kong. President, it may not be bad to adopt governance by committee in Hong Kong provided that the committees are set up through democratic procedures without screening, and that they can collect divergent views from all quarters and identify some practicable policies conducive to the economic development of Hong Kong among the views collected. Granting all this, the adoption of such a practice should offer no cause for complaint. I will speak on this later in the session on governance. However, Members should have noticed that the governance by committee adopted by LEUNG Chun-ying in ruling Hong Kong is carried to the radical extreme and founded on cronyism. It is comparable to fishing in a closed pool, where nothing new will be found. LEUNG will only hear what is pleasing to his ears, and so no substantive policy proposals have been put forth. About the finance industry, the only thing he can mention this year is the establishment of the FSDC last year. It is really regrettable.

President, in the aspect of trade, it is similarly laughable. It seems that he considers that the trade development of Hong Kong is merely about the setting up of a few more Hong Kong Economic and Trade Office (ETOs). Besides, the majority of these ETOs are set up in the Mainland. As for other overseas markets, he has made no mention, conducted no study and given no insight about their development, so it is a nought. Therefore, President, I think he is extremely disappointing in this aspect.

As for tourism, one of the four major pillars of our economy, what has he said? President, I do not intend to debate the so-called arrival tax proposed by certain political parties. However, in the past year, there were some very strong views pointing out that Hong Kong had encountered great difficulties in handling the activities of tourists in Hong Kong. Mr SIN Chung-kai even pointed out in his earlier speech the query that we might have reached the stage of failing to cope with the tourism development in Hong Kong. President, it is extremely shocking. Tourism is one of the four pillar industries in Hong Kong, why would we suddenly come to a point that we have to "shut the gate and release the dog to
drive away tourists" in order to survive. President, it entirely runs counter to our quest for economic development.

President, the problem does not emerge only today. It is not triggered by the levy of poll tax proposed by the political party. Indeed, in the past year, concerns in this aspect had been raised from time to time. The Chief Executive is not oblivious to the problem, and he knew that. President, you may read the several paragraphs on Tourism in the Policy Address. He pointed out in the first sentence that: "... However, an excessive number or over-concentration of visitors may exert pressure on Hong Kong", and he went on to say in the same paragraph that such pressure did exist. Yet what was his answer to this? He said in the 23rd paragraph that: "The Central Government has agreed to a temporary freeze on the number of pilot cities for the IVS and the scope of the multiple entry permit arrangement ...". President, what he was saying in those paragraphs was that by making arrangements for the IVS, the framework of the tourism industry in Hong Kong as a whole would be settled. In other words, the IVS is all that development is about. President, my view is that: First, he was short-sighted, and second, the IVS was not introduced by LEUNG Chun-ying but Donald TSANG. Since the IVS was introduced by Donald TSANG, it means that LEUNG Chun-ying has not made any achievement in or said anything about the tourism industry, has he? I think it is really worrying. Instead of "shutting the gate and releasing the dog to drive out tourists", we should examine ways to develop the tourism industry of Hong Kong and promote the local economy by all means, should we not? It is the right direction indeed.

President, are we inadequate in certain aspects? First, we have to identify the problems arising from an excessive number of tourists. President, I am no expert. Yet as an average citizen and a Member of the Legislative Council, I have at least thought of three points. First, transport facilities have to be improved, for the capacity of our transport system may not be able to cope with the great number of tourists. If the capacity of the transport system is a problem, the solution is not to drive away tourists but to improve our transport facilities.

Second, should tourists be provided with diverse scenic spots? Should tourists visiting Hong Kong merely go to Central or Mong Kok but nowhere else? Certainly, President, if all tourists will only visit Central or Mong Kok, a breakdown is doomed to occur, for our transport facilities may not be able to cope with the large number of visitors heading to these two places at the same time. Yet, can we develop a diversity of scenic spots? I think we can definitely do
so. Honestly, there are many beautiful landscapes in Hong Kong. The Secretary may not have visited Sai Kung. Sai Kung is really beautiful. President, if I quit my office as a Member, I do not mind hanging out in Sai Kung every day. Definitely, I will not mind doing so. Hong Kong has a geopark — Mr WONG, there are free options — we may as well develop some relatively "healthy" tourist spots, so that tourists are offered more activity options. Why has this not been done?

Third, President, on the subject of providing diversified activity options for tourists, shopping is the most attractive activity in Hong Kong, which may also be the activity providing the greatest impetus to the economy of Hong Kong. Many people hold strong views on crowds of tourists concentrated in Central and Mong Kok. I was once asked, "Mr Ronny TONG, have you ever seen the scene in a small goldsmith's shop, and every passer-by will be shocked by the sight of the densely crowded shop with customers pulling along suitcases to do shopping?" They are shopping for gold, President, they are not buying groceries but gold. Yes, the scene is really shocking. But can we address this problem? Is "driving out tourists" and telling them not to come to Hong Kong for shopping the solution to the problem? Is this a way to address the problem? President, definitely not. We may make arrangements to facilitate tourists in shopping at less busy places which will not affect the daily life of Hong Kong people.

In fact, the proposal to set up a shopping centre in the border area has been put forward for more than once. Many people have proposed this arrangement a number of times, and I do not understand why the SAR Government has not responded in any way despite the repeated mentionings of the proposal. President, I am talking about a shopping centre to be located in the border area. Take the river-loop area now under development as an example. Is the river-loop area a desirable location? Regarding the present development of the new boundary control point, is it feasible to build a shopping centre there? President, we should bear in mind that under the initial design of the airport at Chek Lap Kok, a site was set aside for this purpose, which was called the Air City at the time. However, according to the practice of TUNG Chee-hwa, a proposal should be regarded as dropped when the authorities had ceased mentioning it for some time. Since no one talks about this proposal now, this should be regarded as having been dropped. Yet the site is still there. What is it used for? It is a derelict site, a golf course that no one uses. President, I will not go there to play golf either. It is ludicrous. Yet the site can be used for the setting up of a border shopping centre to systemize tourist activities in Hong Kong. For this
reason, President, the approach of "shutting the gate and releasing the dog to drive away tourists" should be the last resort. We should first examine ways to develop our tourism industry. The Chief Executive has made no contribution at all in this respect. I think he should feel ashamed of himself for being the Chief Executive.

Yet, there is one point which is even more undesirable than the three points mentioned just now. The three concerns I raised earlier were at least mentioned in this Policy Address, but there is one issue which I consider crucial to the core values and economic development of Hong Kong, yet it was not mentioned by him at all. It is about maintaining the competitive environment conducive to the development of Hong Kong. President, not a word was said about this point in the Policy Address. Maybe it is because LEUNG Chun-ying did not need to face any competition in coming into office, he probably does not understand the importance of competition. It is most probable, is it not? Even so, after taking office, he should try to understand the development of the economy of Hong Kong and how healthy development can be achieved.

President, Chief Executive LEUNG Chun-ying said in the Policy Address that Hong Kong's potential should be unleashed. May I ask the Chief Executive what potentials of Hong Kong does he want to unleash? Does he want to unleash the potentials of the small number of people with vested interests, so that their vested interests in Hong Kong will increase continuously? Does he want to unleash the potentials of all Hong Kong people with an enterprising spirit, so that they can achieve success through competition? Which is the case, the former or the latter? President, the Chief Executive has not only failed to address this concern in the Policy Address, what he did in the Hong Kong Television Network Limited licensing incident completely violates the core values which Hong Kong has all along been proud of, that is, the enterprising spirit and fighting spirit of Hong Kong people. President, why? For he said he considered it inappropriate to grant the licence as the introduction of competitors would easily make one of the existing television stations with vested interest close down.

President, open competition in the market is the law of free economy. In my view, it is the core value of which Hong Kong should be proud. The Chief Executive has not enhanced or improved the competition environment in Hong Kong, and worse still, he sees it fit to protect those with vested interest at present. Such practice is entirely in defiance of the core values of Hong Kong as a whole, is it not? President, I do not think it is unleashing Hong Kong's potential. On
the contrary, this kind of administration has prevented Hong Kong and all Hong Kong people aspiring to success from unleashing their potentials. Therefore, President, will he please stop making remarks like "being conceited before getting rich", for it really sounds annoying. It is inconceivable that he could have made such a remark. There are many people living in poverty in Hong Kong. They are not aspiring to rich but simply to eat better, enjoy a cup of tea and ensure that their children can receive education. Why charging them for being conceited before getting rich? President, with such a Chief Executive, it is hard for Hong Kong people to suppress their anger.

President, I must make one more point. We have spent so many years, from 1997 to 2012, to strive for the passage of the fair competition law, hoping this would improve the competition environment in Hong Kong. Regrettably, the Chief Executive elected, LEUNG Chun-ying, knows nothing about competition. President, why am I saying this? For among the 14 members in the Competition Commission, the nine members appointed by him are persons with a cobweb of relationship with the business sector or persons who oppose competition. President, when nine out of the 14 members of the Commission come from such background, the potency of the competition law has been paralysed *de facto*. Despite all the efforts made over the years, we are back to square one once LEUNG Chun-ying assumed office. So far, we have seen no achievement in this aspect. LEUNG Chun-ying is the icon of anti-competitive conduct. Everything he does signifies anti-competition, so it will be difficult for the economy of Hong Kong to gain development. Earlier on, the business sector has directed an avalanche of criticisms against the law, only falling short of making open remarks against competition at the very least. Yet LEUNG Chun-ying's behaviour is anti-competitive. As I said earlier, the governance by committee approach he so claimed is the greatest obstacle to Hong Kong which is an open economy where people work hard to strive for success. I hope LEUNG Chun-ying will reflect on this as soon as possible. Thank you, President.

**MR GARY FAN** (in Cantonese): President, the Chief Executive announced in the Policy Address that the Government had completed the Assessment Report on Hong Kong's Capacity to Receive Tourists. The Neo Democrats holds that the report announced in the Year of Horse is unfocused. It is a sloppy report stuffed with irrelevant information that has lost touch with the public. The report has failed to examine the issue from the perspective of the general public, other than focusing on technical issues such as the capacity of tourism facilities. Besides,
regarding the gravest concern of the public about the nuisance caused to Hong Kong people by parallel traders, the report has refused to do any assessment, and simply turned a blind eye to the reality that Hong Kong is already overloaded by visitors arriving under the Individual Visit Scheme (IVS) and the multiple entry permit arrangement.

To cope with the increasingly frequent exchanges between the Mainland and Hong Kong, as well as the increase in the number of tourists under the IVS, the SAR has made considerable expenditure on the construction of infrastructure, $70 billion on the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), $2.5 billion on the Hong Kong-Zhuhai-Macao Bridge (HK-ZMB) and $2.48 billion on the Liantang/Heung Yuen Wai Boundary Control Point, whereas the costs of these projects have overrun continuously. Let us look at the situation in 2012. According to the figures provided by the Government, visitors under the IVS contributed less than 2% to the GDP of Hong Kong. The SAR Government must review this development approach which puts quantity before quality and lacks diversification, with a view to preventing Hong Kong from slipping into economic reliance and sacrificing the local interests of Hong Kong people. The 7 million people in Hong Kong have to bear the expensive social cost for the IVS policy.

President, the greatest problem with the Assessment Report lies in its classification of the IVS as a mere economic policy on tourism development, where some figures are quoted to address certain technical problems involved. However, the Report has overlooked that the policies on the IVS and the multiple entry permit arrangement have brought about Shenzhen-Hong Kong urban integration which has impact on Hong Kong society. Earlier on, other Members have also expressed their concerns about tourism and the IVS, but if they fail to recognize that this is a step towards Shenzhen-Hong Kong urban integration, they have failed to grasp the crux of the problem.

According to the figures in this report of the Government, a high proportion of 91.3% of the visitors arriving under the multiple entry permit arrangement are cross-boundary visitors who will not stay overnight. It is thus evident that Hong Kong has been included in the "one-hour living circle" of residents of Shenzhen because of the implementation of the multiple entry permit arrangement. Residents of Shenzhen come to Hong Kong to buy powdered formula, instant noodles, lactobacillus drinks and shampoo and other daily necessities, and then return to Shenzhen on the same day. These are daily
activities rather than tourist and sightseeing activities. This phenomenon of Shenzhen-Hong Kong urban integration has turned Hong Kong into a supermarket for Shenzhen residents and a shopping mall for the 1.3 billion population of this powerful nation. The issue is not purely a concern about tourism development, but an arrangement concerning the positioning of the overall development of Hong Kong, and the issues involved are beyond the purview of the Secretary for Commerce and Economic Development.

President, the Immigration Department announced some time ago that the total number of Mainland visitor arrivals for 2013 exceeded 40 million, which meant 110,000 Mainlanders were visiting Hong Kong every day. Among the 110,000 Mainlanders, it was estimated that 30,000 visitor arrivals were visitors coming to Hong Kong through the multiple entry permit arrangement, which had only made cross-boundary trips without staying overnight. It is proposed in the Policy Address that the scope of the multiple entry permit arrangement be frozen temporarily. However, the 30,000 visitors concerned may be viewed as visitors engaging in the smuggling of parallel goods and the creation of the shortage of powdered formula in Hong Kong, and contributing to the overcrowdedness of scenic spots and our transport system. These phenomena are considered unacceptable and offensive to Hong Kong people, and they have intensified the conflicts between Hong Kong people and Mainlanders.

These phenomena arising from the initial Shenzhen-Hong Kong urban integration have already caused anxieties to Hong Kong people of such magnitude. In the future, when the HK-ZMB and the XRL are commissioned and when the development projects in the Northeast New Territories, Hung Shui Kiu and Lantau Island are completed in succession, the border between Hong Kong and Shenzhen will become more indistinct. Hence, the Neo Democrats considers the proposal of a temporary freeze on the expansion of the IVS and the multiple entry permit arrangement an ineffective attempt failing to solve the problem.

Recently, the People Power proposed the levy of an arrival tax with a view to limiting IVS arrivals, the Neo Democrats supports the proposal. Some netizens have reminded us to look up the relevant information. It transpires that as early as 1999, the former Secretary for the Treasury of the SAR, Denise YUE, had stated in the Legislative Council that the concept of departure tax was not unique to Hong Kong. At present, a number of departure levies are charged by the Mainland authorities on vehicles entering and leaving the Mainland via border
control points at Lok Ma Chau, Man Kam To and Sha Tau Kok, but persons departing on land are not required to pay any levies, which is unfair.

President, this is common sense in the discussion on public policies, comments to be made by man. But what did the Chief Executive say? LEUNG Chun-ying who has a vicious heart dared criticize Hong Kong people for being proud before getting rich. On the other hand, Mrs Regina IP who always dreams about running in the Chief Executive election said that it was discrimination. President, it is ridiculous. The Neo Democrats insists that the economic development planning of Hong Kong should give priority to Hong Kong people and take care of local development, and so we oppose the development model which focuses completely on Shenzhen-Hong Kong urban integration and promotes economic reliance.

With these remarks, President, I oppose the motion of thanks in respect of the Policy Address.

MR WONG KWOK-HING (in Cantonese): President, prior to LEUNG Chun-ying's presentation of his second Policy Address, the Hong Kong Federation of Trade Unions (FTU) extensively solicited public opinions to formulate a proposal covering four areas and met with the Chief Executive twice. We raised a total of 73 recommendations on the administrative and financial aspects to the Government, covering housing and land, comprehensive retirement protection system, youth employment and on-the-job training. After the presentation of the Policy Address on 15 January, I have personally solicited public opinions on an extensive basis from the communities and all walks of life by organizing six residents' meetings. I have also attended meetings of the 18 panels of the Legislative Council, making suggestions and raising questions regarding the policies espoused in the Policy Address. At all of those meetings, I have raised 43 questions and suggestions on behalf of the public. As the Government has adopted the FTU's recommendations, this Policy Address, generally speaking, can be regarded as aggressive and visionary especially in leading to great improvements in three notable aspects. It helps enhance the overall situation of administration.

Firstly, we can see that this Policy Address has taken into account the housing problems faced by the people of Hong Kong, such as expensive home prices, high rents of private residential units and long waiting time of public
rental housing (PRH). What was the Government's policy in the past? It was "big market, small government" or positive non-interventionism. The average waiting time target for waitlisted applicants was around three years with an average of only 15,000 new PRH units to be provided each year. In addition to the cessation of production and sale of Home Ownership Scheme (HOS) flats, the Government also refused to formulate any long-term housing strategy. Because of these unreasonable practices, we have seen the previous Government being sternly criticized for upholding only the interests of real estate developers, causing the real estate sector to outshine everything else. As a result of the Government's partiality for real estate developers, all "shell-less snails" in Hong Kong — the people — became "house slaves". Collusion between business and the Government further widened the gap between the rich and the poor. This was an important indicator.

The FTU proposed that the Government's housing policy should place PRH before HOS and be supplemented by the private property market. Besides introducing two rounds of "demand-side management measures" and the "Hong Kong property for Hong Kong residents" policy, we can see from this Policy Address that the current-term Government is prepared to formulate a long-term strategy on housing and land supply target for the next 10 years, while stating clearly that it would be underpinned by PRH as the mainstay. In other words, PRH and HOS flats for sale will take up about 60% of the total supply of residential flats. The Government has also resumed the planning, development and reservation of "potential sites" and "disposed sites". As land is the most precious natural resource in Hong Kong, the Government has adopted new thinking for the development, utilization and planning of it. This is the policy direction which aims at resolving the housing problem, one of the most important livelihood issues faced by the people of Hong Kong.

Secondly, the Policy Address has adopted the FTU's proposal to deal with the working poor families by providing subsidies to the grass-root families. We hope that such subsidies can be linked with working hours with a view to encouraging employment and low-income employees to become self-reliant. In this Policy Address, there is a new measure to spend $3 billion annually to benefit initially 200,000 low-income families with 710,000 members. This Low-income Working Family Allowance encourages self-reliance under the notion of "the more you work, the more you earn". We think that this system, in addition to the Government's willingness to set a poverty line, is an important and breakthrough benevolent initiative. Moreover, the Policy Address has also
accepted the FTU's proposal on youth unemployment. During the past 10 years, youth unemployment has reached double digits. The Policy Address draws up with new thinking planning on vocational education, vocational training, articulation and career advancement. The pilot scheme on employment and vocation provides young people with multiple career progression pathways. Breaking the tradition of apprenticeship training programmes, it offers a brand new packaging and idea.

President, reviewing the youth unemployment situation from 2004 to 2012, we can see that unemployment at an average rate of 19.8% during the nine-year period was quite serious, with the highest unemployment rate of 26% in 2004 and the lowest rate of 13% in 2012. Therefore, we hope that the Government could put more effort into youth employment. Even though one quarter of our young people can enter universities every year, there are still three quarters of them failing to receive university education. The Government must provide career progression pathways for these young people so that they will not become jobless upon graduation. "All roads lead to Rome" and they can make outstanding achievements in any trade. In this Policy Address, the Government has adopted our suggestions to strengthen vocational education and launch "life planning" counselling at school to integrate vocational training with employment support. The Government has even allocated $1 billion to the provision of long-term support for the sustainable development and implementation of the Hong Kong Qualifications Framework.

In addition to the above three aspects, as I said just now, I have also raised 43 questions or suggestions during the 18 Legislative Council panel meetings held in connection with the Policy Address. I have got positive responses to 30 of them, eight general responses and five negative ones. Among those 30 positive responses, the most outstanding example is the Government's active and positive reply to the redevelopment of Wah Fu Estate. As a matter of fact, when the Chief Executive was reading out the part on Wah Fu Estate redevelopment during his Policy Address, I immediately wrote a note to Secretary Prof Anthony CHEUNG who was sitting in the Chamber. In my note, I strongly reminded him that the residents affected should first and foremost be rehoused in-situ in PRH units prior to properly conducting the redevelopment. The Administration finally responded to my request in a positive manner. Regarding the construction of the South Island Line (West), I also pointed out that the Administration should not just give it "active consideration" as suggested in the Policy Address. My opinion was that the MTR project should be brought into
co-ordination with the Wah Fu Estate redevelopment. In the subsequent briefing session, I got a positive and active response from the Bureau, which indicated that the Government had reserved six pieces of land adjacent to Wah Fu Estate to tie in with the development of the South Island Line (West). I very much welcome the Administration's active as well as affirmative response.

I would like to reiterate here that at the briefing session, I made a number of further requests to the Government on behalf of the Wah Fu Estate residents. Firstly, do not significantly raise the rents on the ground that the units are new after redevelopment; secondly, do not reduce the areas of units on the ground that they are new; thirdly, prevent the emergence of screen-like buildings; and fourthly, community facilities and support should tie in with each other particularly because many residents in Wah Fu Estate are relatively old or people of long life expectancy. Lastly, specific measures relating to removal compensation and manpower support should be formulated and more resources should be provided because many residents are old and removal is really a tiring process even to a flat just one floor below, not to mention the considerable expenses entailed. On the basis of the aforesaid overall evaluation and the responses of various government departments and bureaux in the 18 briefing sessions, the FTU supports the Motion of Thanks on this Policy Address.

President, despite the merits of the Policy Address presented by the Administration, I think there are still many areas that call for improvement. This year is the Year of the Horse. To make progress in this year, wise steps should be taken so that significant progress can be achieved in the Year of the Horse. So, on this occasion of the Spring Festival, I would like to express my aspirations to government departments and the authorities by dedicating five pairs of New Year scrolls to them.

My first pair of New Year scrolls is for the Chief Executive and Secretary for Commerce and Economic Development Gregory SO. It reads, "Immediate implementation of the original grant patent system". Regarding the establishment of a local patent registration system as support for the invention and creations by Hong Kong inventors, Dr PAN Pey-chyou and I as well as representatives of some inventors met with the Administration in the previous-term Legislative Council, strongly pointing out that our so-called original grant patent system remained the colonial model after more than 10 years into the reunification. In other words, patents have to be dealt with by the
United Kingdom, the original sovereign state. We consider such an approach most backward and outdated.

In this regard, we got a positive response from the newly appointed Secretary Gregory SO, who undertook and agreed to launch the establishment of an original grant patent system and submit a discussion paper. In other words, the Government was prepared to take up the task. Unfortunately, in the current-term Legislative Council, Secretary Gregory SO, in response to my question, simply said that preparations and studies were being conducted in a proactive manner. In response to my follow-up question, he only said that he wished to introduce the original grant patent system in 2016-2017. Such a response was really very outdated. We clearly and strongly urged that a timetable on legislation for an original grant patent system be formulated. As we all know, a new term of Government will succeed the previous term in 2016-2017. If the task is procrastinated to that year, I would be very much worried that the original grant patent system could hardly be materialized. To support our inventors, creativity and creation in Hong Kong, I visited the Science Park recently. During this visit, I had some strong feelings because they had made a lot of inventions which, however, could not obtain patent registration. I think this will stifle the productivity and economic development of Hong Kong. So we hope that the authorities can implement the system immediately.

My second pair of New Year scrolls is also for the Chief Executive, and the Secretary for Food and Health, Dr KO Wing-man. It reads, "Expeditiously implement the policy on hawkers". In the recommendation submitted by the FTU to the Chief Executive, we have put forward three specific proposals on employment-oriented economic policies and two proposals on "review of hawkers policy" and "creation of job opportunities for the grassroots". In other words, a total of five proposals have been made. The Legislative Council Panel on Food Safety and Environmental Hygiene earlier passed my motion urging the Government to freeze the rents before conducting a proper review and formulating a policy on hawkers and improving the market environment. In response, the Secretary said that the rent freeze would continue until the end of 2015. He added that a consultancy had been appointed and a study report would be submitted in the middle of this year.

President, in a tight schedule of 20 months in the run-up to the end of 2015, I hope the Government will expedite the task. Why has this issue become the theme of my New Year scrolls? At present, there are 70 markets where no
air-conditioning is installed in Hong Kong, leading to difficulties in business operation by the operators of 8,608 stalls. Besides, there are only 6,434 fixed pitch hawker licences and itinerant hawker licences in Hong Kong. They have become the "panda" in modern time because the Government will not issue licences anymore. Meanwhile, those 5,300 hawker assistants will also face an uncertain future. An expeditious review of all these problems is needed.

Small business is an important economic lifeline in Hong Kong. The theme of this debate session is economic issues. But the Government and our Honourable colleagues tend to ignore the role, positioning, and contribution of small businesses in Hong Kong. So, we very much hope that the Government will conduct a review expeditiously without further delay. Furthermore, it has to promote the vitality for small businesses and hawkers. And it has to make planning for morning markets, night markets, festive bazaars and holiday bazaars so as to invigorate the economy. In addition to allowing holders of hawker assistant licences to start their own businesses, the authorities should actively consider the re-issuance of a suitable number of hawker licences. In any case, small businesses are an indispensable and important part of the significant economic mix of Hong Kong.

Meanwhile, President, I would like to present the third to fifth pairs of New Year scrolls to the Chief Executive and Secretary Matthew CHEUNG. Now, I would like to talk about the third pair of New Year scrolls, which reads "Immediate enactment of legislation on job reinstatement". We strive for amendment of the Employment Ordinance. In a situation where an employee has been dismissed in an unreasonable and unlawful manner, the employer is required to reinstate the affected employee. Otherwise, the employer is liable to paying the employee an amount of compensation equivalent to three months' salary or an amount of cash not more than $50,000. This proposal was put forward in the 2008 Session of the Legislative Council and agreed to by the Government which expressed its willingness to make improvement in this aspect. It also presented to us the 2012-2013 legislative programme. However, there is no such item in the current legislative programme. In response to my question, Secretary Matthew CHEUNG pointed out that this is due to some complicated and technical problems. But I think he is trying to delay it. At a meeting of the Panel on Administration of Justice and Legal Services, which is one of the 18 panels, I asked Secretary for Justice Rimsky YUEN directly why this legislative exercise was delayed. In response, he said that follow-up action would be taken
later. I hope that the Government will not drag its feet on "Immediate enactment of legislation on job reinstatement". There is no more excuse for the Government to further delay the enactment of legislation on this issue or even delete this item from the legislative programme.

My fourth pair of New Year scrolls is also for the Chief Executive and Secretary Matthew CHEUNG, which reads "Every success for the immediate alignment of holidays".

In fact, wage earners in Hong Kong are entitled to two kinds of holidays, namely, labour holidays and general holidays which are also known as "bank holidays". There is a difference between the two. We demand that the number of labour holidays be brought on par with that of general holidays, being 17 days. The labour sector has been making this request for many years and the Government has also been intent on making improvement. Therefore, in response to my question, Secretary Matthew CHEUNG said that the Census and Statistics Department had been appointed to conduct a survey, and that the relevant findings and information are available to facilitate their study on the issue. However, I am not satisfied with such a response.

In my opinion, the Government should start working immediately so that results can be achieved instantly as information is already available. I hope that the Government will not put the information away or put up any excuses. Rather, it should immediately refer the information to the Labour Advisory Board (LAB) and the relevant Legislative Council panel for discussion. I very much hope to achieve the alignment of holidays for the wage earners in Hong Kong expeditiously because the majority of employees are working in the financial, services and tourism sectors given the decline of the manufacturing sector in Hong Kong. In my opinion, it is a general trend that all workers should be entitled to 17 days of holidays. It is also the aspiration of all workers. The Government does not have any justification to procrastinate over the measure for purposes of protecting the interests of the business sector.

President, in these last eight minutes, I would like to present the last pair of New Year scrolls to Chief Executive LEUNG Chun-ying and Secretary Matthew CHEUNG. The scrolls read "Lead the way in abolishing the offsetting mechanism".
Today, at the beginning of the Motion of Thanks debate on the Policy Address, I heard Members from the business sector speak against the abolition of the offsetting mechanism. They said that it would harm the interests of the business sector. In fact, their words precisely proved that the offsetting mechanism of the Mandatory Provident Fund (MPF) System is seriously prejudicing the interests of wage earners in Hong Kong. Part of our wages is withheld monthly as savings for retirement. The savings should not form part of the severance pay in case of the winding up a business or the long service payment payable upon the expiry of employment contracts. If the MPF is used in this way, how could it help solve the problem of ageing population in Hong Kong?

One of the pillars of the comprehensive retirement protection system advanced by the FTU is abolishing the offsetting mechanism and incorporating MPF contributions into it because it is right and proper. On this point, I believe it is difficult for employers and employees to forge a consensus since the interests of both sides are involved. However, it is imperative for the Government as a competent authority to lead society in the right direction. As we all know, the employers and employees are equally represented in the LAB which is chaired by the Commissioner for Labour solely. Therefore, at any rate, the Government has the responsibility to lead social progress. Otherwise, no matter what studies on population policy or retirement protection system are conducted exclusive of the offsetting mechanism, it will give people the impression that the Government is not really determined to address the problem of retirement protection faced by all the people of Hong Kong.

In the remaining several minutes of my speaking time, what I wish to discuss is not related to labour disputes. A successful experience on the part of the Government in the past was the legislation on "paid paternity leave" which was implemented initially for civil servants. Now such legislation is finally scheduled for the year to come. Having such a successful experience, I suggest that the Government should "lead the way in abolishing the offsetting mechanism". What are the rationales? The Government recruits 10 000-odd contract staff every year. When their employment contracts expire, all of their MPF savings will be offset. President, the contract staff provide services to the Government which pay salaries to them from taxpayers' money. This does not involve any so-called labour disputes. Matthew CHEUNG said that it is
extremely complicated, but it is not. Matthew CHEUNG referred to the technical problems when in fact there are none. The Government should take the lead. It should go ahead once there is the will. But why not?

President, I would like to quote some information. During the 10-year period from 2004 to 2013, the Government engaged a large number of contract staff each year. The figure peaked in 2007 at 16,960 whereas the lowest figure stood at 12,900 in 2013. In other words, over the past 10 years, the average number of new employees is 15,285.6 persons per year. It turns out that the cumulative number is 152,856 persons over the 10-year period. I now turn to the situation where they are exploited. We have looked up the records. Which five government departments employ contract staff the most? They are the Food and Environmental Hygiene Department (FEHD), Leisure and Cultural Services Department (LCSD), Education Department, Social Welfare Department (SWD) and the Post Office. How do they jeopardize the interests of their employees? Honestly speaking, these employees deserve permanent appointment. For example, the FEHD has offset $85.01 million (79% of long service payment) over the past five years. The LCSD has offset $37.82 million (10% of long service payment). The Education Bureau has offset $60.49 million (accounting for 88% of long service payments and severance pay). The SWD has offset $30.59 million (accounting for 77% of long service payment and severance pay) whereas the Post Office has offset $42.45 million (accounting for 59% of long service payment and severance pay). The Department of Health has offset $47.87 million (51% of payable long service payment and severance pay).

I would like to raise a question for the public officers, those Legislative Council Members who are present and the whole community. The hard-earned money of the employees is real money saved up for their retirement and now it has been obliterated for the sake of offsetting severance pay and long service payment. What are the justifications? President, the MPF has been established for so many years. A total of $21.3 billion hard-earned money has been offset and went into the employers' wallets. The employers are so fat that they cannot even pull up their socks whereas we are in a precarious state, unable to fend for ourselves come old age and forced to apply for Comprehensive Social Security Assistance (CSSA). How can there be such a world? I would like to cite one more example. It is a recent incident. The 63 Community Work Organizers under the Support for Self-reliance Scheme outsourced by the SWD should have received a total of $3.73 million in severance pay, however, $3.44 million (the
vast majority) of it has been offset. This is really unreasonable, inhumane, inequitable and unfair. I hope that (The buzzer sounded) … the Government can lead the way …

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

MR WONG KWOK-HING (in Cantonese): … to abolish the offsetting mechanism.

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

(Mr WONG Kwok-hing sat down)

PRESIDENT (in Cantonese): The debate on the Motion of Thanks is divided into five sessions with specified policy areas. This arrangement, which is consented by the House Committee, has been implemented for many years for the purpose of allowing public officers responsible for various policy areas to attend the relevant debate sessions, listen to Members' views on relevant policies and give responses. If Members speak on topics which are not related to the designated policy areas and the public officers concerned do not attend the relevant debate sessions to listen to Members' views, such an arrangement would become meaningless.

MR LEE CHEUK-YAN (in Cantonese): President, this Policy Address by LEUNG Chun-ying has given us an excellent lecture on political economy. That is to say, politics and the economy are inseparable. In politics, when a Chief Executive is preordained by the Central Authorities, his economic policies will inevitably be sort of loser policies.

It is both a pity and pathetic to be a member of the Hong Kong public. I am sure in all other places around the world, there is no chief executive, national leader or regional leader like LEUNG Chun-ying who only knows how to flatter the Central Authorities and denigrate himself when they deliver their policy addresses or state of the union addresses. I do not think such things will happen
anywhere in the world. This is because the presentation of a policy address is made in the hope of inciting the people to strive forward and be proud of themselves and so imbue in them a determination to struggle for the country or their own place. But this is not what LEUNG Chun-ying has done. On the contrary, he has tried to defeat Hong Kong people and turn them into losers. It can be said that he makes them losers before they make any achievements.

Let us see how he defeats Hong Kong people and turns them into losers. At the very beginning of his Policy Address, he told the young people of Hong Kong that it is no use staying in Hong Kong and they might as well go to Guangxi and learn how to brew wines. This is an example of a success story cited by him. What does this story tell us? It is that the economy of Hong Kong is failing and there are no opportunities here and people might as well go to the Mainland. Then he suggests that we should go to the Mainland for studies, too. But I am going to focus on the economics part now. President, what do his remarks mean? In the next paragraph of the Policy Address which is at the beginning, he said that the Third Plenary Session of the 18th CPC Central Committee had announced that our country would deepen reform and open up further. This implies that the Central Authorities have granted Hong Kong a new opportunity and that Hong Kong people are failing and they must rely on other people.

President, is there a Chief Executive who will denigrate himself like that? If this goes on, one can imagine how Hong Kong will not become a loser, because our Chief Executive belittles himself and also Hong Kong people. Certainly, it is true that there are many problems with the economy of Hong Kong, especially when rents soar as a result of the hegemony of real estate developers. There is no room for development of all other industries. This is a problem. But the Chief Executive has not dealt with it other than telling us that this is what Hong Kong is like and we might as well go to the Mainland. President, what kind of a Chief Executive is he? He is a Chief Executive who only knows how to flatter the Mainland and belittles Hong Kong. If this goes on, how can our economy grow?

What we need is not this kind of Chief Executive. Apart from shattering our will, he only knows to take forward major infrastructure projects, build shopping malls and other kinds of hardware. But now the world puts an emphasis on the brain and what we need is innovation. However, owing to the present state of the real estate sector, the young people are deprived of the room
to give full play to their creativity. This is coupled with the unwillingness of the Government to invest in education and nurture more talents. So even if the Innovation and Technology Bureau is set up, it will be useless because the officials are not sincere about promoting the creative industry. They only know undertaking major infrastructure projects. It is precisely because of this that Hong Kong faces a big crisis in that its industries are becoming hollow. Apart from tourism, finance and real estate, there are no other industries. This should never be the direction of the economic development of Hong Kong. So first, on behalf of the Labour Party, I have to protest against the Chief Executive only putting forward an economic policy that is characterized by flattery and belittling of Hong Kong.

Second, I have to collect a debt from the Director of Financial Services and the Treasury. Although he is not in attendance, I will still want to recover a debt from him. This is because LEUNG Chun-ying has defaulted by breaking his promise. He has broken his promise. What kind of promise has he broken? When he was running in the election, he promised that he would gradually abolish the arrangement of offsetting severance pay with MPF contributions. But after the four major chambers of commerce had exerted pressure on the Chief Executive, the whole matter disappeared right away in the Policy Address and no mention was made of the offsetting arrangement.

I have asked Secretary Prof KC CHAN in a relevant meeting of this Council. At that time, he said that he would look into that matter. But what has he done? He told us that he would consider the matter in a comprehensive manner and said that the current situation is very controversial and complicated. I think the Secretary is really useless. How complicated is the matter? It is actually very simple. That is, either we have this offsetting arrangement or we do not have it. It is not complicated at all. This is as simple as primary school arithmetic. If he said that the matter is very controversial, I would agree to that. But it is never complicated. All that matters is whether or not he has the resolve to take action. If he lacks the resolve to take action, then he can certainly say that the matter is very complicated. But if he has the resolve to take action, this is actually very simple. But the Secretary does not have any timetable or roadmap, and we have no idea what the next step is. Then the whole matter would vanish into thin air. I am sure we have to act like the debt collectors and pursue the matter relentlessly because the Chief Executive has defaulted on his promise.
I will stop here for the moment and I will speak again when it comes to the session related to labour and welfare policies and I will bring up the topic of offsetting the severance pay with MPF contributions. But I must say the Secretary for Financial Services and the Treasury has to be held responsible and bear a joint responsibility as well. Thank you, President.

MR ALAN LEONG (in Cantonese): President, before commenting on this Policy Address, first of all, let us look at the reaction of Hong Kong people to this Policy Address. In the first half of February, after Hong Kong people had assimilated the entire Policy Address, the Public Opinion Programme (POP) of the University of Hong Kong (HKU) conducted another public opinion survey. What were the results? The rating for LEUNG Chun-ying remained at a failing grade of 47.9 points. Compared with the rate of support for LEUNG Chun-ying in serving as the Chief Executive soon after the release of the Policy Address, the rate dropped 4% to as low as 25%. At the same time, almost 56% of the respondents opposed his serving as the Chief Executive, so the rate had risen by 2%. This means his net popularity rating stood at -31.

The public has already grown used to the dismal rating of LEUNG Chun-ying, so originally, they should not feel surprised at all. Perhaps the only thing they find quite astonishing is: Despite the allocation of over $10 billion to recurrent expenditure by LEUNG Chun-ying, he still could not salvage his sunken popularity or even stop the hemorrhage of his popularity, which is in decline. However, President, what we should take note of even more is the fact that the inferior administration by LEUNG Chun-ying is impacting directly on the confidence of Hong Kong people in the territory and their own future and this explains the results of the surveys conducted by the POP of HKU. President, one of the issues polled by the POP of HKU is the confidence of Hong Kong people in Hong Kong's future. For many years, this question was asked after the presentation of the policy address every year and according to the figures of the public opinion surveys that I found on the Internet, since 1997, the indicator of Hong Kong people's confidence in Hong Kong's future saw a decline on account of the policy address only in three years, whereas in other years, the surveys indicated an increase in Hong Kong people's confidence in Hong Kong's future after the presentation of the policy address. This year is among one of those three years. The last one was 2008 and I trust the President will also remember that the situation at that time was really bad.
What actually is the matter with the Policy Address of 2013-2014? Simply put, LEUNG Chun-ying has caused a pestilence in politics and people's livelihood in Hong Kong and there is little to write home about in the economic domain. No wonder that when the POP of HKU asked Hong Kong people if, after reading the Policy Address, they took a positive or negative view on Hong Kong's future, only 24% of them took a positive view of the future on account of this Policy Address, whereas 32% of the respondents said directly that the Policy Address had undermined their confidence in Hong Kong's future. As I have said, such a situation could be found only in three of the years after the reunification, so I wonder if LEUNG Chun-ying would take pride in this fact.

President, the Civic Party opposes this Motion of Thanks because if we have to thank someone who has caused the collapse of the system in Hong Kong, who does not abide by rules and regulations, who is overweening and domineering, who is limited in vision but arrogant, who does not have any sense of urgency about the pressing concerns of the public or a good grasp of the problems of our times, who dares not say a word about the difficulties in governance and who makes Hong Kong people lose confidence in and hope for their future after reading the Policy Address, I believe it would not do ourselves justice to agree to express thanks for this Policy Address. Regarding this Policy Address, the response of the Civic Party can be summed up in 12 words: "Shying away from discussions on core values and lacking policies with vision.". This is also the main reason for the confidence crisis brought about by the Policy Address.

President, regarding this Policy Address presented by LEUNG Chun-ying, to give it a nice spin, it can be said that it has responded to the demands of the public but in fact, it is at best just a policy address that attempts to put out fires, so this is a very "short-sighted" report. The Civic Party agrees with the government measure to target socially disadvantaged groups and increase the recurrent expenditure. However, in the Policy Address, I cannot find any answer to the question of how best to provide a steady source of funds to the coffers, so that after the increase in expenditure has won a round of applause, the grassroots can be assisted on an ongoing basis in their development.

In the Policy Address, a total of 36 paragraphs are devoted to discussions on the economy but more often than not, they amount more to slogans than actual initiatives. For example, the development of Lantau and the establishment of an Innovation and Technology Bureau remain castles in the air and with regard to
the rest, many of them are just a rehash of propositions made last year and some have even vanished without a trace. In the case of those that are lucky enough to survive, they were only touched on lightly. For example, in the policy address last year, there was still one paragraph on the development of small and medium enterprises (SMEs) but this year, no mention whatsoever was made of them. Regarding the testing industry mentioned last year, it has also vanished without a trace this year. Although the "co-operation among the Government, industry, academia and research sectors" mentioned last year was also mentioned this year, what are the details of the actual policy and how can they be taken forward? Does he still think that whatever has been said is considered already accomplished?

President, what about the policy of the Individual Visit Scheme (IVS), which Hong Kong people have complained bitterly about? According to the Assessment Report on Hong Kong's Capacity to Receive Tourists published by the Tourism Commission, IVS visitors generated added value equal to just 1.3% of the Gross Domestic Product (GDP) of Hong Kong in 2012. For the sake of this 1.3% increase in GDP, Hong Kong people have to put up with streets that are messed up, the possibility of the backs of their feet being run over by suitcase castors, having to wait in Admiralty Station for four or five trains before they can board one, and increases in prices of goods to a level unaffordable to the grassroots. In recent months, LEUNG Chun-ying said offhandedly, "We have to expand Hong Kong's capacity". What he wanted to tell Hong Kong people was that they had to be prepared mentally to continue to wait for four or five trains before they can board one and have the backs of their feet run over by suitcase wheels.

Recently, a political party in the Legislative Council proposed the introduction of an arrival tax for land boundary crossings. Of course, we all know the origins of this proposal. It is designed to deal with the unbearable pressure on Hong Kong arising from the number of Mainland visitors. However, LEUNG Chun-ying only responded by chanting slogans, saying that Hong Kong people had become conceited before they had got rich. In his mind, he still thinks that this is a kind of pathological localism that is twisted and discriminatory and points to a lack of self-confidence.

However, President, at a time when a policy to transfer the population in Beijing out of the city to Hubei has been proposed and the urban integration of Guangzhou and Foshan has also become a subject of serious scientific debate for
the local governments, our Chief Executive, LEUNG Chun-ying, is the odd one out in thinking that there is no need to conduct any appraisal. Have we ever heard him produce convincing figures to show what the implications of urban integration between Hong Kong and Shenzhen or making Hong Kong a part of the "one hour living circle" in the Pearl River Delta Region are? Such a standard of administration, which is devoid of vision or boldness and shows no intention of presenting justifications or analyses to convince Hong Kong people, only proves once again that LEUNG Chun-ying is just an inferior, hollow and lowly politico who has thoroughly disappointed Hong Kong people.

President, apart from lacking any long-term policy to support the economy, another reason for the unpopularity of this Policy Address lies in its disregard of and silence on the erosion of Hong Kong's core values nowadays. Hong Kong people are actually used to all kinds of trials and tribulations. If we want Hong Kong people to tide over various difficulties safely, we must ensure that our sound systems, including a desirable business environment, freedoms of speech and the press, judicial independence, and so on, can be maintained and assured sustainable development. However, in the Policy Address, not only did LEUNG Chun-ying not use a single word or a sentence to reiterate the consolidation of these established and important core values, in recent years, the various actions taken by him and apologists of the Central Authorities have even continually impacted on the systems and lifeline on which Hong Kong's success hinges. In the incident of issuance of television licences, the best prepared company was kicked out of the race by the Government for no apparent reason and excluded from the free-to-air television market. That the public have one choice less is only of secondary importance, but damaging the order of the business world in Hong Kong is a serious matter. Pulling advertisements, settling scores with whistle-blowers and cold-shouldering the Standard Chartered Hong Kong Marathon all delivered to the public and even the international community the wrong message, leading them to think that they must be obedient to LEUNG Chun-ying and the Central Government when doing business in Hong Kong and that they must not go any step beyond the line. Press freedom in Hong Kong has been increasingly stifled and media organizations exposing the scandals involving LEUNG Chun-ying and the Government have been silenced one by one. What is left is just a façade of peace and prosperity. How is such an environment different from that on the Mainland? Who would still dare come to Hong Kong to do business? On the one hand, LEUNG Chun-ying is living off Hong Kong's past gains, and on the other, one cannot see him create new sources
of wealth for Hong Kong, so there is little wonder that Hong Kong people would rather forget about this Policy Address and are making vocal calls to emigrate to Taiwan.

President, for a long time, the wealth in Hong Kong has been concentrated in the hands of a small bunch of people and economic activities have also been controlled by a small group of people. Donald TSANG declared long ago that the "trickle-down policy" was ineffective. Not only has LEUNG Chun-ying not solved this problem. Conversely, he is concerned only with drawing close to the Mainland, thus making the business environment in Hong Kong increasingly adverse. This Policy Address has clearly neglected the middle class and SMEs. For this reason, a survey conducted by the POP of HKU indicates that over 70% of the public agreed that the Policy Address this year had neglected the middle class. As I said earlier, the Policy Address this time around makes no mention whatsoever of providing support to SMEs. In the last policy address, a policy was proposed to provide long-term support to SMEs in, for example, upgrading and restructuring, brand development, start-up support, and so on, but the Policy Address this time around has neither given any account of the progress made nor proposed any short-term relief measures to cope with the dire problems faced by SMEs. The Civic Party supports the Government in providing support to SMEs, for example, by enhancing the existing SME Loan Guarantee Scheme to offer better financing channels to SMEs and enlarge the scope of financial assistance under the existing SME Export Marketing Fund. The Civic Party believes that the Government can consider reintroducing the Special Loan Guarantee Scheme for SMEs, so that in times of fluctuations in the external economy, the pressing needs of SMEs can be met. Moreover, given the huge surplus now, even a suspension of the payment of provisional tax by SMEs can be considered, so as to nurture the growth of SMEs.

As regards the middle class, the Civic Party will propose a series of measures and it is hoped that in the Budget to be released on 26 February, the Financial Secretary will look after this group that has been neglected in the Policy Address.

I so submit at this stage.
MS CLAUDIA MO (in Cantonese): President, we regret and want to protest because LEUNG Chun-ying is trying to make the Hong Kong economy communist. He is trying to make it like the Chinese communists, and he is making the entire local economy go red, like that of the Mainland. Throughout his Policy Address, he talked about nothing but our reliance on the Motherland and the need for integration with the Mainland. It seems to him that without the blessings from Beijing, Hong Kong will be in ruins both in terms of the economy and the number of inbound visitors.

This is really appalling. We know that in the history of mankind, economic and political developments will definitely go hand in hand. The more advanced an economy, the more open is the political situation. But what LEUNG Chun-ying is doing to the economy of Hong Kong is to make it monotonous. He kowtows to the boss who gives us financial benefits and obeys his orders. How ridiculous! There is a suggestion that a tax be levied on inbound visitors. This targets only those who engage in trading of parallel goods, that is, those holding multiple entry visas and who commute between Hong Kong and the Mainland many times a day. To our dismay, he told us not to be conceited before getting rich. This is sheer nonsense.

He is the Chief Executive of the SAR, but he has not spoken up for the people of Hong Kong and instead, he is criticizing them. This is unbelievable. Hong Kong is the victim. This especially applies to those who live in the New Territories. They are the victims. But he is using hypocritical rhetoric and turns around to tell people not to be arrogant and complacent. He said that Hong Kong is still an impoverished place. It is true that Hong Kong is not an affluent place. Hong Kong used to be under British colonial rule for 150 years, so how did the economic take-off unfold? Can we not see that in history?

Now he is saying that we can do nothing without the help of Beijing. This is really disgraceful. The people of Hong Kong should express their deepest regret en masse for his making such pathetic remarks. About the economy of Hong Kong, we know that if we are to talk with the young people on the subject of how to get rich and how to improve one's own financial position, the first thing to do is to buy a home. But we have to ask: Can they afford it? The best option would be to own a shop premises at street level and one can stop worrying about his living expenses for the rest of his life. We have to thank the Individual Visit Scheme (IVS) for pushing the rents of the shops sky-high. But those
trades which benefit are only those selling cosmetics, drugs, gold and jewelry as well as name brands. What kind of trickling effect does this achieve? Those who reap the profits in the end are the big businesses. How much of the financial benefits will come to the people? We can all see the impacts of all this on our daily economic activities.

We all know who those people carrying a suitcase are. They are visitors to Hong Kong. Our feet are often run over by the castors of their suitcases. In 10 years' time, we will see 100 million travellers coming to Hong Kong every year. When that time comes, do we just have to wait for one more train? Gregory SO is not here, and I do not know where he is. Has he ever taken a ride on the MTR? He has caused local conflicts and then blamed Hong Kong people for becoming conceited before getting rich. He said it does not matter if our feet are run over by suitcases. It will not hurt so much or make us handicapped. Right? This kind of remarks is disgusting to the extreme. What I am saying is that this kind of remarks from such paternalistic officials is really appalling. I am talking about this kind of remarks, I do not mean that he has actually said such things.

President, with respect to the IVS, as we all know, pressure is produced and it is not eased. He cannot pretend that it does not exist. Is he trying to kill the local economy with tourism being the only exception? This will make Hong Kong like our neighbour Macao which has got nothing but gambling in its economy. And for us, we will rely solely on the IVS. We really have to thank these travellers. For if there were no such thing as the IVS, our economy will collapse. So we will have to leverage on the Mainland. Do we want our economy to become like this?

What I am saying is that the economy of Hong Kong is going red and assimilating with that of the Mainland. I am not the only one making such a statement, for the former editor-in-chief of the magazine Nan Dou Weekly, a Mainland intellectual called CHANG Ping also stated in black and white to this effect: "In recent years, Mainland politics has worked through commercial activities to exert its control on Hong Kong. As a result, the word 'hegemony' has taken on an additional shade of meaning." President, we say that Hong Kong used to be one of the freest markets in the world. But that is empty talk, for many things will cease to exist when they are not mentioned anymore. The Government used to say that a Chinese medicine port would be built. But now
no mention is made of it any more. And it also said that an IT port would be built. But now there is only a Cyberport in Pokfulam. What happens to the IT sector?

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

The shameful thing about this Government is that it still window-dresses Hong Kong as a free market, saying that we really have open competition. An example of this is that when the 3G spectrum is to be auctioned, the aim is to take it back. It is true that in a free market and a capitalist society, those who have got the money will be the most powerful. They will get whatever they want in an auction. But in an auction, the bidders all want to show that they can pay more than the other bidders. Who wants to come to Hong Kong? China Mobile — a red enterprise. Even the right-hand man of the tycoon LI Ka-shing said something which has become so well-known that we can recite it. He asked, "How are we to compete with those China-capital giant enterprises?" Let those red companies become our overlord. Hong Kong is filled with red capital.

What happens to the four broadband providers? One made it clear that it would quit and move out of Hong Kong. Another company has planned an acquisition and merger exercise with another company, expanding its scale of operation. Those with the most money are the most powerful in a free market. Now there is only Smartone which is struggling hard to keep its business afloat. If you say that this is genuine fair competition, I think we have to ask Mr Ronny TONG to give us a talk on this once more.

On free TV licences, this is really an international laughing stock. Whenever mention is made of this incident, we do not get angry but instead explode in rounds of laughter. For we have nothing to be angry about and we are just left with the humour to poke fun at the matter. LEUNG Chun-ying said that the lady at the consultancy — NG Pui-yin — that her remarks … He dares not name her. He said that the remarks made by the person concerned should be handled seriously and follow-up action should be taken. I do not know how this Government is going to seriously handle and follow up the case. Now this Miss NG is suspected to have been resigned. Is this for the sake of maintaining stability? Who has done what? What kind of a free market is Hong Kong?
This is really a joke in the international investment world. Has he written a letter? Of course, he will not do it directly. Has he sent anyone and got his message across by a middleman?

Why was Mr Ricky WONG not given a licence? He is fully prepared to open a new free TV station in Hong Kong. He has got that spirit of the Lion Rock which dates back to the colonial era in fighting hard to achieve his goal. But the Government does not care a dime. When it is decided that no licence will be granted, then no licence is granted. Why? I do not think I need to tell you or give any special explanation. This is a collective decision made by the Executive Council. It is confidential. But as we all know, the reason is that the Government is afraid that ATV will close down — a TV station with red capital will fold. The freedom of the press is a value of this society and we cannot let the Government lay its hands on it. Even when LEUNG Chun-ying says that he fully supports this freedom and he upholds it, it would be useless. It does not matter if he does not talk about it because he does not support it at all.

As we all know, the CPC wants to control the ideology while Hong Kong people embrace the freedom of the press. There is hence a great contradiction between the two. If the people's ideological state is to be controlled, there has got to be media which are obedient and domesticated. Does the Policy Address ever say anything about a freedom of information law? The Government does not need to call upon the media to embrace the freedom of the press. It does not have to say anything. But the Government has the responsibility to see to it that the right sentiments exist in society and that a normal and free environment is fostered. The Government says nothing about a freedom of information law or an archives law. It pretends that nothing has happened. It would be ideal if nothing said means nothing ever exists. But in the meantime, what the Government is working hard on the stalking law which will serve to damage the freedom of the press. This is a law proposed in the name of protecting women, but even women's groups agree with the view of the Hong Kong Journalists Association that the problem can be tackled by amending the Family and Cohabitation Relationships Violence Ordinance and there is no need to treat the reporters as if they were stalkers. But the Government does not care about this as well.

Deputy President, the statement that our economy is being subject to communist assimilation is no exaggeration. Of the 10 recently listed companies in Hong Kong and calculating the amount of money raised, seven out of these 10
companies are companies financed by red capital. It is therefore clear that financial activities here depend on the listing of companies with red capital. The information I have got at hand shows that as at the end of last year, Mainland enterprises including those H stocks, red chips and private enterprises have a market value which is over half of the total market value of the stocks in Hong Kong. The percentage is as many as 57%. And the turnover is 70% of the total turnover. Those of us who grow up in Hong Kong would like to listen to the financial report on the radio. And in the past we used to hear the most active stocks of the day being HKBC, Hutchison and Whampoa, Taikoo, and so on. Now the names of these active stocks all carry the word China. We are confused and we cannot tell which is which. Can we deny that red capital has not engulfed and drowned the Hong Kong market?

In last year alone, that is, in 2013, 337 overseas and Mainland enterprises came to Hong Kong to start their businesses or expand their operations. And of these companies, those from the Mainland are the single largest source. This is not only something said, but it has always been done. What will become of Hong Kong? Hong Kong will become just one of the many cities on the Mainland. And mind you, Hong Kong may not be in the ranks of a big Mainland city, for Hong Kong is no match for Shanghai and Beijing. This LEUNG Chun-ying government is feverishly trying to turn Hong Kong into a red economy. It is ushering Hong Kong into a path of flattery and dependence, saying that without the Motherland and without its blessings, Hong Kong will die and cannot survive.

As a general rule, in a developed and civilized society, its economy is like a rhombus or a diamond, with a point at either end. The upper part is those who are really rich and the lower point is the poor. The number of people in these two parts is relatively small. Those in the middle of the rhombus are the middle class. But what LEUNG Chun-ying is doing now is to make the economy and society of Hong Kong a triangle. All those in the middle class will move downwards. They only have the obligation to pay tax but not a share of the welfare benefits. When they speak out, they are chastised as being conceited before getting rich. So the middle-class people do not dare become rich or arrogant. Their greatest worry is becoming poor.

We often say that LEUNG Chun-ying tells lies. But now it seems that Financial Secretary John TSANG also lies. He says all the time that he has got no money and he is very scared. But we know that the Hong Kong Monetary
Authority has a surplus of $650 billion. Why can the surplus not be accounted to the Government accounts? Recently, I read a local article on finance and it says that all these talks about making preparations for a rainy day are really annoying and sticking to this excessively will make a person a miser. The article is in English and I will quote from it now: "This year, spending from the Capital Works Reserve Fund, which has almost doubled in four years, is forecast to exceed revenue. And, in the following four years, it will total $364 billion against capital works revenue of $199 billion. In other words, a deficit of $165 billion will, other things being equal, be met by squeezing recurrent spending! So the appeals by John TSANG and his tame advisers are nothing more than an attempt to squeeze spending on health and welfare to fund projects created for political reasons or to please certain bureaucratic or commercial interests. Of course, these capital revenue projections are probably wrong, and revenues come in higher but one can only use John TSANG's figures to address his only claims, '沒有錢'. And they show the dishonest intent behind the 'so-called' scare stories." Thank you.

MR ABRAHAM SHEK: Deputy President, Claudia just raised that John TSANG told lies that we do not have money, and I would like to defend him in this regard. We do have money. He has never said that we do not have money. He said we have to be careful with how we are going to spend the money. So, do not misquote his remarks. I do not think that he has ever told lies about the Government's economic policies on spending.

Deputy President, speaking of economic development, in "CY's" second Policy Address, the Chief Executive has opened a war on two fronts by launching offensives to combat poverty while issuing a challenge to the long-established principle of prudent financial management.

While I should pay the Chief Executive a compliment for his compassionate move of allocating an additional $20 billion in recurrent expenditure to alleviate the plight of the socially disadvantaged, particularly the bold measure of the low-income working family subsidy scheme, the Chief Executive will be fighting an uphill battle in the absence of addressing wealth creation in his Policy Address. After all, a strong and reliable supply line is of paramount importance in any warfare.
Critics claim that the Chief Executive has opened a pandora's box of welfarism that will eventually lead Hong Kong down the path to economic uncertainty. This is not pure conjecture. Granted, it may be far-fetched to say that increasing recurrent expenditure on welfare by $20 billion per year will ultimately lead to fiscal instability, at least for the time being, given that the SAR Government is one of the world's wealthiest governments with a fiscal reserve of over $700 billion and an Exchange Reserve Fund of over $12,000 billion. We are not resource-stricken and our fiscal reserves have actually grown from every setback since the handover. However, it is sustainability that matters: will the spending spree be able to continue, say in 10 or five years' time under the new expenditure populistic model?

Deputy President, big things have small beginnings. The question is not whether the Government should spend an extra $20 billion per year to help the underprivileged — it is definitely capable of doing so; the question is whether the Government has the ability to cope with the probable paradigm shift in fiscal management — the increase in recurrent expenditure. To my dismay, neither concrete content nor clever gambits are offered in paragraphs 10 to 45 of the Policy Address, where the Chief Executive lays out his blurred, economic blueprint. We have to ask: where is the beef? Where will the wealth come from?

Earlier, the Financial Secretary, rightly so, alerted the people that revenue from taxes must rise to cope with the rising populistic expenditure. The Financial Secretary, in his usual prudent commercialism and wisdom, has a point in that we must prepare for the worst, but to either increase taxes or complicate our tax base is controversial and could impair our competitiveness. In fact, in 2006, the Government launched a consultation on widening the tax base through a Goods and Services Tax, only to receive strong opposition from this Chamber and society in general. Obviously, any attempt to rewrite our well-established and simple tax regime is bound to open a can of worms, and it would be ill advised to rashly start a new battle line on that front.

Some speculate that the Government will scale down the use of one-off measures. Over the past six years, the Government spent over $180 billion — an average of over $30 billion per annum — on one-off measures, including tax rebates, residential electricity subsidies, and so on. While these one-off measures have been criticized for their lack of sustainability, will the present Chief Executive's experiment of increasing recurrent expenditure be more
effective in dealing with Hong Kong's deep-seated problem of a widening wealth gap? The answer is obvious.

Only time will tell if the Chief Executive's populistic experiment will come to fruition, but considerable discontent has been felt among small and medium enterprises (SMEs) and the middle class. As the backbone of the economy, the middle class feels shortchanged, as they keep paying tax without receiving support commensurate with their contribution. The SMEs, too, feel aggrieved, as they have been completely ignored in this year's Policy Address although they account for 98% of all companies in the territory and provide employment for over 1.3 million people.

As the saying goes, a good general does not starve his solders; the Government needs a strong army to fight its war on two fronts. This Policy Address has dealt a severe blow to the morale of the middle class by tilting the balance in favour of welfarism and populism. If the Government offers a helping hand to the underprivileged, but at the same time allows the middle class to gradually sink to the lower-income level, is it counterproductive? At the end of the day, the Hong Kong camp will split, and Hong Kong will lose the war from the inside.

Deputy President, the call for diversifying our economy is reaching a crescendo; regrettably, the Chief Executive has given an equivocal answer — conducting studies, studies and more studies — to his main theme of "Unleashing Hong Kong's Potential". The Chief Executive appears to have a penchant for conducting studies. In his maiden Policy Address, the word "study" appears 47 times; in this year's Policy Address, slightly less — it appears 43 times. Maybe the Government is trying to buy time through various studies, but this is pathetic, particularly when these studies are either overly general in nature or old wine in new bottles. Since the setting up of the Economic Development Commission — of which I am sure you are also a member — last year was reminiscent of the Task Force on Economic Challenges that was set up in 2008, will the to-be established Lantau Development Advisory Committee for preparing the economic and social development strategy in the area be another clone of the 2004 Concept Plan for Lantau? While I support also the setting up of an Innovation and Technology Bureau to foster the development of innovation and technology in Hong Kong, Rome was not built in a day, Deputy President, and it took many years for Silicon Valley to become what it is today. Likewise, will the Chief Executive's declared aim of promoting Hong Kong as a premier intellectual
property trading hub in the region end up like the Cyberport — or better known as the Bel-Air — the Chinese medicine port and the fresh flower port, which all faded from sight and evaporated into the thin air? As a rule of thumb, duplicating studies only succeed in piling up problems rather than solving them. What the Government needs is perseverance and determination.

Deputy President, a bird in the hand is worth two in the bush. The Government has to continue counting on the established economic pillars to finance the two-front war, but there are difficulties. Take tourism as an example. A recent government report forecasts that visitor numbers will rise from 54 million in 2013 to 100 million in 2023. Yet, the Government is ill-prepared for the challenge in terms of hotel capacity, retail and attractions. Mr Gregory SO, Secretary for Commerce and Economic Development — thank you, you are here to listen to me — has told the Legislative Council that the Government will develop new attractions across 18 District Council districts to divert the tourists; many people, however, take this with a pinch of salt, as the Administration has even failed to explore adequate land sites for housing — one of the top priority tasks — not to mention exploring land sites for tourist attractions. This is a joke.

Worse still, plans to construct the third Runway drag on and on and on. After many years of debate, the Executive Council finally endorsed the plan in March 2012, but implementation will not start until 2015 at the earliest due to the necessary statutory procedures. Last month, our beloved Secretary, Prof Anthony CHEUNG, made the appalling announcement that the third Runway would be completed in 10 years — Deputy President, 10 years! It is a regression as far as development is concerned, given that the British Hong Kong Government took only eight years to complete the entire Rose Garden Project from scratch, including the New Airport, Airport Railway, Lantau Link, Western Harbour Crossing, North Lantau Expressway, Route 3 — Kwai Chung and Tsing Yi Sections, Land Reclamation in West Kowloon, and so on.

Deputy President, market intervention is another wild card undermining the two-fronted war. From several rounds of tough measures in the property market to the milk powder regulation, the Government has proved to be inept at market operation. It needs to learn a lot. Prof CHAN, you had better teach it all. The milk powder shortage again reared its ugly head on the eve of the festive season, despite the milk powder restriction law being in effect. Regarding the property market, although the number of property transactions has almost ground
to a halt — in 2010, the total number of transactions was 115,000 while in 2013, it fell to 51,000, demonstrating how successful the Government had been — but property prices have actually remained high and have increased by over 35%. Everybody knows that supply is the key. Now the Government has been caught in the quagmire of intervention, for it lacks any recipe to ensure a steady supply of either milk powder or flats. At this rate, the so-called extra-ordinary measures in exceptional times will be permanent features, without any mechanism to compel the Government to lift its interventions even when the situation improves. When there is a fire, you put out the fire. But if you continue putting water into the building, it becomes a flooded area. If the Government continues this ill-advised interventionist approach, Hong Kong's economic success, which is based on cherishing the free market, will be eroded by the Government itself till depletion.

Deputy President, the Chief Executive highlighted the idea to "Seek Change. Maintain Stability" in his election platform, and "Unleash Hong Kong's Potential" in this year's Policy Address. Yet, what he has done so far seems contradictory to his words: the preservation of the de facto "high land price" policy shackles Hong Kong's potential instead of unleashing it; the bleak plan to create wealth also backfires. On the other hand, the Government has shown indifference to the SMEs and the middle class, but has sought changes to curry populist favour, sabotaging the internal stability of society; while excessive interventions in the free market will have long-term consequences for market stability.

With the United States Federal Reserve slowing down and eventually ceasing its bond purchases, the global economy is beset by uncertainty. It is worrying that the two-front war is not being waged with good timing or with a comprehensive strategy. In two weeks' time, the Financial Secretary will deliver his 2014-2015 Budget. The ball is now in the Financial Secretary's court — the public is waiting for a comprehensive and balanced budget that will meet the pending challenges. I plead with the Financial Secretary, in his absence, not to lead us into the populist temptation of welfarism but to deliver us from this present stalemate and bring us back to realism and continue with our usual financial prudent management.

Thank you.
MR WONG TING-KWONG (in Cantonese): The Policy Address this year has put forward measures to help the poor and support the disadvantaged, such as introducing a Low-income Working Family Allowance and regularizing a number of programmes under the Community Care Fund, which are key initiatives meant to alleviate the burden of the grassroots in their living. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) certainly supports in principle these efforts made by the Government to care for and support the grassroots. In fact, the cost of living in Hong Kong is expensive; there is a gap between the rich and the poor and the grassroots are living in straitened circumstances. The Government is duty-bound to protect the basic living conditions for the poor and gradually narrow the wealth gap. Only in this way will society achieve sustained and healthy development.

That said, apart from poverty alleviation and support for the disadvantaged, it seems that the Policy Address this year has not mentioned much about reinvigorating the industrial and business sector or supporting small and medium enterprises (SMEs). In recent years, despite continued growth in the economy of Hong Kong and a more vibrant employment market, quite a lot of uncertainties remain looming over us. For instance, the start of the process of ending quantitative easing by the United States has led to waves of capital withdrawal in some emerging markets, and whether the economy of China can maintain a growth trend remains unknown. These external factors will affect the business environment of Hong Kong and pose challenges to the survival of SMEs. Local SMEs employ about half of the workforce in Hong Kong and share weal and woe with the general public. For this reason, while the Government provides care and support for the grassroots, it must also have regard to the vitality of the SMEs and be committed to taking forward industrial and business development, so that the Government will not attend to one aspect but lose sight of another.

As we all know, the biggest challenge to doing business in Hong Kong is the shortage of land and heavy rental burden, which has been exacerbated by surging land prices in recent years. Many eating establishments with characteristics and old shops in the local communities were forced to close down due to their inability to bear the exorbitant rents, leaving behind only those chain shops with stronger capacity to cope. As a result, many shopping arcades and streets are like having been cast in the same mould as all we can find there are always just certain brands and certain products with little novelty to speak of. Local SMEs operating in office buildings are in a similar situation. Under the pressure of rent, many enterprises have to move farther and farther away while
the size of their office is ever shrinking. Certainly, the Government realizes that land is lacking and has, therefore, introduced a host of measures to increase land supply. But the land to be developed seems to be meant mostly for increasing the supply of housing flats, and the measures for increasing space for commercial use are no more than "side dishes". Even for those bold and resolute measures such as developing Kowloon East, converting GIC sites in Central and Wai Chai, revitalizing industrial buildings, developing underground space and building artificial islands, I am afraid that given conservation and other various concerns, complications are set to arise in the process and they are unlikely to be achieved in a short span of time.

The Government is duty-bound to increase the provision of space for commercial use and this aside, the Government must also promote economic development and make the "pie" bigger. This way, enterprises and shop operators can be provided with more room for survival while the general public can have a greater share of the fruits of economic development.

Hong Kong is a small place. To promote economic development effectively, it is necessary to co-operate with other economies, and the Mainland, which is closely connected with us and readily provides a huge market, should particularly be our priority target of co-operation. The efforts made by the Government over the years in promoting co-operation between the two places have started to bear fruit but under the present circumstances, I think the Government should look into the provision of a shopping centre at the border between Hong Kong and Shenzhen and the development of a bridgehead economy on Lantau effectively, in order to facilitate the sustainable and sound development of the tourism industry.

Deputy President, tourism is a pillar of the economy of Hong Kong, and inbound Mainland visitors are the most important source of tourists to the local tourism industry. But due to the shortage of tourism facilities, our capacity to receive tourists is faced with a bottleneck. In some districts, an excessive number of visitors has caused inconveniences to the residents in their daily living. The problem needs to be resolved as a matter of urgency.

The DAB has studied the spending habits of Mainland visitors some time ago and found that instead of shopping at such traditional busy districts as Mong Kok, Causeway Bay or Tsim Sha Tsui, more and more of these visitors have turned to new towns in the New Territories along the railway line. It is because
many of them have visited Hong Kong before and some may even come to Hong Kong more than once a day. Their purpose of visit has already changed from sightseeing to purely shopping. Since they come here for shopping, they will certainly go to easily accessible places offering a full range of goods in a comfortable environment. The shopping malls in such districts along the MTR lines, such as Sheung Shui and Sha Tin, can precisely satisfy the needs of these visitors, but given the limited facilities and space in such shopping malls, these places have become overcrowded to the extent that the living of the local residents are also affected.

To address this problem, we should study the development of a shopping centre at the border between Hong Kong and Shenzhen in the light of the spending patterns of Mainland visitors. Apart from selling goods which are popular to tourists, we should particularly promote Hong Kong brands as well as goods with Hong Kong characteristics to satisfy the needs of tourists while diverting the crowds to various other districts and facilitating the development of the local communities surrounding the shopping centre.

The DAB published a proposal in September last year, suggesting the development of a shopping centre on the "undetermined" site close to the Lok Ma Chau Control Point, west of Chau Tau Village and north of San Tin Interchange. This region is closely connected with the Lok Ma Chau Control Point, Huanggang Control Point and the future control point at the Loop and also located adjacent to the Loop and the Kwu Tung North New Development Area. The existing road transport network is sound and effective. With the completion of the Northern Link in the future, the new towns in New Territories East and West will be conveniently connected via the Lok Ma Chau Spur Line. The geographical advantages are, therefore, incomparable. Given smooth development, it will even have the potentials to be developed into another new business centre outside the downtown areas in Hong Kong. This will facilitate more balanced planning and development of the New Territories as a whole and provide better job opportunities for residents in the New Territories. Meanwhile, this will considerably enhance the receiving capacity of the tourism industry as well as that of the commercial and retail sectors in Hong Kong while diverting visitor flow to other districts, thus killing many birds with one stone.

Deputy President, with regard to conducting a feasibility study on the development of a business and shopping centre at Lok Ma Chau, I am very pleased with the response given by the Government. Recently when I
exchanged views with friends in the commercial sector on this proposal, they expressed strong support for it and raised many suggestions, stressing the need to expedite the development of these facilities and make overall planning for the arrangements for customs clearance at the control point, transport, logistics, and so on. But we held different views on the *modus operandi*. They proposed that interested organizations can be made responsible for co-ordination or the community can take up the planning work, but I am worried that this may involve conflicts of interest. I think consideration may be given to a market-led mode of development. The industry is welcome to put forward more constructive opinions, in order to improve this proposal of developing a business and shopping centre.

Apart from developing a shopping centre at the border between Hong Kong and Shenzhen, we consider that the Government should make vigorous efforts to develop a bridgehead economy on Lantau. With the completion of the Hong Kong-Zhuhai-Macao Bridge (HK-ZMB) in around 2016, it is expected that residents in Hong Kong, western part of the Guangdong Province and Macao can travel to and from these places more efficiently, thus creating an integrated living circle. This major infrastructure costing tens of billion dollars, if utilized effectively, can be a strong appeal to tourists, and it can generate additional economic benefits amounting to $100 billion in the next decade according to the projection made by an academic. But if we let the opportunity slip by and do not develop tourism support facilities while those places like Macao and Hengqin continuously develop their tourism industries at full steam, the HK-ZMB will, on the contrary, make it convenient only for Hong Kong residents to travel to other places for spending and by then, we would be handing the enormous business opportunities over to other people on a silver platter.

Therefore, we have no choice but to proceed with the development of tourism facilities on Lantau at full speed, such as providing entertainment facilities, dining places, shopping arcades, hotels, signature market places, and so on, making the utmost effort to develop a bridgehead economy, in order to attract visits and spending by tourists. On Lantau there are the International Airport, SkyPier, Disneyland, AsiaWorld Expo, Ngong Ping 360, Po Lin Monastery, and many natural and ecological resources. With these very good conditions, Lantau can definitely generate huge economic benefits for society so long as the Government effectively gives play to the economic potentials of Lantau. In this year's Policy Address, it is mentioned that a Lantau Development Advisory Committee will be established and an East Lantau Metropolis developed. These
are the entry points in developing Lantau's potentials and they merit our support. We only hope that these proposals can be realized expeditiously in order to thoroughly give play to the opportunities brought about by the bridgehead economy on Lantau.

Deputy President, on 8 January this year, I moved a motion on "Promoting the economic development of Lok Ma Chau and Lantau Island" in the Legislative Council and proposed the setting up of a business and shopping centre in Lok Ma Chau and development of a bridgehead economy on Lantau. The Government said at the time that they would study and consider these proposals. I now reiterate such advocacy in the hope that the authorities can step up efforts to study these proposals and implement them expeditiously.

Certainly, to develop a mutually beneficial and co-operative relationship with the Mainland, apart from attracting Mainlanders to come to Hong Kong for spending, we can also seize the opportunity to proactively explore business opportunities and develop the domestic market on the Mainland. In fact, it is already a major trend to go to the Mainland to do business and this trend is further taken forward under the auspices of CEPA which not only allows us to export goods to the Mainland tariff free but has also gradually opened up their service and trade markets to us and given effect to mutual recognition of professional qualifications and various other concessions. This has enabled Hong Kong enterprises to open the door to opportunities on the Mainland more smoothly and foster diversity and robust growth of their business. Although the problem of "big doors are open, but small doors remain shut" has yet been fully resolved since the implementation of the CEPA due to different regulations in the two places, I hope that through the CEPA Joint Working Group and the Government's network of Economic and Trade Offices (ETOs) and liaison offices in the Mainland, the Government can continue to help Hong Kong businessmen understand the market conditions and relevant policies and regulations in the Mainland and facilitate communication between the two places, in order to gradually remove the obstacle of "small doors remaining shut". Besides, I also hope that the Government, apart from stepping up co-ordination among business associations in Hong Kong, will consider promoting participation by the Hong Kong Trade Development Council in identifying places in the Mainland for setting up additional trade fair venues for Hong Kong businesses and provide more channels for sales of Hong Kong brands in the Mainland.
Apart from the Mainland, many Hong Kong enterprises also like to do business in the ASEAN markets as well as South American and even African markets. While everyone is focusing on the Mainland, these markets often have many opportunities which have yet been discovered. The Government should utilize the network of its ETOs overseas and apart from promoting Hong Kong to overseas economies, it should also made efforts on introducing to Hong Kong enterprises the conditions of these markets, playing the role of a middleman to help local enterprises develop these markets. From a macroscopic point of view, the Government should foster communication with the governments of these markets (that is, at the G2G level), with a view to fostering trade liberalization and forging closer economic and trade co-operation with them. We have all along been concerned about how a free trade agreement will be signed between Hong Kong and the ASEAN. The Government said that official negotiation will start early this year. I wish that the Government's efforts will come to fruition in order to open up more doors for Hong Kong businesses.

Lastly, I would like to talk about the development of the system of intellectual property rights in Hong Kong. As we all know, in order for the economy to develop in a high value-adding direction, innovation is a prerequisite and to encourage innovation, we must effectively protect intellectual property rights. With regard to the system of intellectual property rights, the DAB has published two proposals in the past two years, suggesting that the Government should implement the original grant patent system and promote intellectual property trading.

With regard to the patent system, Hong Kong has all along adopted a re-registration system under which an applicant is required to complete patent registration with a patent office in the Mainland or certain European countries before he can register in Hong Kong. This is a waste of time and effort and will cause a lot of inconvenience. The establishment of an original grant patent system whereby applications are directly processed and approved locally can encourage the development of trades related to patent, promote innovative inventions in Hong Kong, and provide more career opportunities to local science and engineering graduates. This will be enormously helpful to the development of the local testing and certification industry as well as industries enjoying clear advantages such as the innovative technology industry.
Deputy President, in respect of the trading of intellectual property rights, while there are a lot of outstanding research and development (R&D) results in Hong Kong, they often encounter difficulties in the process of commercialization, or we may not be suitable to conduct R&D on certain technology products needed by the market. Intellectual property trading will provide a convenient platform for buyers and sellers to achieve effective matching which will, in turn, promote commercialization of R&D results and further encourage R&D.

I am very glad that the Government has taken on board these two proposals and established a committee and a working group to implement them. I hope that the Government can step up the promotion work and implement the proposals expeditiously.

All in all, the proposals made in this year's Policy Address to alleviate poverty and support the disadvantaged are substantive content-wise. They have responded to quite a lot of aspirations in society. However, a small imperfection is that we do not find many bright spots in respect of the support for industries and businesses as well as SMEs. We hope that the Budget to be released soon will be more elaborate in this respect.

With these remarks, Deputy President, I support the Motion of Thanks.

MR CHRISTOPHER CHUNG (in Cantonese): Deputy President, the Policy Address this year revisited the proposal setting up of an Innovation and Technology Bureau. This I welcome. However, is the Government acting like YE Gong in paying lip-service to the promotion of innovation and technology, or will such effort be eventually reduced to a long shopping list for multinational technology enterprises?

The reason for my concern is that the Government has failed to present satisfactory results in its promoting of innovation and technology. During our discussion on the progress report of Create Hong Kong at the Panel on Information Technology and Broadcasting some time ago, we found that since its establishment in 2009, Create Hong Kong has supported only one trade, namely, movies, with a small amount of post digital production. As regards other trades and industries, though we have begun to see some production of animation cartoons, fashion designs, and so on, each event was attended by only scores of people. Hence, the results are limited.
In fact, any initiative to promote creativity should not focus on movies only. In Hong Kong, there are many cultural and arts groups, visual artists and designers with great creativity. The point is that the Government has not provided them with necessary support. As a result, much of such creativity has ended up being nipped in the bud.

Since the objective of the setting up of the Innovation and Technology Bureau is to promote technology development, the Government must realize clearly that it is to promote information technology (IT), not just IT hardware. It should consider how new technology can be applied to the daily life of people and provide various concessions as a matter of policy to promote the development of technology by the industry. Unfortunately, though "Smarter Hong Kong, Smarter Living" is the theme of the public consultation conducted in September last year on Digital 21 Strategy, the consultation fell shy of exploring the objective of technological application in Hong Kong. Neither has it explored in concrete terms what assistance can be given to the industry to attract international IT or information and communications technology companies to make investments in Hong Kong. For instance, some time ago, Google, a cyber giant, had originally intended to bid for a site in Tseung Kwan O to develop a database centre. However, due to a lack of follow-up and support, it finally gave up Hong Kong in favour of Singapore and Taiwan on the ground that it was difficult to achieve sustained development here. For the IT sector in Hong Kong, this is an enormous loss. In another example, despite the interest expressed by a local telecommunications company years ago in installing 10,000 Wi-Fi hotspots on lampposts and road signs on the streets for free public access for the purpose of upgrading the penetration rate, the territory-wide Wi-Fi service is still lagging behind. Is it because the support given by government departments is inadequate? To put it directly, the so-called strategy is just a hardware procurement list meant to give favours to multinational technology enterprises which have assisted in compiling the reports. The Government has merely procured a large quantity of new-model computers, cloud equipment, data banks, and Wi-Fi facilities with no knowledge of their specific purposes. For instance, owing to low usage and poor awareness, the digital certificate service vigorously promoted by Hongkong Post in 2000 eventually lost $190 million, and public money was wasted as a result of the procurement of these computer facilities. We have thus learnt a lesson of not merely emphasizing hardware without caring about promoting its application. Though I support the establishment of the Innovation and Technology Bureau, I think that the Government must first have a
It must not set up the Bureau for the sake of it. Otherwise, it will only lead to duplication and redundancy, putting old wine in new bottles.

In recent years, Hong Kong's economic development has seen its legs pulled by political wrangles and blind conservation. Very often, many infrastructure programmes which should have been implemented a long time ago and co-operation programmes between the two places are delayed. Meanwhile, the SAR Government's lack of a clear development direction has caused the development of new industries and transformation of old ones to come to a halt. Furthermore, Hong Kong society has found many of its rankings overtaken by places around us one after another. In the policy address last year, Chief Executive LEUNG Chun-ying only devoted limited coverage to ways of promoting new industries and continued to rely on the four pillar industries. On the contrary, the Policy Address this year has finally put forward a number of proposals on the development of new industries and ways of seeking new economic momentum. This is worthy of recognition. For instance, the development of high value-added maritime services is discussed in paragraph 28; the development of an international arbitration and mediation centre is discussed in paragraph 31; and the establishment of an intellectual property trading hub is discussed in paragraph 33. In addition, the development of a "bridgehead economy" in connection with the Hong Kong-Zhuhai-Macao Bridge and the promotion of the agriculture and fisheries industries are discussed as well. The content of the Policy Address is indeed very comprehensive. But I hope that the Government can persistently work from the beginning till the end and ultimately accomplish its task by promoting such work in practical terms. It must not act like what it did in dealing with the so-called "six priority industries" by making a verbal promise and then disappearing silently.

Lastly, Deputy President, I would like to say a few words about the recent problems with Mainland visitors. I think that the proposal put forward by the People Power and the Democratic Party to impose a levy on Mainland visitors who enter Hong Kong on land is discriminatory against Mainlanders and politically motivated. Hong Kong people will definitely not support this proposal. Neither are there any such precedents in other parts of the world. What is the problem with people coming to Hong Kong for shopping? Over the past decade or so, many Hong Kong people, particularly housewives, like to travel to Shenzhen on a daily basis for shopping. Should Shenzhen impose a levy on Hong Kong people? Politicos proposing the imposition of a levy are not
only conceited before getting rich, they also have the ulterior motive of jeopardizing the relationship between China and Hong Kong. In fact, the Individual Visit Scheme is the main source of economic benefits for Hong Kong. The problems thus caused are only secondary. Some of the problems can be ameliorated and resolved if only the Government can enhance counter-measures, such as exploring more scenic spots, providing additional boundary shopping centres, and so on, to divert same-day shoppers and overnight visitors. Deputy President, I hope we can all deal with this matter with a cool head and discuss ways to resolve these problems caused by tourists. I would like to stop here in this session and express support for the motion.

MR FRANKIE YICK (in Cantonese): Deputy President, when the Chief Executive talked about the economy in this year's Policy Address, he pointed out right at the beginning that "Hong Kong needs sustained economic growth to address issues such as poverty, housing, an ageing society, environmental protection and the upward mobility of our young people". Upon hearing this remark, Members would expect the Chief Executive to suggest some initiatives in promoting the economy. But in the end, they found that throughout the entire Policy Address, only limited coverage was given to measures of promoting economic development and assisting small and medium enterprises (SMEs). The coverage can even be described as the smallest ever.

For instance, only four simple paragraphs are devoted to the shipping and logistics industries, with the Government saying that it will improve port facilities and enhance the efficiency of port operations, but no substantial policy has been proposed. In fact, spaces for the storage of containers or parking of container trucks as well as backup areas at port terminals are in short supply. As a result, the efficiency of loading services has been greatly reduced. A friend of mine in the freight transport sector has complained to me that the waiting period for cargo delivery at terminals has become increasingly long. Should the Government fail to ameliorate the problem of inadequate berths and backup areas at port terminals, even if the dredging of the Kwai Tsing Container Basin and the deepening of its associated channels are expected to be completed by the end of 2015 to enable the new generation of ultra large cargo ships with a capacity of 18 000 TEUs to enter Hong Kong port, it can still not do anything to promote the sustainable development of port business in Hong Kong.
In fact, during the inspection conducted by the responsible officials of a number of government departments and me in the Kwai Tsing Container Terminal in December last year, we found that the sites there still had plenty of room for development. Provided that the Government can make up its mind expeditiously on planning and redeployment, land can be released instantly for use by terminal operators to ameliorate the existing congestion problem.

I have once put an oral question to the Government regarding its failure to provide parking facilities for heavy goods vehicles or articulated vehicles. In his response, the Secretary for Development confirmed carparking facilities to be part of the transport infrastructure but said that consideration had not been given to the provision of such facilities because large sites would be required for the construction of multi-storey public car parks for use by heavy goods vehicles or articulated vehicles. But in fact, many sites are currently being used as temporary car parks for such vehicles. Assuming that a 20-hectare site can be earmarked in Kwai Tsing for the construction of a temporary car park, and if a five-storey car park for goods vehicles is to be built, a 16-hectare site can be released instantly for use by other logistics facilities. Moreover, I believe heavy goods vehicles and articulated vehicles will remain in the next two or three decades. Hence, the return from this investment for Hong Kong's overall economic development will be substantial.

Despite the Central Government's clear indication in its 12th Five-Year Plan of support for the consolidation and upgrading of Hong Kong's status as an international shipping hub to develop it as an inventory management centre for high-value goods as well as a regional distribution centre, we have yet to see so far the launch of policies for the promotion of long-term development of industries except repeated studies. On the contrary, our neighbours have been developing by leaps and bounds.

Given the rapid development of ports on the Mainland and improving facilities, many cargoes are being exported from Mainland ports direct without going through Hong Kong. With its port cargo throughput continuing to rise, Shenzhen Port already replaced Hong Kong in 2013 to become the world's third largest port. Earlier on, Singapore also unveiled its plan to relocate its existing port facilities to Tuas Port in the west in 2027. With its cargo throughput expected to double to 65 million TEUs per annum by then, its competitive edge as a port will be greatly enhanced. Furthermore, a free trade zone was formally set up in Shanghai on 29 September last year. The concept of free trade zone, if
extended to other cities, will have a great impact on Hong Kong, too. Faced with its neighbours' vigorous development, if Hong Kong does not act swiftly to catch up with them and further upgrade its competitiveness, its shipping and logistics industries will be affected in some measure.

Hong Kong is currently one of the world's logistics hubs. Our sound air and maritime transport networks, professional shipping services, swift and efficient clearance operations and extremely safe and reliable cargo storage are conducive to the development of high-value and high value-added logistics services. Since the SAR Government has already embarked on preliminary work to dovetail with the National 13th Five-Year Plan, I hope it can enhance communication with the trade on shipping and logistics fronts to discuss ways to further capitalize on, consolidate and enhance Hong Kong's existing advantages by, as pointed out by the Chief Executive, fostering diversity and robust growth in shipping and logistics industries.

In the policy address last year, the Chief Executive stated that the Working Group on Transportation under the newly set up Economic Development Commission would conduct a comprehensive review of the policy support and organization framework regarding support for shipping, port and logistics development in connection with two study reports, namely the Study on the Strategic Development Plan for Hong Kong Port 2030 and the consultancy study on Enhancing Hong Kong's Position as an International Maritime Centre. With the passage of one year, however, the first report is yet to be completed, whereas the second one has just been completed in time. The Policy Address has also proposed setting up a new statutory maritime body. Despite the positive stance of the SAR Government, and also it being the trade aspiration for years, I believe the Government still needs to continue with its studies and conduct the legislative procedure, which is expected to take at least five years. We hope that the authorities can seize the time to enhance communication with the trade before the establishment of the new statutory body and carry out reform promptly to enhance shipping and logistics development in Hong Kong.

Land resources are indispensable to the development of Hong Kong into a major distribution centre for high-value goods because a large number of warehouses is required. Over the past couple of years, the Government has only released 10-odd hectares of land for logistics use. The Chief Executive's remark about setting aside 10 hectares of land in Tuen Mun West for logistics use is nothing new, because a similar proposal was already made in the policy address
last year. Moreover, the date for roll-out is still uncertain. I hope the Government can expeditiously release the relevant land and consider doing so not by tender because only consortia will be benefited through the charging of higher rents upon the completion of the construction works. In the end, logistics and transport costs will continue to be pushed higher and higher. Hence, I call on the Government once again to follow the example of the initiatives adopted in the '60s and '70s for supporting the development of industries in Hong Kong, whereby the Government financed the construction of government warehouses and leased them to SMEs at a reasonable rent to facilitate the development of SMEs in the logistics industry.

In order to provide more land for logistics development, the industry greatly supports the Government's proposed plan to build a logistics park at Siu Ho Wan, Lantau. Although a similar plan was already proposed by the Lantau Development Task Force set up as early as 2004, it has all been thunder but no rain. Given Siu Ho Wan's proximity to the Hong Kong International Airport, the Hong Kong-Zhuhai-Macao Bridge (HK-ZMB) and the Kwai Chung Container Terminal in Tsing Yi, goods can be delivered for export within the shortest time to dovetail with timely forwarding by the logistics industry. As it takes time to develop Siu Ho Wan, I propose that part of the land on the 130-hectare artificial island on the Hong Kong port of the HK-ZMB be earmarked for logistics development, and I hope the Government can consider it. Furthermore, the Policy Address has proposed allocating land in the northeast part of the Hung Shui Kiu New Development Area for the construction of a modern, multi-storey logistics centre and even studying the feasibility of such proposals as using caverns for logistics storage use. In fact, the logistics industry is very supportive of such proposals. These plans, if implemented, are believed to be helpful to alleviating the land shortage of logistics operations and conducive to high value-added logistics development.

Insofar as the development of land for the development of Northeast New Territories, Hung Shui Kiu, North District and Yuen long is concerned, despite the Government's vigorous effort in developing new land for housing construction, some land in these areas has already be used for industrial purposes or open storage for the storage of a wide range of raw materials, transport vehicles, large mechanical equipment and prefabricated building components; stacking grounds for containers, transit points for cleaning, maintenance and storage of empty containers; and loaded containers for temporary storage of raw materials such as plastics, cloth, and so on. Substitute sites should be provided
because these stacking grounds come into being because of inadequate backup areas at container terminals. If backup areas as a component of the supply chain are destroyed, the supply chain of the logistics industry as a whole will be broken. Not only will other related industries, such as manufacturing industries and trade, be affected, the logistics industry will also start to shrink and even disappear.

Land aside, the shortage of manpower resources has adversely affected the development of the logistics industry, too. Even if we have the conditions to expand the shipping and logistics industries, do we have adequate manpower resources to complement them? With the present unemployment rate standing at approximately 3.2%, Hong Kong has basically achieved full employment. Besides the shipping and logistics as well as the traffic and transport industries represented by me, many trades and industries, especially the construction, cleaning, elderly care and catering industries, also face the problem of having difficulty in recruiting manpower. The Liberal Party is very disappointed that not a single word is mentioned in the Policy Address about the manpower shortage.

The crucial manpower problem currently facing us is caused by the fact that no newcomers are willing to join the industries as replacement. I have once cited the example that there are nearly 6,000 vacancies in the Lantau airport community currently. Furthermore, inadequate cross-boundary drivers have also resulted in vehicles being left idle. As for other trades and industries, such as the catering industry represented by Tommy CHEUNG, a Legislative Council Member who belongs to the Liberal Party, small and medium restaurants are caught in operational hardships due to the long-standing manpower shortage. This has aggravated the possibility of their closure.

Some vacancies are left unfilled because the SAR Government has all along lacked long-term planning. A lack of matching measures for the development of the industrial structure and the education system has also resulted in an imbalance in manpower resources. Coupled with the shortage of the overall labour force, we can now see the phenomenon of scrambling for people among various trades and industries. Under such circumstances, operating costs have continued to be pushed higher and higher. Owing to such problems as continued rises in wages, the construction costs of major works have surged and the manpower shortage has even seriously slowed down the progress of such works.
In order to increase the labour force of the Lantau airport community to tie in with the future development of the aviation industry brought by the construction of the third airport runway, I hope the pace of expansion of the Tung Chung new town can be expedited to provide additional labour force through the increase in population. Furthermore, the supply of manpower resources should be propelled through the alignment and configuration of trunk routes. For these reasons, I hope that the Tuen Mun Western Bypass linking New Territories West and the Tuen Mun-Chep Lap Kok Link can be completed expeditiously. As everyone knows, Hong Kong now faces a serious shortage of manpower resources. Therefore, it is hoped that the Chief Executive can refrain from evading the fact of manpower shortage. Instead, he should expeditiously lead employers and employees to engage in discussions to suitably introduce foreign labour expeditiously while satisfying the employment need of local workers in order to alleviate the resistance to the sustainable development of the economy.

Upon the completion of the HK-ZMB and the third airport runway in future, cargo/passenger is expected to rise substantially. Hence, there is an urgent need to expand Hong Kong's existing capacity. Lantau, which is situated adjacent to the airport and the HK-ZMB and is already equipped with infrastructure facilities for conventions and exhibitions, tourism and shopping, has enormous potential for development into an economic zone. With further integration and construction of more hotels, mega shopping arcades, matching transport facilities, and so on, it can maximize the business opportunity of a "bridgehead economy" brought by the HK-ZMB and play the role of diverting tourists. Therefore, the Liberal Party supports the development of Lantau by the Government.

As a considerable proportion of inbound visitors from the Mainland come from the Pearl River Delta (PRD) and its vicinity, the Liberal Party has all along hoped that the SkyPier of the Hong Kong International Airport can be opened up to allow people living in the PRD to go to the AsiaWorld-Expo and other tourist destinations on Lantau direct by sea, thus preventing tourists from going to Lantau by land through making a detour to the Hong Kong-China Ferry Terminal in Tsim Sha Tsui or the Hong Kong-Macau Ferry Terminal in Sheung Wan. This will not only ease the traffic load of the roads in urban areas and alleviate the air pollution caused by running vehicles, but also ameliorate traffic congestion and improve roadside air quality.

Deputy President, I so submit.
MISS ALICE MAK (in Cantonese): Deputy President, at last I can find an issue which both the employers and employees can agree. I will speak on the development of the logistics industry in Hong Kong. A large part of my speech is quite similar to the speech made by Mr Frankie YICK. This shows that a consensus has been reached in Hong Kong over this issue. The logistics industry needs to develop. I hope that the two Bureau Directors, that is, Mr Gregory SO — he has just left, and Mr Anthony CHEUNG, will do something about the development of the logistics industry in Hong Kong.

Deputy President, the logistics industry is one of the four pillar industries advocated by the Government and it employs about 200,000 people. Its added GDP amounts to some $1,900 billion, but the Government does not have any policy devised to support the logistics industry. At present, the Hong Kong Logistics Development Council only meets three or four times a year and there is simply not enough time for industry players to discuss their problems. Besides, the officials in charge will change every two or three years and there is a lack of continuity in the officials' understanding of relevant policies and support for the logistics industry.

In fact, Hong Kong has got the edges for the development of the logistics industry. Hong Kong is a centre of international finance, commerce, trade and shipping. It has got China as the hinterland and it has a sound system of law. The shipping routes are plenty and they cover many places in the world. All these are edges difficult to come by. Unfortunately, as there is a lack of matching policies, the added value of the logistics industry in Hong Kong has been falling instead of rising. In 2010, the added value was some $80 billion. But in 2011, the amount was $67.7 billion, having dropped by more than 20%.

The FTU has a number of affiliated trade unions from different sectors of the logistics industry and they form the Logistics and Transport Industry Committee under the FTU. They all complain that there is a lack of land for use by the logistics industry. And the most serious problem they face is the lack of parking spaces for even the container trucks. Mr Frankie YICK has just suggested that a multi-storey car park for goods vehicles be built. I recall that at the end of the 1980s to the early 1990s, the Government already mentioned that such a car park should be built in Kwai Chung and land should be identified for that purpose. Actually, a site was found but the Government has not put the policy into practice all along. Now trees and grass are still growing all over the place. What I have said is something that happened 20 years ago.
We have chatted with the bosses of some logistics companies and found that they are upset because they are in the logistics business but they cannot even find enough land for storage. In Hong Kong, there are only a few blocks of buildings that are expressly used as warehouses for the logistics industry. Even if they want to expand their operation, they cannot find the necessary land. Even though the logistics industry seems to be on the decline now, we can see that certain SMEs still want to blaze a new trail in the logistics industry. They try to find places to set up their offices and warehouses, but they cannot find the right industrial buildings in Hong Kong that suit their needs. Even if they manage to find these places, the rents are so very expensive that they cannot afford them. Under these circumstances, how can new entrants be encouraged to join the logistics industry and to develop it? Besides, the land for use by the logistics industry is scattered throughout Hong Kong. A better idea would be to set aside some large plots of land to enable logistics companies to cluster in these places because in the logistics industry, there is a need to gather different related industries in one place.

The FTU once raised a proposal with the Government on the development of a logistics park on Lantau. This is because there is land on Lantau. The location is close to the Hong Kong International Airport and it is the landing point of the Hong Kong-Zhuhai-Macao Bridge presently under construction. The site also has the desirable conditions to enable Hong Kong to grow into a maritime, land and air transport hub in Asia or a regional centre for maintenance and repair, as well as purchasing services. In this way, it can offer one-stop supply chain services and management. We reckon that as many as 100,000 jobs can be created, including those related to the processing of goods, repackaging, unloading and transportation, warehouse management, and so on. Particularly, workers from the Tung Chung area can be absorbed and they do not have to travel a long way to the urban areas, hence saving the expensive transport fares. However, since the idea was put forward more than 10 years ago, nothing concrete has been done and no action or planning undertaken has been undertaken. As a result, the industry has become short of competitiveness, unable to create jobs.

The Government once gave a response to the FTU, saying that given the current drastic fall in freight shipment volume and hence the uncertain outlook for the industry, even if land were provided by the Government, there might not be any incentive for the industry to make investments. I think that this is a chicken
and egg question. The logistics industry in Hong Kong used to have a clear edge, but as matching government policies were not available, the volume of freight shipment fell. But the authorities are now saying that since the volume of freight shipment has fallen, it cannot invest in any resources to develop the logistics industry. If this is the case, then there will be no hope for further expansion of the industry.

Perhaps we can leave aside these figures on added value for the moment. I recall that when I was studying in the secondary school, that is, at the end of the 1980s, I joined an essay competition. As I was studying in the Kwai Tsing District, I talked about the development of the Kwai Tsing District. At that time, what the residents of the Kwai Tsing District were most proud of was they had the Kwai Chung Container Terminals which had the greatest throughput in the world. But now our throughput has been overtaken by other container terminals in neighbouring regions. Even if we do not go blindly after growth in numbers, we should improve our container and port facilities. But for more than a decade after the completion of Container Terminal No. 9, there has been no development or change in the infrastructure related to port logistics facilities. In contrast, there has been very active construction and investment in the neighbouring regions. We can say that Hong Kong has not only lost the timing but also let the opportunity slip away.

The policy address of 2013 mentioned that a study should be conducted on the initial feasibility of developing Container Terminal 10 (CT10) at the southwestern part of Tsing Yi. Now years have passed and we are still embroiled in empty talks. Also, the authorities have said that it will carry out the Study on the Hong Kong Port — Master Plan 2020. But what has the progress? We can see nothing about it in the Policy Address this year.

The Logistics and Transport Industry Committee of the FTU pointed out a number of years ago that Hong Kong should build CT10 expeditiously. Since the local logistics industry now faces critical challenges, there is a need for the Government to help the industry stay competitive. The CT10 should be built with government money instead of by the private sector as the existing container terminals are. This is because only when the Government spends the money and then leases the terminal to contractors that the cargo handling fees can be lowered.
I have been a member of the Kwai Tsing District Council for 20 years and when added to this the years I spent in studying in the district, I have been in the Kwai Tsing district for more than 20 years. It really breaks our heart when we see the developments in the Kwai Chung Container Terminals. Mr Frankie YICK has just talked about the situation where no one is willing to drive a container truck. We know after checking the statistics that the increase in wage for drivers of cross-boundary container trucks over the past decade or so was some -10% and the wage they are earning is even less than before. Working conditions at the container terminals are becoming worse, but the wage is getting lower. So how can people be attracted to enter the industry?

On the Kwai Tsing district, in the 2009-2010 Policy Address, the former Chief Executive pointed out that a number of lots for use by the logistics industry should be set aside in Kwai Tsing. It was proposed to develop high value-added logistics and the total area of these lots was 29 hectares. We have questioned the authorities many times in the District Council about the location of these sites, the time for tendering and development and the number of jobs to be created. But the Government could not give us any information and all it said was a study would be conducted and now the study has been completed. But the authorities said recently that according to the findings of the transport impact assessment, two sites with a total area of 4 hectares cannot be used for the development of logistics industry because they are situated at the north of the turnabout of Container Terminal 6. At most they can be used as backup land. In other words, land resources in this aspect have conversely become less after the completion of the study.

We can take a look at the Financial Secretary's blog on 27 January 2013 in which he mentioned the outlook for the development of high value-added logistics services in Hong Kong. He painted a rosy picture, but how can this be realized? What assistance can be rendered to the local logistics industry for it to develop further? I hope the Financial Secretary can do something more than writing in his blog by devising policies to put this into practice.

The authorities suggested recently that in the Hung Shui Kiu New Development Area (NDA), 60 hectares of land will be set aside for logistic uses. This precisely shows that we do not have a sustainable and systematic logistics policy in Hong Kong. On this arrangement to set aside 60 hectares of land for logistic uses, I believe either the Government or the Development Bureau thinks that since there are some existing open-air warehouses in Hung Shui Kiu and as
they will be affected by the Hung Shui Kiu NDA, 60 hectares of land can be set aside to concentrate the logistics industry operating in that place to facilitate development. This is only wishful thinking or good intention on the part of the Government.

However, has the Transport and Housing Bureau ever devised a logistics policy to support the development of this 60 hectares of land? We have discussed this with employees and employers in the logistics industry, and they said that they do not have any impression or idea as to how this piece of land can be developed to provide 50,000 jobs. This is because according to information from the Development Bureau, the Hung Shui Kiu NDA is supposed to provide 100,000 jobs and half of these will come from this piece of land for logistics. But now even the people in the industry are worried and doubt if this piece of land can provide 50,000 jobs. Should there be more co-ordination and communication between the Policy Bureaux? The Government must draw up a policy for the development of the logistics industry before land can be put to the best use and jobs created. It must not adopt a piecemeal approach such that after spotting some vacant land, it claims that the logistics industry can be developed there.

Moreover, I would like to talk about manpower in the logistics industry. According to information from the Census and Statistics Department, the number of people in the logistics industry has fallen from over 200,000 persons in 2006 to less than 200,000 now. I have just talked about the causes for that decline. It is because apart from the fall in wages, the most important factor is heavy workload. Now the wage earners in Hong Kong commonly work long hours. But those in the logistics industry sometimes have to work on Saturdays and Sundays because they have to meet shipping deadlines. So their working hours are even longer. Then as the wages are not high, the industry therefore fails to attract new entrants and many of those working in the industry are no longer young. Moreover, there is also the case of bogus self-employment among the drivers of container trucks or goods vehicles. The employers would ask these drivers to operate or drive as self-employed persons. But this deprives the employees of protection. No wonder no one is willing to join the industry under such working conditions and terms of employment.

The Government should therefore devise a long-term development policy for the logistics industry and that should encompass land, port facilities, manpower training and ways to attract young persons to join the industry. All
these can serve to consolidate the position of the industry as one of the four pillar industries of Hong Kong. We should know that the logistics industry has a long history in the overall development of Hong Kong and it is an industry which has got an edge. The authorities must not adopt the mindset of allowing the industry to decline and disappear by pretending that the industry does not exist when no mention is made of it. I also hope that the vision of the Financial Secretary can become a reality.

Deputy President, I would save some of the time so that I can speak again in the next session.

MR MARTIN LIAO (in Cantonese): Deputy President, the Chief Executive has presented the second policy address in his term of office. Compared with the first one, this year's Policy Address obviously places a large amount of resources on and devotes most length to the three major areas of poverty alleviation, care for the elderly and support for the disadvantaged, as well as education. On poverty alleviation policies, the main idea is to encourage people to become self-reliant through employment and the Low-income Working Family Alliance is introduced for that purpose. This initiative will help people from the lower class meet their immediate needs and benefit more than 200,000 low-income families. Moreover, the initiative can encourage recipients to become self-reliant. It can be seen that the Policy Address has made a great improvement in policies on poverty alleviation, education, housing and environmental protection. In the area of education, as compared with last year's policy address, this year's Policy Address gives people a brand-new feeling and that shows the thoughts, determination and effort of the Chief Executive and his team of officials. This is commendable. However, as I have said many times and as the Chief Executive himself has also emphasized many times, with respect to the long-term economic development of Hong Kong and the overriding importance in it, we must pay equal attention to people's livelihood and economic issues. On long-term economic development, the Policy Address this year lacks in any concrete specific focus policy-wise and almost nothing is mentioned of policies and measures targeting the middle class and the SMEs. The middle class is the cornerstone of society and if, as the Government has said, assistance for the middle class and the SMEs would have to depend on economic development, then economic development would become all the more important. But 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. The message
struck home among the middle-class people is that they would have to fend for their own well-being. When the Government increases the welfare benefits for the grassroots in a proactive manner, it will certainly help ease the people's hardship. But this cannot achieve a balance in matters related to the people's livelihood and economic matters.

In terms of economic development, the scope covered by the Policy Address is quite extensive. This includes the building of a new metropolis on Lantau, setting up a new Innovation and Technology Bureau, and commencing negotiations for a Hong Kong-ASEAN Free Trade Agreement, and so on. But these initiatives remain mostly at the conceptual and study stage and there are no plans to take forward these initiatives. What is being done is to set up committees after committees and there are no concrete details available. As to the economic benefits of these initiatives, they can only be left to our imagination. Hence there is this impression of empty talks in economic matters and a constant handing out of welfare benefits. Admittedly, it is a good thing to set up committees as so doing can collect and listen to views from all parties. But the committees must not be allowed to let what is secondary supersede the primary. A policy cannot be formulated just by relying on a committee, for if that is the case, what would be the use of Policy Bureaux? I think that the Government should assume a more active role in this respect.

Deputy President, with respect to pillar industries like finance and logistics, we can really see no new thinking which drives any further development. On the contrary, attention is paid most to bringing up again the plan to develop Lantau. Lantau does have excellent potentials for development and this is an undisputed fact. Some scholars predict that the synergy effect produced by the tourism industry together with other industries can bring in close to $100 billion of economic benefits to Hong Kong. As compared to the urban areas of Hong Kong whose development is almost saturated, Lantau is a valuable treasure of land. Provided that serious planning is undertaken and good use is made of it, it will become an important land bank that can bolster the economic development of Hong Kong.

The plan to develop Lantau has never been finalized despite repeated discussions since the reunification and what we have had hitherto is nothing more than empty talk. Now the Government is harping on the same old tune once again in deciding to set up the Lantau Development Advisory Committee for the development of a bridgehead economy there and establishment of core business
district called East Lantau Metropolis. But the whole plan is still at a very preliminary stage. While we see other neighbouring regions are all set to launch, we can only breathe a sigh as we miss the golden opportunity to make headway before everyone else. For the sake of the long-term development of Hong Kong, the SAR Government must demonstrate the resolve and boldness to catch up in the days to come.

With respect to the tourism industry, the Policy Address has not spent great lengths on the subject. The specific initiatives only include the concept of the "Kai Tak Fantasy" project proposed by the Economic Development Commission as well as other preliminary proposals like the study on increasing hotel and leisure tourism facilities on Lantau. The SAR Government pretends that it does not see the findings of the Assessment Report on Hong Kong's Capacity to Receive Tourists released earlier. The Assessment Report only focuses on quantitative analysis, devoid of any study on or understanding of the satisfaction of citizens, tourists and the industry. The SAR Government must expeditiously face up to the problem, engage in discussions and formulate solutions. Short-term initiatives include raising the capacity to receive tourists, attracting high value-added visitor groups to come to Hong Kong, diverting visitors in the busy tourist areas and solving the shortage in supply of hotel rooms. Over the long run, the Government can work through consultation with the citizens, tourists and the industry as well as studies undertaken to map out a blueprint for the development of the tourism industry in the next decade.

On innovation and technology industries, the establishment of a new Innovation and Technology Bureau is raised in the Policy Address. This is in effect only the beginning of a plan. Hong Kong cannot hope to develop every kind of technology. Up to this moment, it seems that no assessment has ever been made on developing which kinds of innovative technology and requiring which kinds of talents in technology. We have no idea of these and so we cannot have any specific picture of these aspects. A policy to promote innovative technology is an indispensable part of the sustainable development of any modern and advanced city. We can never overlook a long-term development strategy with its axis on innovative technology. According to the findings of a report published by the International Monetary Fund (IMF), the fact that the per capita GDP of Singapore and South Korea can have more than doubled in such a short span as 10 years is attributed to a very large extent to the efforts made by their governments and the industries in the commitment to scientific research. The input of Singapore and South Korea into scientific
research takes up more than 2% of the GDP. But in Hong Kong, the input during the last five years into scientific research only took up 0.7% to 0.8% of our GDP. These figures show the importance of input into scientific research to economic development. Also, according to the Global Innovation Index 2013, Hong Kong ranks the seventh in the world. With respect to input into innovation, Hong Kong ranks the second after Singapore. As for innovation output, Hong Kong ranks the 15th, and Hong Kong ranks the 38th in knowledge and technological input, fifth in creative output. From this it can be seen that Hong Kong does have the ability to do better in the development of innovation and technology. However, the report also points out that Hong Kong's weakness at present is insufficient dissemination of knowledge in innovation and technology as well as a decline in the export of technology. Besides, Hong Kong now faces such problems as a shortage of relevant talents and insufficient investment by the business sector in scientific research. In view of that, the establishment of an Innovation and Technology Bureau should emphasize inter-bureau co-operation, consolidation of resources, support technology viable for development, attract talents, increase input into scientific research and education, promote co-operation among the industrial, academic and research sectors, and also iron out the existing deficiencies. Meanwhile, the SAR Government must devise matching policies to support the industry in export of technology, and promote regional and international co-operation, sharing of know-how and innovation, and so on. These will enable Hong Kong to develop into an innovation hub. I hope that the Government can abandon the old mindset of patching up inadequacies. This is because, for the innovation and technology industry to develop, there must be backup in the form of commitment of financial and social resources, that is, investing in education, financing R&D, attracting talents, encouraging investments and offering assistance to the industry. The Government must not expect any outstanding achievement from the industry without rendering it any assistance or support. We have wasted much time and many opportunities. Now we have to face very serious challenges. If the Government cannot think out of the box and reflect on past mistakes, the plan to develop the innovation and technology industry will be doomed to failure. Then we might as well stop wasting our time and turn to greener turf.

As for the questions of how the business environment can be improved, how inward investments can be attracted and how the competitive edge of our economy can be enhanced, these are only mentioned in the Policy Address briefly. In recent years, there has been a lack of new growth points in the Hong Kong economy. In shipping, with the enhancement of matching infrastructure
facilities in the Pearl River Delta, our role as the entrepot is slowly fading and so the growth of the logistics industry attached to it also slackens. As for our edge in the finance industry, it is mainly founded on the fact that the systematic reform in China has yet to be completed and the capital account is not yet fully liberalized. All along the finance industry in Hong Kong has focused on the stock market and as a result, the development of markets in bonds, foreign exchange, fixed interest rate products and commodities are relatively slow. When compared with the stock exchanges in London and New York, ours is no match for them. Also, there is a lack of diversity in the markets for corporate financing and new stocks. Hence these markets cannot contribute much to economic growth. Therefore, the pressing task at hand is to improve the business environment and upgrade our competitive edges. This is also the key to our second economic takeoff.

Deputy President, I already pointed out even before joining this Council that as the Government hoards such a huge reserve, it can definitely afford making spendings. Now it is time to spend money. For the moment, what we have is money and what we do not have is time. But our money must be put to the right uses. It should be used in two major areas, namely, easing the hardships of the people and promoting economic development. In the last budget, we can see that the objective is to hand out money blindly. This is disappointing. In this Policy Address, we can see that that the Government has made long-term commitment in easing people's hardship. This is encouraging. But in terms of promoting economic development, the same old inadequacies are not corrected. This is disappointing. The Government is obliged to address people's difficulties. But the public money spent will be gone. However, investments made in economic development will reap returns in tax revenue that can be used to meet future public spending. If industries do not grow, welfare spending increases and if the latter is accounted as recurrent public expenditure, then the 6:4 proportion of public and private sector housing will inevitably reduce income from land sales. It can thus be envisaged that the only way out for Hong Kong in future will be to increase taxes, broaden the tax base and expand the tax net. As a result, a heavy blow will be dealt to economic development and Hong Kong will walk towards a welfare state, which is a path of no return. This I believe is something we do not wish to see.

In this year's Policy Address, resources are concentrated on the grassroots, with the predicament of the middle class obviously having been given inadequate attention by the Government. As we review the policy addresses of the past two
years, we find that the number of measures which can benefit the middle class is very few. There are more than 3.5 million people in the middle class in Hong Kong, accounting for 50% of the total population. They are the lynchpin of our development and also the main source of our tax revenue. The middle class has to face problems like inflation, heavy housing burden and shrinking channels of employment and career development. They live a hard-pressed life. As their burden increases and the quality of life worsens, the size of the middle class dwindles and there is a downward movement of the middle class. They are most concerned about the overall quality of life, including issues like education and healthcare. But most of these are at a stage where studies are being conducted and time is required for the implementation of relevant measures. Hence the middle class can benefit very little. For a long time, the middle class has remained very dissatisfied with the Government for neglecting their interests and demands. If the SAR Government is to win the support of the people, it must respond to the demands of the middle-class people so that they can share the fruits of social development. Their burden should be suitably relieved. I hope that in the coming Budget, the SAR Government can address squarely the predicament of the middle class and relieve its burden.

All in all, there are many bright spots in this Policy Address, but there are also inadequacies. This is in general a good policy address that merits support. But I think that the vigour of efforts made by the SAR Government in alleviating poverty and handling housing land supply overrides the importance of economic development in the short and medium terms. The redistribution of resources in society underlines the limitations of the Government in administration and its failure to take into account the balanced development of Hong Kong. In addition, having learnt from past year's experience, we think that when the Government rolls out its policies, it must enhance communication with various stakeholders and forge a consensus in society. This will facilitate the implementation of various recommendations made in the Policy Address. The great challenge for the Government is to put these numerous measures into practice. As for the many welfare and recurrent expenditure items proposed in the Policy Address, the Government must pay attention to its long-term financial commitment.

With these remarks, I support the motion.
MR JEFFREY LAM (in Cantonese): Deputy President, the Policy Address states from the outset that "The current-term Government is committed to promoting economic development, improving people's livelihood." I agree with this. This is because Hong Kong is facing problems like housing, poverty and an ageing society while in the external environment, the prospects of a global economic recovery are still uncertain. So Hong Kong must have the ability to solve problems like poverty, an ageing society and upward mobility of the young people. To this end, we must promote economic development.

About the proposals made in the Policy Address to help those in need and assist low-income families, I support them. The Policy Address proposes to grant subsidies in order to encourage the people from poor families to go out to work. I think that this can encourage these financially hard-pressed families to gradually break away from poverty through achieving self-reliance. This is a policy which resembles the ancient Chinese saying of teaching people how to fish, and it is also an embodiment of the Lion Rock spirit of striving forward amid adversity.

However, when certain poverty alleviation measures change from the previous mode of "handing out candies" to permanent financial support, we would ask this question: Where does the money come from? Our resources are not unlimited and our fiscal surplus would vary from year to year. The increase in expenditure related to permanent services will in the long run add to government spending.

Moreover, with an ageing population, there will certainly be an impact on economic momentum. This implies that the Government may have to draw down its fiscal reserves. If the reserves decline or if there is a long-standing situation of income failing to meet expenditure, it will affect foreign investment apart from affecting our economic rating. Deputy President, if the economy of Hong Kong cannot maintain continuous growth, will there be a possibility that economic crises like those plaguing certain Western countries like Spain and Greece will also appear in Hong Kong?

Deputy President, improving the business environment is an important link in promoting economic development. We in the Hong Kong General Chamber of Commerce have previously made various suggestions and some of them have been accepted by the Government. We hope that that the Government can offer more business-friendly measures targeting the SMEs, undertake a study to
increase the tax allowance applicable to SMEs, devise a lower profits tax rate for SMEs making a profit of less than $3 million and provide a three-times tax rebate for capital expended by companies on R&D.

In addition, many people in the sector have relayed to me that the business environment has turned worse in recent years. Now that the Chief Executive has made it clear that without economic growth, people in society will all suffer, I hope that the Government can really understand the problems faced by the business sector and implement measures mentioned in the Policy Address on improving the business environment, thereby not making the SMEs alone suffer.

After the implementation of a minimum wage in Hong Kong, the minimum wage level has been revised upwards. Now it is said that studies should be conducted on the prescription of standard working hours and implementation of universal retirement protection. There are also people who demand that the offsetting mechanism for Mandatory Provident Fund (MPF) contributions should be abolished. All these are causes of the worsening business environment in Hong Kong.

I remember that when the MPF was being promoted, there were great controversies in society. The situation can be described as a glaringly wide gap of differences which could not be bridged. The business sector did not support the idea and it was considered that the MPF would add to the burden of the commercial and industrial undertakings. At that time, the Government, for purposes of enabling the passage of the MPF law, suggested that employers' contributions be used to offset long service payment and severance pay. Hence the offsetting mechanism became the prerequisite for support from the business sector for the relevant law. Had there been no such mechanism, the MPF legislation would not have been passed at that time. This offsetting mechanism is the result of consultation among the three parties: the Government, the business sector and the labour sector. If anyone proposes a unilateral revision to this mechanism, it is both unfair and unreasonable.

Deputy President, 98% of the companies in Hong Kong are SMEs. The abolition of the offsetting mechanism for MPF contributions will undoubtedly bring a heavy financial burden to the enterprises, especially SMEs. It may even affect the employment terms of employees and their job opportunities. In the end, it is the employees' interests that will suffer. Given the rising operating costs, increases in regulatory requirements and unstable external economic
environment, many SMEs are now struggling hard for survival. If the offsetting mechanism is abolished, it will add to the operating costs of the enterprises. They will be under heavy financial pressure and fail to break even. Hence the Government must — I stress it must — handle this question carefully.

Before this Policy Address was presented, the stage had been set for the market exit in the United States. It is expected that capital from the Asian markets will withdraw and there is a possibility of a hike in interest rates. These imply the impending end of the low interest rate cycle, and banks will act stringently in approving loans against a background of a hike in interest rate. All these will exert heavy pressure on the cash flow and costs of enterprises.

For many years the Business and Professionals Alliance for Hong Kong (BPA) has been demanding that the Government should launch a credit and financing guarantee scheme worth $100 billion. This proposal has gained the support of the companies in Hong Kong, especially SMEs. It is because the scheme can help them open up markets and raise capital. Many SMEs have told us that they hope the authorities can extend the Special Concessionary Measures under the SME Financing Guarantee Scheme so that enterprises can have more capital in their cash flow and operation, especially given the uncertain economic conditions currently. The business sector would also hope that there can be a rebate of part of the profits tax paid to benefit the self-owned companies and SMEs which are struggling hard to survive.

With respect to the problem of exorbitant rents which are a cause of worry for the business sector, the Policy Address mentions the idea of developing land and underground space. The Policy Address has taken on the idea of developing underground space which has all along been advocated by the BPA and 12 sites were announced last week. I believe these underground cities will not only help ease the overcrowded situation in the retail areas and divert the visitors, but the shop tenants can also choose underground premises which fetch lower rents.

However, there are still many problems faced by the business sector. A serious problem is the difficulty of hiring employees. After the implementation of the minimum wage in Hong Kong, not only has this led to a rise in wage costs but also an inability to hire workers in certain job types such as construction, nursing and retail business. Deputy President, I understand that we have to be careful with the issue of importation of labour. But if we look around in Asia, places nearby like Macao and places farther from us like Singapore and even
Dubai are all actively studying and effecting the importation of labour. In recent years, we can find that the economic performance of these places is not bad at all and they have become more competitive. This is closely related to the importation of workers by these governments. But this Policy Address has evaded the topic of labour importation. So doing will only produce a negative impact on our economic development and lead to rising costs. It is the Hong Kong people who will suffer in the end.

Deputy President, the Policy Address proposes that education and training should be provided to cultivate local talents. This takes time. The Policy Address says that the economy should be developed, R&D efforts should be enhanced and large construction projects undertaken. All these would require talents and labour force. Now the enterprises face the problem of insufficient labour force, just how can there be any development? Why can we not devise a scope for the importation of labour _a la_ the construction of the airport lack in those years, with different job types to match major projects progressing at different stages? Deputy President, government policies must have foresight before they can break the impasse of this disparity between labour demand and supply.

For the sake of the long-term development of our economy, we hope that the Government can take into account the interests of various sectors across the community in policy formulation. It must not only lean onto one side and policies involving business environment and labour relationships must be handled with care. It must be bold enough to take forward measures which can achieve a better business environment. For if not, this repeated emphasis on promoting economic development and improving people's livelihood would end up becoming nothing but empty talks.

Deputy President, I so submit.

**MR CHRISTOPHER CHEUNG** (in Cantonese): Deputy President, the Chief Executive said right in the first sentence of the Policy Address that the "current-term Government is committed to promoting economic development, improving people's livelihood". This I agree very much. Because if we do not put in more efforts to promote economic development, there is no way we can improve people's livelihood and sooner or later we will lag behind our neighbouring regions and countries.
As the Chief Executive pointed out, the financial services industry creates 230,000 jobs in Hong Kong and contributes to 16% of the GDP. It is a high-growth industry and so if we want to enable robust growth of the industry and consolidate our position as an international financial centre, it is most imperative to provide a good business environment for the small and medium-sized stock brokers in Hong Kong and create fair business opportunities for them.

From the Policy Address it can be seen that the Chief Executive attaches great importance to the Financial Services Development Council (FSDC) and it is expected that the FDSC will contribute greatly to the future development of our financial services industry. The FSDC has spent more than one year on engaging in a relevant study, put in much manpower and made many efforts, hired many professionals from Mainland financial institutions and made a wide range of macro recommendations. These include recommendations on developing the Renminbi business, asset and wealth management, real estate investment trust funds, and so on. I agree with these recommendations.

However, on the other hand, I think that the FSDC has obviously failed to take into account and listen to the demands of the small and medium-sized stock brokers. This is because when the FSDC released the first six reports of more than 44,000 words at the end of last year, and when mention was made on how the small and medium-sized stock brokers would be assisted, there was only a short sentence: Research into policies that support small and medium financial institutions. These 10 words in fact mean nothing. Subsequently at a meeting of the Panel on Financial Services of this Council, the FSDC made a slip of the tongue when she mentioned how assistance could be given to train the professionals in the industry, saying that employees in the industry would be assisted in switching to another occupation, not transformation. Given this wrong mindset of the FSDC Chairman, Mrs CHA, how can the industry pin any hopes on the FSDC?

Mrs CHA always carries a pet phrase on her lips, claiming that at that time when the Stock Exchange was listed, the members were all allotted shares and the Government had made compensation to the stock brokers. That she used the word "compensation" shows that we should not make any more demands on the Government. We do not agree with this view. The fact that the Stock Exchange can be listed is the result of toil made by the small and medium enterprises over the past decades. And as we did not want to be accused by the public of being a private club and after taking the macro situation into account,
we agreed to the listing of the Hong Kong Stock Exchange and the full liberalization to accommodate foreign investors. The stock brokers only took the shares due to them when the Stock Exchange was listed. It was not compensation from the Government. I hope the FSDC can see that point and take our demands seriously.

The local small and medium-sized stock brokers are all people who were born and raised up in Hong Kong. They have witnessed the growth and emergence of Hong Kong as an international financial centre and they have a deep feeling for it. They have weathered the stock market crashes, the Sino-British talks, the attack by the financial predators on the local financial markets and also the financial tsunami. Despite these pounding attacks, their resolve in upholding the stability of the Hong Kong financial markets has never wavered the slightest bit. And we have not fallen back in any sense. If we only set our eyes on internationalization of the market and if policies are tilted only to the big brokerages, thinking that this will enable Hong Kong's robust growth into an international financial centre, that must be too naïve indeed.

Suppose we only want to go in the direction of internationalization, it will be like building an international financial centre on quicksand. There is no solid ground for it and we cannot achieve the basic principle of causing the finance industry to serve the real economy. Come to think about this. Once there is any slight change to the political and economic environment of Hong Kong or to the international investment environment, such as a persistent withdrawal of quantitative easing by the United States that results in a credit crunch, a drastic rise in interest rates in the United States will come on its heels. Then who would be the first ones to pull their capital out of Hong Kong? Will these be the large multinational corporations or the SMEs in Hong Kong? The answer is clear enough. It will not be the latter definitely. If we do not have any mechanism that can achieve balanced development, then when trouble hits, it will deal a great blow to the financial security of our country.

The local stock brokers are not asking for any special concessions or preferential treatment from the Government. Their demand is only very simple and humble and, that is, there should be a level playing field. If the local stock brokers are eliminated because of their own faults or their inadequate competitiveness, then we would have no cause to complain. But if it is because of problems in government policy, then we hope that the Government can pay more attention and devise solutions.
I remember that the Chief Executive mentioned in his Manifesto during the election "to support our locally-based financial enterprises, especially small and medium-sized brokers, banks and fund management companies, enhance their competitiveness, raise their standard of service and expand their market share". We therefore hope that the FSDC will not only study how to assist Mainland enterprises to come to Hong Kong to develop or expand their market share and help them go beyond China and make investments overseas, to the neglect of the needs of local SMEs. It must think of its roots and not forget that the present achievement of Hong Kong as an international financial centre is in fact a result of the hard work of the small and medium-sized stock brokers in Hong Kong who, in the eyes of Mrs CHA, are not aggressive and lack an international outlook.

Also, in Hong Kong's financial market, there is also the situation of the rich will always get richer while the poor will always get poorer. But this is neglected by the FSDC and it may even intend to intensify it. There were reports earlier about the FSDC studying the plough-back mechanism for new shares listed because it thinks that there is an excessive reliance on the retail-led approach. It was thinking of reducing the plough-back on small investors when new shares are oversubscribed, which is in effect equal to depriving small investors of their opportunity. Should we sacrifice the interest of small investors when we seek to achieve the goal of becoming an international financial centre? Why are the small local stock brokers and small investors not allowed to take part in the development of an international financial centre?

Deputy President, today we have this debate on the Policy Address and I would only wish to point out that the key to the success of Hong Kong lies in the importance attached to fair participation. We must never give up this basic principle easily.

Moreover, I wish to point out that the regulatory authorities should also change their mentality and should not think that those with a large amount of capital are safe while those with a small capital are in danger. This is because the financial tsunami has taught us that those large financial powers with their multinational corporations could crash overnight. And now countries in the world have rolled out measures to pre-empt the problem of companies becoming too large to fall. The Securities and Futures Commission (SFC) should have recognized this fact. It should not lose its faith in the small brokers and only aim at imposing regulation on them. For if this is the case, it will only drive these small and medium-sized brokers out of business. We also feel gravely concerned that the Intermediaries Department of the SFC will increase its...
manpower establishment substantially this year. We are worried that this will imply the introduction of harsh measures, meaning that the SFC will grind its axe for the SMEs and impose stricter regulation?

As a matter of fact, the current legislation related to the SFC is already very stringent. We have lost many business opportunities because of such excessively strict regulation by the SFC. An example is at the end of last year, when the market was buoyant and many new shares were listed, there was a day when six new shares would be listed at the same time. But when our brokers make subscription to these new shares on behalf of small investors, they had to prepare an extra 5% of liquid asset to serve as a risk guarantee for the small investors. If these five shares were listed at the same time, then the liquid asset withheld would be equal to 30% of the total capital of these brokerages. Obviously, there were business opportunities before us, but owing to the excessively strict regulation by the SFC, such business opportunities would just slip away. As the Cantonese saying goes: "A chicken raised in a boat cannot drink the water it sees". In this way, the stock brokers are unable to do any business. So while we know that the Government is striving to garner business opportunities for the SMEs, on the other hand, these business opportunities are missed because of problems with the law.

Deputy President, the Hong Kong Stock and Clearing Ltd. (HKEx) should also respond to the demands of the small and medium-sized stock brokers by trying to reduce their burden by all means. The HKEx is the only recognized stock exchange in Hong Kong and it has in recent years carried out many reforms. But the result is that these reforms have failed to bring any additional business opportunities to the industry and increase the transaction volume. On the contrary, the Orion system introduced by the HKEx for its claimed high speed and capacity is useless to small and medium-sized brokers who do not engage in programmed transactions and who do not engage in hedging of derivatives. But even if they do not use the Orion system, they still have to bear the high investment costs of this hi-tech product. This is most unfair to them.

However, with respect to the reduction of fees charged by HKEx on leasing stock quotation machines by SMEs, we would welcome such a move. We hope that the HKEx can continue to reduce this kind of fees to a level which is on par with those fees it charges the Mainland investors. Now investors from the Mainland pay only half of the amount of fees payable by us for these quotation machines. We hope that the fees charged can be unified.
Deputy President, while it is important that restrictions should be relaxed and operating costs reduced, it would be all the better if the Government can assist local stock brokers in developing new business activities so that they can make use of the financial reform on the Mainland to venture into the Mainland.

An example is the CEPA Supplement X which was signed in last August. Originally this would allow local brokers to venture into the Mainland market, but the details have not yet been announced. The Government must discuss this with the Mainland authorities and formulate a fair and equitable mechanism so that local small and medium-sized brokers can take part. It must never do anything to exclude the small and medium-sized brokers and neglect them. In the bid to secure this through train for Hong Kong stocks, that is, QDII2, so that Mainland compatriots can invest directly in certain Hong Kong stocks, efforts should be made to ensure that local stock brokers can benefit from this measure and the Mainland stock brokers should not be given the exclusive right so that only they can do such business.

Meanwhile, we should note that there is this problem "the big door having opened but the small door remaining shut "under CEPA. That is to say, Hong Kong companies are allowed in name to go to the Mainland for job and business opportunities, but in reality, they have no way to carry out such activities. It is only when all the doors are open that the financial services industry and other professional services can benefit and all the trades and industries in Hong Kong can truly gain from the CEPA policy. This can also prevent certain trades and industries from getting exclusive rights and ameliorate the wealth gap problem in the long run.

In addition, both the BPA and I think that we have to foster closer co-operation with neighbouring regions, especially Guangdong Province and we must make good use of the Mainland's open door policy and urge jointly with Guangdong Province the Central Authorities for the setting up of a Guangdong free trade zone. This will result in the opening up of financial and other professional services in the province to Hong Kong, hence promoting the development of both places. It will also lead to mutual benefit between the two places and the achievement of a win-win situation.

Deputy President, coming to the business environment, I would like to talk briefly on the question of the offsetting of MPF contributions against long service payments. While I understand that friends from the labour sector want to fight
for more rights and interests for wage earners, we have to be mindful of this because we do not want to kill the chicken in order to get the egg, so to speak. This is because more than 90% of the companies in Hong Kong are SMEs and if they have to bear this large amount of expenditure at one time, this is like driving them out of business. On top of this, most of the SMEs are now incurring losses and if they have to bear the extra cost of the long service payments for their employees, this is like rubbing salt into the wound and their business situation will become more distressful. I hope that the Government can carefully consider the difficulties of the SMEs in business operation and it must never act rashly.

I expect the Government to provide more specific support to various trades and industries so that they can have the opportunity to make contribution to the Hong Kong economy. The Government should also strive to identify a way out for our economy. I hope that the Budget which will be presented at the end of this month can talk more about the direction of economic development. Only when this is done that what the Chief Executive says about promoting economic development and improving people's livelihood can become a reality.

I so submit. Thank you, Deputy President.

IR DR LO WAI-KWOK (in Cantonese): Deputy President, in his second Policy Address presented during his term of office, the Chief Executive, Mr LEUNG Chun-ying, has proposed more than 160 specific measures concerning various areas with the emphasis on poverty alleviation, care for the elderly, support for the disadvantaged, and increase in land and housing supply. All these are livelihood-related issues and relevant measures are proposed in response to some aspirations in society and help ameliorate the problem of wealth gap in Hong Kong. As for issues which are still highly controversial, such as changing the offsetting mechanism between the MPF contributions and long service payment or severance pay for employees, the Chief Executive has not jumped to any conclusion in a rash manner, indicating his prudent and pragmatic attitude.

(THE PRESIDENT resumed the Chair)
However, I consider that there are at least three areas which the Policy Address has failed to address. Firstly, as social welfare spending continues to rise, the sustainability of the Government's financial commitments cannot be ignored. Secondly, in the Policy Address, there is no specific measure with remarkable effect to promote economic development, in addition to the lack of a long-term and comprehensive policy on industries. Thirdly, the authorities have clearly failed to attach due importance to the plight and aspirations of the middle class. These problems pending a clear response from the Government deserve in-depth discussion by various sectors of society.

In this Policy Address, generous measures are proposed in respect of poverty alleviation, care for the elderly and support for the disadvantaged, including the first-of-its-kind Low-income Working Family Allowance and the proposal of incorporating some programmes currently under the Community Care Fund into the Government's regular assistance programmes. It is estimated that social welfare spending will therefore increase by nearly $20 billion annually. Originally, it is the Government's obligation to provide support to the grassroots in need when its financial resources permit, but the authorities must be mindful of whether this will deviate from the fiscal principles under the Basic Law and whether the sustainability of public finances will be affected.

President, Article 107 of the Basic Law stipulates that "The Hong Kong Special Administrative Region shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product." In my opinion, the Government, in considering any public financial commitment, especially when it involves recurrent expenditure, should thoroughly consider this Article and the mid-term and long-term financial situation of the SAR Government. The most noteworthy point in this provision is that the budget be kept commensurate with the growth rate of Hong Kong's GDP, avoiding a tilted fiscal balance.

Take the 2013-2014 Budget as an example. The total government revenue is expected to be $435.1 billion, which is equivalent to 20% of our GDP, while the total government expenditure and recurrent expenditure are expected to be $440 billion and $291.3 billion respectively. The increases of these two items of expenditure are much higher than the expected nominal growth rate of GDP, which is 5.5%, over the same period. Compared with the relevant figures in 1997-1998 during the inception of the Hong Kong SAR Government, the
increases of these two items of expenditure are more than 100% or close to 100%, indicating a continuous growth trend in the total government expenditure and recurrent expenditure. Now, as social welfare spending will increase by about $20 billion annually, public concerns and worries are inevitable.

Firstly, given that the main sources of government revenue are salaries tax and profits tax while social welfare spending is prone to expand, it is difficult for the Government to reduce the recurrent expenditure even though government revenue has declined sharply due to a deteriorating economy. Meanwhile, with an ageing population and dwindling working population, tax revenues will most possibly shrink while social welfare spending may soar due to the commitment to care for the elderly and healthcare. The prediction of a structural deficit arising in Hong Kong may not be alarmist talk. By then, where will the money come from? Should the Government raise taxes on the remaining enterprises and taxpayers or introduce new tax items, thereby undermining Hong Kong's competitive edge in its long-standing simple and low tax regime? Should reserves be drawn down continuously at the expense of the monetary and financial stability of Hong Kong? Should revenue be raised by issuance of a large amount of bonds, thereby resulting in a repayment burden on the next generation? In my opinion, if the Government has decided to increase an item of recurrent expenditure which is relatively huge in amount, it should compile not only a more specific and accurate projection and computation, but also allay the public worries and concerns about the sustainability of public finances.

President, even if the source of money can be solved, a balance should still be struck in respect of the aspirations of various sectors in society. On the one hand, it should strike a balance among the needs of various policy areas. In 2013-2014, for example, the spendings on social welfare, education and healthcare services are expected to account for 60% of the government recurrent expenditure, amounting to approximately $170 billion, while social welfare spending alone will reach $56 billion. A significant increase in this spending will lead to a decrease in the proportion of recurrent expenditure in other policy areas.

On the other hand, the authorities should strike a balance among the interests of various sectors, with all sectors being taken into account. The public opinions in society generally consider that the aspirations of the middle class have been neglected in this year's Policy Address, although the Chief Executive said that as long as our economy can continue to develop, the middle class will be
benefited. After all, no one can quench his thirst by simply looking at plums. The Government should not turn a blind eye to the plight of the middle class. The middle class is facing problems such as a heavy tax burden but few benefits, the burden of high property prices in recent years, as well as enormous pressures of work and life. There is even a trend of gentrification of the middle class. In my opinion, the Government should provide tax concessions and tax rebates in the forthcoming Budget to instantly reduce the burden on the middle class.

The middle-class population currently accounts for about 30% of the total population in Hong Kong. In the long run, the SAR Government should adopt the proposals of the BPA by setting the goal early with appropriate policy initiatives so that the percentage of the middle class accounts for 50% or more of Hong Kong's total population in 10 years. This will not only achieve the level of advanced regions in the world, but also promote upward social mobility and social stability.

President, regardless of whether the Government tries to raise government revenue in the long term or promote upward social mobility, the only permanent cure is commitment to economic development. In his Policy Address, the Chief Executive made it clear that he firmly believes that it is imperative to pursue people's livelihood and develop the economy in tandem. This remark coincides with the core philosophy of the BPA because only economic development can ensure a steady and continuous growth in government revenues which can fundamentally provide the financial resources to meet social welfare spending and the maintenance of a safety net for the poor and elderly. Furthermore, only economic development can continuously provide quality employment and entrepreneurial opportunities for all sectors of society, especially opportunities of upward movement for the younger generation.

Originally, it is our reasonable expectation that the Chief Executive will propose more concrete policy initiatives on economic development. But unfortunately, the coverage of this aspect in this year's Policy Address is apparently insufficient. Although the Chief Executive mentioned the development of a bridgehead economy with the commissioning of the Hong Kong-Zhuhai-Macao Bridge, and proposed a study on the planning and development of the East Lantau Metropolis, yet distant water cannot put out a nearby fire. There is indeed little coverage of the urgent needs of the local commercial and industrial sectors and their concerns about the prospects of growth, including the need to improve the business environment for large,
medium and small enterprises and the indication of a new direction; active efforts to attract inward investments and seek new economic growth engine; as well as upgrading Hong Kong’s economic competitiveness in the long run and in a comprehensive manner. Therefore, the sector is disappointed.

What can the SAR Government do? In September 1998, I wrote to the Chief Executive to express my expectations for the 2014 Policy Address. On the development of industries, I put my focus on two points. Firstly, the SAR Government should formulate a balanced and visionary industrial policy and set a clear policy vision and objective, before providing comprehensive support in terms of land, taxation, capital, manpower training, and encouragement for co-operation among the Government, industry, academia and research sectors. The Government should consolidate not only the pillar industries, such as financial services, logistics, tourism and professional services, but also expeditiously foster the emerging industries, such as the environmental protection, innovation and technology, testing and certification, cultural and creative industries. Furthermore, it should reinvigorate traditional industries, such as food manufacturing and processing, so that our economy can develop in the direction of diversification and high value-addedness.

Secondly, Hong Kong is a place suitable for the development of technology industry and Internet economy, whereas the former can help enhance the competitiveness of other industries in Hong Kong, the SAR Government should increase investments in R&D and promote industrialization of technologies, such as promoting commercialization of R&D results, industrialization of commodities and internationalization of industries. The Government should roll out more flexible policy initiatives to induce the sector to increase investment in technology infrastructure, improve mobile Internet and expand the regional data centres. Allowable deduction for R&D expenditure should be increased to 200% or 300% as an incentive for enterprises to conduct R&D. Furthermore, the current R&D funding mechanism should be improved to facilitate application by enterprises.

In fact, after being elected as a Legislative Council Member, I have joined hands with friends in the engineering and technology sectors to urge the Government to establish a Technology Bureau expeditiously through various channels. This Bureau will be responsible for drawing up the objectives and policies for the development of innovation and technology in Hong Kong. The Chief Executive announced in his Policy Address the initiation anew of the
setting up of an Innovation and Technology Bureau, which is considered a positive response to the request of the sector. I look forward to the strong support of all Honourable colleagues and various sectors of society because the proper use of technology will help improve the economy and people's livelihood as well as enhancing the efficiency of all trades and industries. Certainly, my friends in the engineering, technology and business sectors and I also look forward to seeing the Financial Secretary adhere to the principle of "committing resources as and when needed" in the forthcoming Budget, and introduce financial and monetary policies to further promote the economic development of Hong Kong. Furthermore, we expect the Government to actively invest in the future to enhance the long-term competitiveness of Hong Kong as a whole, promote upward social mobility and facilitate the sustainable development of Hong Kong. With these remarks, President, I support the motion.

DR LAM TAI-FAI (in Cantonese): President, this debate session, which covers five policy areas, should be attended by one Secretary of Department and three Directors of Bureaux. But in this Chamber, I can only see Secretary Prof Anthony CHEUNG, while other Secretaries of Departments and Directors of Bureaux are absent. This reflects the importance attached to the Legislative Council Members' speeches by the current-term Government of the SAR. I hope Secretary Prof Anthony CHEUNG will stay in the Chamber until I have finished my speech, lest I will talk to an empty chair. I believe it is better to play music to a cow than talking to an empty chair.

President, the SAR Government has repeatedly emphasized that it is imperative to develop the economy and pursue people's livelihood in tandem. The Chief Executive's philosophy of administration can be described as incisive. I very much agree to it and strongly support it.

In Hong Kong, the concept of "one country, two systems" has been implemented after the reunification. To effectively implement capitalism, the Hong Kong economy should grow robustly with a prosperous business sector. This is the guiding principle of development. So, the proactive Government should formulate effective economic policies and measures to enable Hong Kong economy to develop in a sustainable, healthy and diversified manner so that there is surplus rather than deficit. In addition, the Government should know how to create a favourable business environment so that various industries and foreign and local investors can rest assured, confident of making investments in Hong
Kong. They can look for business and development opportunities in Hong Kong. Only in such a situation can the slogan of "unleashing Hong Kong's potential" in the Policy Address be materialized.

President, as the saying goes, "with money one can make even a ghost push a grinder". In a capitalist society, we cannot achieve any goals without money. So, I very much agree with paragraph 10 of the Policy Address, that Hong Kong needs sustained economic growth to address issues such as poverty, housing, an ageing society, environmental protection and the upward mobility of our young people.

President, last year I strongly criticized the maiden Policy Address of LEUNG Chun-ying for being devoid of objective or direction because he failed to present an economic development blueprint to us. He had merely announced in a high profile the setting up of two bodies, namely, the Financial Services Development Council (FSDC) and the Economic Development Commission (EDC) while details about economic development could be described as hollow. At that time, I already drew the conclusion that Chief Executive LEUNG Chun-ying could not lead Hong Kong out of the Red Sea like Moses did. Even now, both the FSDC and EDC are in fact "all thunder but no rain", meaning that no concrete proposal has been put forth so far. Both of them still reiterate that they have to conduct studies. They have to conduct one study after another. If Hong Kong goes on like this, I am really worried that Hong Kong will be marking time and our economy will be on the wane year after year.

President, time flies and in the blink of an eye the second Policy Address was presented on 15 January this year. In this Policy Address, the Government has put all efforts and resources on poverty alleviation, care for the elderly and support for the disadvantaged. The fact that the Government has determined to improve people's livelihood in order to curry favour with the lower class is understandable and worthy of support. Unfortunately, however, the Government has completely ignored the need of economic development. In the Policy Address, there is nothing to write home about insofar as the policies and measures on economic development are concerned. What the Chief Executive said are empty words, indicating that he has no will and no strength at all. This is contradictory to the Chief Executive's remark that it is imperative to pursue people's livelihood and develop the economy in tandem. President, if the Policy Address is described as suffering "disability of a single limb", it is most appropriate and I believe you, President, will also agree with me.
President, the SMEs account for more than 98% of the total number of enterprises in Hong Kong and serve as an important engine of economic development for they support a large number of employees. If I say that the success or failure of SMEs is tantamount to the success or failure of Hong Kong economy, I think it is no exaggeration. However, owing to the uncertainties in the current economic situation, the SMEs are simply incapable of dealing with such daunting and challenging conditions on their own. They badly need the Government to formulate effective support measures to create a favorable business environment in order to help their sustained development. These sectors include the export trade, those engaged in domestic sales or sales in the Mainland. But unfortunately, this year's Policy Address is totally silent on the support for SMEs which are indeed worried and disappointed as a result.

President, in view of this situation, may I ask whether Secretary Gregory SO, who is absent today and cannot hear my speech, considers that SMEs are capable enough to fend for themselves amidst adversities without any support measures from the Government? Or does he think that the economic policies launched by the Government are more than enough and no more effort is needed? Or as criticized by many people in the trade, the Secretary is simply an incompetent person or sinecure who does not know how to formulate an effective economic policy? I very much hope that he can return to the Chamber and give a clear explanation to SMEs.

President, economic development is closely related to the economic structure which should be adjusted and planned according to the prevailing development and trend rather than remaining unchanged. It cannot be tilted to the financial and real estate sectors like it was in the past.

Economic development should be diversified in order to be healthy and sustainable. The Policy Address put its focus on the development of agriculture and fisheries. From the number of employees and the percentage share of GDP it accounts for, many people may think that the emphasis put on the agriculture and fisheries industries by the Government is incredible. But I would not oppose it because the agriculture and fisheries industries also need development. Besides, I will not speculate whether the Chief Executive is tilted to the agriculture and fisheries industries because he wishes to thank them for their votes. Even though he wishes to thank them for their votes, it only shows that he is a trustworthy person who is grateful to those who have been kind to him and
wants to repay their kindness. He is not a person who shows ingratitude for favours received as described by LEW Mon-hung.

On the contrary, President, I have to remind the Government that enormous support to the development of agriculture and fisheries industries alone absolutely cannot ensure the development of our economy. The Chief Executive should at least understand that not all university graduates or young people are able or willing to join the agriculture and fisheries industries. It is necessary for the Government develop at the same time other industries, especially those which can contribute to our real economy, including the traditional industries and creative industries. Unfortunately, there is no mention of industrial development in this year's Policy Address, same as that of last year.

President, the Government has urged for upgrading and restructuring of our industries and that people should go to the Mainland for development and enter the domestic market. The Chief Executive has even encouraged young people to obtain loans from the banks by re-mortgaging their flats or borrow money from their relatives so that they can start businesses in the Mainland. However, he is reluctant to roll out any specific and effective policies in a pragmatic and earnest manner in order to help the SMEs develop in a sustained manner.

President, the Government is well aware that if section 39E of the Inland Revenue Ordinance (IRO) is not amended, it would seriously impede the restructuring and upgrading of enterprises because import processing cannot be conducted and entry to the Mainland domestic market will become impossible. But the Government is too sceptical and treats all enterprises as bad elements which will evade taxes through the tax law and cheat the Government. Therefore, the Government simply did not try to find out any solution to plug the loopholes in taxation and refused to revise the outdated tax law. As a result, the industrial sector is very disappointed and find it regrettable.

President, as the Government plans to set up an Innovation and Technology Bureau parceled out from the Commerce and Economic Development Bureau, it might as well consider splitting up the Financial Services and the Treasury Bureau into two bureaux with Paul CHAN taking charge of the Treasury Bureau. As he used to be an accountant, he is well-versed in the tax law and an amendment to section 39E of the IRO will certainly not pose any difficulty to him. In my opinion, the reshuffle of public officers at this moment will ensure
that talents are fully tapped to benefit the development of the industrial sector. It is totally a job-skill mismatch by assigning Paul CHAN to head the Development Bureau. As a result, he is unable to achieve the objectives while being scolded by the public.

President, the Government has tried to seek a new economic growth point for Hong Kong by proposing the setting up of an Innovation and Technology Bureau to the Legislative Council. President, I strongly support the development of technology and creative industries in Hong Kong. In fact, any civilized and advanced city will attach importance to the development in this area. However, I do not support the setting up of an Innovation and Technology Bureau at this moment by the Government unless the Government has a clear work objective with a development direction and an ideal candidate to head the Bureau. Because there are already a number of Bureau Directors whose performance and achievements have not been accepted and recognized by the public. Owing to their poor performance, blunders always occur in the Development Bureau, Education Bureau and Environment Bureau, for instance, and support is often required.

Honestly, in the past when Chief Secretary Carrie LAM was not so busy, she could come out to defuse the bombs for these Bureau Directors when blunders occurred. However, she has taken up an important historical task since 4 December last year, that is, to take forward the constitutional reform. I believe she has no more extra time and effort to take care of under-performing Bureau Directors. If the Government is unable to find a suitable or competent Bureau Director for the newly-established Bureau, why should the Government take the risk and fight an uncertain battle at this moment? Should problems occur and some official has to take the blame, it will affect both the prestige of the Government and the successful implementation of the constitutional reform. The consequence will be serious. Who can assume such responsibility?

President, haste makes waste. So I do not support the setting up of an Innovation and Technology Bureau by the Government before the successful implementation of the constitutional reform. In a nutshell, better late than nothing.

President, free economy has been the cornerstone of Hong Kong's success, and Hong Kong's advantage is due to its proximity to the Motherland. In fact, the Hong Kong Government should vigorously promote economic development
by making use of these two unique advantages. But in recent years, the Government has introduced some policies that undermined free economy, such as the "double curbs" measures on the property market and the "powdered formula restriction order", and measures with the purpose of restricting the number of visitors under the Individual Visit Scheme in order to intervene in the free market, thereby dealing a blow to our free economy. Worst still, it has seriously damaged the relationship between China and Hong Kong and provoked conflicts between the people of the two places.

If the Government continues to solve economic problems by means of "stop-gap" measures with a short-sighted vision, Hong Kong's reputation as a free economy will soon be totally destroyed. Coupled with the deteriorating relationship between China and Hong Kong, I bet Hong Kong will certainly lose its advantages in the future and our long-standing competitiveness will lag far behind our neighbouring regions by a wide margin. The economic development of Hong Kong will probably be worse than that of some second and third tier cities in the Mainland.

President, Hong Kong is so densely populated that the land suitable for development on Hong Kong Island and in Kowloon is almost exhausted. So, I can say that the land supply and economic development of Hong Kong in the future will certainly be inseparable from the New Territories. The development of the Northeast New Territories and New Territories South by the Government is absolutely a right direction, otherwise it is impossible to release more land for housing and economic development. However, if the Government continues to ignore the interests and aspirations of the indigenous inhabitants, and even undermine their trust in the Government by adopting a partial attitude towards them and refusing to talk with them in respect of land resumption, compensation and rehousing, then I am sure this problem will not be solved and no more land can be released in Hong Kong.

If the Government wants to resume the land from the indigenous inhabitants for development, then it must face the reality and offer reasonable compensation and sensible rehousing to them. President, most of the indigenous inhabitants I know are not arrogant even though they are not rich. Most of their demands and aspirations are raised on the basis of reasonable justifications. They absolutely do not have any intention to impede the healthy and sustainable development of Hong Kong. Therefore, if the Government wants to increase
land supply and develop the economy, it should respond to the indigenous inhabitants' aspirations with a rational and pragmatic mindset. It should talk with them to achieve the desirable result.

President, I so submit.

MR CHARLES PETER MOK (in Cantonese): President, I think nobody can deny that innovation and technology are the major driving force for the development of a diversified economy, creating jobs and upgrading competitiveness. The establishment of an Innovation and Technology Bureau — the Government used to have an Information Technology and Broadcasting Bureau — is a cause long-championed for by the information technology (IT) sector. We, therefore, very much welcome the Policy Address confirming that the Government will re-initiate the setting up of an Innovation and Technology Bureau. However, the wording of the Policy Address and even the remarks made by the Secretary when he attended discussions in the panel subsequently have not provided the details. Up to this moment, this is probably the only proposal made in the Policy Address of which the details have not yet been reported to the panel of the Legislative Council. This is not quite desirable.

I think the authorities must also understand that the industry and society as a whole have very high expectations of the Innovation and Technology Bureau. I would say that the setting up of an Innovation and Technology Bureau is the only novelty that can be found in the part on economic development in the Policy Address. We hope that the Government can truly prescribe the right cure for the technology industry of Hong Kong and improve the inadequacy in its past administration. The industry and I are very concerned about the structure, policy areas, work priorities and leadership of this new Bureau as well as whether it can upgrade the level of the technology policies. If the Government only aims to set up this new Bureau in the shortest time with the least effort, that would be entirely devoid of originality or breakthrough. If the Government does not implement some industry policies, I believe the industry would not accept it easily.

There are some questions that I very much would like the authorities to — I have to make the same point again; it is regrettable that Secretary Gregory SO is not in the Chamber as this area of work is temporarily placed under his charge — There are some questions that I very much would like the authorities to provide
answers in the paper to be submitted on the Innovation and Technology Bureau. These questions include: What role do the authorities hope Hong Kong will play in the global and regional innovation and technology arenas? What is the position of the Innovation and Technology Bureau? How can it formulate a clear, comprehensive and forward-looking strategy on technological development and enhance the flexibility and continuity of the policies? How can it ensure effective distribution of public resources for innovation and technology and IT, in order to enhance the efficiency of the utilization of resources? How can it rationalize and break the administrative barriers among various government departments and public bodies? How will it commercialize Hong Kong's outstanding basic researches and facilitate the application of new products and services developed locally in various industries with priority? How will it improve innovation and technology education, and nurture talents with independent thinking or reasoning as well as young elites, and attract them to join the technology industry? How will it promote academic and talent exchanges between Hong Kong and the Mainland or the international community as well as co-operation between technology and enterprises? How will it attract local and overseas enterprises to make investment and engage in R&D in Hong Kong and in particular, provide facilitation to international leading technology enterprises in setting up operational centres in Hong Kong, so as to create quality job opportunities? How will it promote the significance of technology to society and the future development, in order to create a culture of attaching importance to innovation and technology?

In this connection, my office has prepared some preliminary recommendations on the Innovation and Technology Bureau, covering the mission, objectives, tasks, and structure of the Bureau. We will continue to consult the industry and then convey such information to the Government. I will first pass this Preliminary Proposal to the Chief Executive today.

In my following speech I will first present some of my key proposals. Dr LAM Tai-fai expressed concern earlier on, opining that the Government should not press ahead with its proposal if it does not have clear objectives. We hope to provide clear objectives for the Government. Moreover, if there is such a need in the economy, we should not ask the Government not to proceed with it because of concerns about the Government not being able to accomplish it. The most important point is that there is indeed this pressing need in society.
My first proposal is that technology policies must be regularized and institutionalized. As we can see, places such as Singapore, Japan, South Korea, Taiwan and Israel have successfully placed the technology policy at the core of their economic development in recent years. They have also put in place a medium-to-long-term planning mechanism requiring their Government to regularly assess future needs, develop science and technology policies, and allocate resources for their implementation. The Government should convince the public that the establishment of the Innovation and Technology Bureau does not only aim at consolidating the relevant departments. Rather, the objective is to promote high-level, cross-sectoral technology policy planning in the medium-to-long term through the mission, work plan and structure of this Bureau.

This Bureau must seriously study Hong Kong's positioning in the development of the technology industry and in the light of the shortcomings in the current policies, devise a comprehensive development strategy on increasing public-sector R&D expenditure, improving the details of the existing funding schemes, enhancing incentives for R&D, and facilitating technology transfer as well as education and training, and so on, while at the same time drawing up diversified performance indicators and adopting the mentality of making long-term investment and achieving short-term goals to develop the technology industry.

Second, adopting a result-oriented mindset. Although the Government has provided funding for many R&D projects through the Innovation and Technology Fund, many systems are cumbersome and rigid, and administrative and accounting considerations often come first. When formulating technology policies, the Government should allow greater flexibility to enable researchers to make arrangements for resources more flexibly. In the review of the Innovation and Technology Fund by the Government, I suggest that the Government should listen more to the views of researchers and improve the arrangements for various funding schemes.

Third, investing in visionary studies and consolidating advisory bodies. The Government should make it a target to increase the contribution of the technology industry to the economic growth of Hong Kong. As the trend of technological development becomes increasingly complex and fast-changing, in order to ensure that the injection of resources copes with future trends of development, I suggest that the Government should allocate more resources to
conducting visionary studies on specific topics and consolidate the existing planning mechanism, with a view to putting forward a technology development strategy suitable for Hong Kong to dovetail with the future development. I also suggest that after the establishment of the new bureau, efforts should be made to consolidate the various technology-related advisory bodies and rationalize the work of strategic development while forging closer communication with other Policy Bureaux, with a view to promoting and implementing some concrete measures.

Fourth, improving effectiveness of support and facilitating technology transfer and commercialization. I propose the establishment of a task force comprising of academics and researchers to comprehensively review and study the existing R&D funding policy and submit recommendations to the Government, with the objective of encouraging more local R&D activities policy-wise and through provision of additional resources. The authorities should consider allowing research institutions greater flexibility in funding and providing more tax incentives to support SMEs and R&D activities of local enterprises, as well as releasing the intellectual property rights of government-funded research projects for use by SMEs.

Fifth, promoting commercialization of local R&D results and supporting local manufacturing industries. Yesterday, I had the opportunity to discuss the setting up of an Innovation and Technology Bureau with Mr Albert CHAN on a certain occasion, and he made a point to which I very much agree. He said that after R&D results are transferred, the entire production process should not be moved to the Mainland. We must have in place corresponding measures to provide more funding locally for industrial design, prototype testing and certification, and so on, with a view to encouraging local design and production and facilitating the development of local manufacturing industries to create more quality job opportunities for Hong Kong people.

Sixth, promoting technology education and nurturing creative talents. The Government should improve technology education through enhancement of school infrastructure, curriculum and content. It should improve the network infrastructure, equipment and technical support in schools. It should enhance IT-related basic curriculum in schools, provide more opportunities for young people to join R&D projects, and provide more resources to promoting the usage of information and communication technologies among the grassroots and the underprivileged, in order to improve and narrow the digital gap.
Seventh, improving the image of the industry and breeding a culture that attaches importance to technology. The Government should enhance the use of IT, such as cloud computing, open data and big data analysis that we often talk about, in order to improve delivery of government services, support government policymaking and enhance the transparency of governance. This will enable the public to see the relevant benefits. The Government should take the lead in the use of locally developed technology, encourage IT application by SMEs, and promote the significance of technological development in social and economic development, hence developing a culture that attaches importance to technology and encourages entrepreneurship. These are precisely what have been achieved successfully by the many countries that I have just mentioned, including Singapore and Israel.

Eighth, seeking collaboration with the Mainland while eyeing global opportunities. The new Policy Bureau should make good use of the advantages of Hong Kong through close exchanges of views with stakeholders in the IT sector while grasping the opportunities for scientific and technological co-operation with the Mainland and strengthening Hong Kong's standing in regional and global markets to maintain Hong Kong's position as an international metropolis. It is because with the use of the Internet, we can do business not only with the Mainland which is closest to us but also with places all over the world.

Ninth, defending Internet freedom. While I put this point at the end of the list, I think it is probably the most important point. We must maintain free flow of information, which is the most important and an unique cornerstone of Hong Kong and a key advantage possessed by Hong Kong as an information and communications technology hub. The Innovation and Technology Bureau should undertake that content filtering, censorship or monitoring of online speech and conduct in any way do not occur in Hong Kong while defending a free and open Internet.

President, the development of an innovation-based economy is the global trend of nowadays, and the next wave of economic development will certainly be taken forward through a combination of knowledge and technology. No doubt it is now necessary for Hong Kong to enhance our technology research and innovation capacity. These are precisely the areas in which we must catch up with other countries in many international competitiveness rankings. Having said that, the promotion of the technology industry requires support on various
fronts. We can also follow the experience of overseas countries of putting in place a dedicated department and bureau director responsible for technology matters, so as to provide sufficient manpower and resources for systematic formulation of industry policies and co-ordination of enforcement by various departments. I hope that the establishment of an Innovation and Technology Bureau is the first step taken in this direction.

Nowadays, technology is no longer just the business of us so-called technology industry or IT people, and the establishment of an Innovation and Technology Bureau is absolutely not just the business of the technology industry. Technological development can affect each and every industry as well as each and every person. It is very important to the long-term development of Hong Kong whether from the angle of the economy, the people's livelihood or consumers. The economic development of Hong Kong should no longer be confined to the financial services and real estate industries. It is necessary for us to provide more career options and opportunities for the next generation, and it is only when R&D and IT are linked with each other and complement each other that the Hong Kong economy can hopefully benefit from the "dual engines" to achieve new growth and also enhance innovation and competitiveness. I hope that the Government can truly make continuous efforts this time around to support technology and develop an innovation-based economy.

President, according to what the Government has said so far, the new Bureau does not include the Communications Authority. In other words, ensuring consistency in technology-related policies will come under the purview of the same Bureau. Insofar as the scope of duties is concerned, the idea is not yet complete according to the structure of the new Bureau. The Commerce and Economic Development Bureau and the Government will be — particularly given that this "one single man" of the incumbent Chief Executive has during the past year acted against the principle of competition in granting licences, or perhaps there is actually no policy on the grant of licences — facing many challenges this year, including the renewal of free television licences, and whether or not services can be provided smoothly by the two companies to which a licence is granted in principle and the Hong Kong Television Network Limited which has just acquired a mobile television licence. Here, my sincere advice to the Government is that it should not act as the enemy of the people ever again.

President, apart from the proposal of setting up an Innovation and Technology Bureau, this Policy Address has mentioned little or even nothing
about the support for other industries, SMEs and even the middle class, which is disappointing to many members of the public. While we welcome the Government starting to show an interest in the technology industry, we hope that the Government will also provide assistance to various trades and industries in Hong Kong, in order to develop the economy of Hong Kong from a diversity of perspectives.

President, I so submit.

MR CHAN CHI-CHUEN (in Cantonese): LEUNG Chun-ying was raving yesterday, telling Hong Kong people not to be conceited before getting rich. This session of the debate on the Motion of Thanks, which covers "Economic Development" as one of the themes, precisely provides a forum for us to discuss this issue, as the Secretary of Department and Directors of Bureaux responsible for financial and economic development in Hong Kong are in the Chamber today. Is Hong Kong really "未富先驕" (being conceited before getting rich), put it in LEUNG Chun-ying's words, or "未富先凋"¹ (being withered before getting rich) as we would put it — "凋" (diu¹) as in "凋謝" (diu¹ ze⁶; meaning to wither)? Is Hong Kong rich now? If he said "before getting rich", then will we be getting rich or getting poor? I think Hong Kong people would very much like to hear the views of officials responsible for financial and economic development.

The question of whether Hong Kong is rich or not actually depends on how we do the calculation. If we do such calculation in terms of riches, certainly the Mainland is richer. But if we look at the per capita GDP, we can see that according to the statistics of the World Bank in 2012, the per capita GDP of Hong Kong was US$51,946, ranking the ninth among the top 10 of the world, compared to US$9,083 of the Mainland which ranked close to the 90th. Of course, despite such a high per capita GDP of Hong Kong, Hong Kong people, on hearing those remarks made by LEUNG Chun-ying yesterday, only feel that we are actually very poor and worse still, we are getting poorer and poorer because property prices and shop prices are ever rising whereas the prices of goods are pushed higher by higher as a result of people scrambling to buy them. So, in this debate session, I would like to focus on tourism in my discussion.

¹ "驕" (giu¹) rhymes with "凋" (diu¹) in Cantonese.
The Policy Address has a total of three paragraphs dedicated to the tourism policy. Paragraph 22 said, "The healthy development of the tourism sector can create a large number of jobs for lower-skilled workers and facilitate the diversification and growth of our economy. We must expand our receiving capacity, focusing on high-spending visitors, to achieve the greatest economic benefits with limited resources. We must also take appropriate and effective steps to ensure that the daily lives of our people will not be affected." I thought that this would be the tourism policy for the coming year since this is so written in the Policy Address, but the tone of LEUNG Chun-ying seemed to have changed yesterday as he said to the effect that Mainlanders and foreign visitors coming to Hong Kong have created a massive number of job opportunities for the local tourism industry or the grassroots in Hong Kong and so, we should not be conceited before getting rich.

These remarks were actually made to refute the proposal raised by People Power some time ago of imposing an arrival tax on visitors arriving on land. Insofar as this proposal is concerned, most government officials did not comment much on it, except LEUNG Chun-ying. But the pro-establishment media has been propagating feverishly that this step will damage and deal a blow to the tourism industry in Hong Kong. When it comes to damaging the tourism brand name of Hong Kong, I think the Commerce and Economic Development Bureau is the first to be held responsible and blamed, because the Assessment Report on Hong Kong's Capacity to Receive Tourists compiled by the Tourism Commission under the Bureau has been criticized for making ridiculous assessments.

Assessments on the capacity to receive tourists have all along aroused criticisms over the years. First, they presume in concept that tourist destinations are static, rather than dynamic scenes with complexities; and second, they presume in practice that the entry and departure of tourists are controllable and predictable. As a result, it is difficult to implement the assessment results. That said, this Report is inconclusive and inaccurate or it has even concealed the faults and sung the praises of the merits.

An assessment on the capacity to receive tourists should cover such major areas as the geographical environment, population in society, as well as the political, economic or ecological conditions, setting detailed standards of assessment in each of these areas. However, the said Report has put emphasis only on the Individual Visit Scheme (IVS), dedicating most of the paragraphs to the handling of problems relating to immigration control points and the capacity
of transport carries. Not a single word is mentioned of how satisfactory the tourists are after their arrival or the impact on the culture of Hong Kong society. The assessment of the impact on the urban and natural environment and also on monuments are all the more lacking.

As pointed out by the United Nations Educational, Scientific and Cultural Organization some time ago, the use of the receiving capacity as an indicator for assessment will give people a wrong impression that having an adequate capacity to receive tourists means that cultural heritage is protected. In fact, when it is said to be "adequate", it is often inadequate and as a result, there is often the problem of overcrowdedness and our cultural heritage being put under threats. Speaking of cultural heritage, we actually should distinguish between tangible cultural heritage (such as architecture) and intangible cultural heritage. The original way of living of Hong Kong people can be considered the cultural heritage of Hong Kong and may be a reason attracting visits by foreigners or Mainlanders.

Moreover, the Report of the Tourism Commission is deliberately evasive in the part on the Impact on the Livelihood of the Community. This chapter consists of only two pages which mention law and order as well as parallel trading. The part on law and order consists of one and a half pages, stating that only 7.1 Mainland visitors committed criminal offences out of every 100 000 arrivals from the Mainland, which is a low proportion, but on the contrary, quite many Mainland visitors have sought assistance and for this reason, it is concluded that the police will have to increase manpower accordingly. The part on parallel trading contains only four or five lines. One of these lines reads, "...given that combating parallel trade activities and Hong Kong's capacity to receive tourists are two separate issues and should not be discussed together, this report has not included parallel trading in our assessment or discussion.". I would say that this Report of the Tourism Commission aimed only to complete the report to the neglect of parallel trading, turning a blind eye to the adverse impact of the dynamic movements of parallel trade activities on the tourism industry of Hong Kong. I must ask: Who is actually damaging the image and future of the tourism industry of Hong Kong?

LEUNG Chun-ying is posing himself as "Father of IVS" as if this is achieved by his own efforts and he knows best the needs of Mainland visitors. But does he understand that when many inbound Mainland visitors are thinking that Hong Kong is a shoppers' paradise but in this shoppers' paradise they now
see long queues everywhere as all the places are crammed full of people and it often takes a long time to wait in the queues, a paradise will turn into hell? What we need to take into consideration is whether the proposal of imposing an arrival tax is a relatively less costly way to restore the reputation of the shoppers' paradise.

Some people have asked who should foot the bill for this arrival tax? Should it be paid by the visitors or offset by initiatives taken by the tourism sector or the commercial sector to reduce their prices? This will depend on the elasticity of supply and demand in the ABCs of Economics. When I say elasticity, I mean whether we have the strengths to raise stakes in bargaining and who is more anxious about it. Will tourists reduce their number of visits to Hong Kong after a tax is imposed? Some people said that the levy of an arrival tax will drive away tourists. This reflects their mindset that Hong Kong is in no position to raise stakes in bargaining because we actually do not have advantages and so, imposing a tax of a hundred or so dollars will turn tourists away to Taiwan, Macao, Thailand, Singapore, and so on. In making that statement, they are actually degrading Hong Kong's reputation as a shoppers' paradise. Could it be that our cuisines are not special enough and our tourist attractions compare less favourably with those in other places and so, tourists will turn to other places because of this tax of $100?

The appeal of Hong Kong as a tourism city is, true enough, on the decline. The pollutants blown from the north have caused air pollution here. The influx of parallel traders has resulted in overcrowdedness. Hong Kong is indeed far less attractive than it was before. However, Hong Kong still have certain appeal to tourists, especially Mainland tourists. It is indeed unnecessary for us to laud the spirit of others and belittle that of ours, and had we not taken this attitude, our streets would not have become so overcrowded. Still less would any government official have advised Hong Kong people to wait for several more trains.

The selling point of tourism in Hong Kong is never just confined to we being a shoppers' paradise as we also offer cultural tourism. The entire city of Hong Kong is obviously a melting pot of the Chinese and Western cultures and a huge, vivid museum. However, this mindset has now changed as the persons in charge of tourism have degraded Hong Kong's attraction to being a factory outlet which fares better than others only in terms of shopping. In fact, if our tourism relies only on selling wines, brand name watches, jewellery and various imported
goods, what good will it do to Hong Kong at large apart from pushing up the value of shop space and enabling shop owners to make great fortunes? Some economists have pointed out that consumption by inbound tourists must be deducted by the cost of imported goods and only the remaining value is considered its contribution to the GDP of Hong Kong. The contribution of consumption by Mainland visitors to our GDP is believed to be less than $179 billion and even if we overestimate their contribution to the GDP to be $179 billion, they contributed only $25,000 to the per capita GDP of Hong Kong if we calculate this on the basis of the population of Hong Kong in 2012.

Why is it that most ordinary members of the public cannot feel these benefits brought about by the IVS to Hong Kong? Because these benefits go to a handful of businessmen only whereas the social cost is nevertheless borne and shared out evenly by all Hong Kong people, thus resulting in various sequels. The proposal made by the People Power of imposing an arrival tax on tourists arriving on land is actually the right remedy to the problem. It is because according to our calculation, a tax of $100 collected from each tourist will generate a revenue of over $3 billion based on the visitor volume of last year alone, which can sufficiently meet the expenditure on the Low-income Working Family Allowance. To protect Hong Kong's reputation as a tourism city from falling, it is imperative to combat parallel traders, maintain a pool of quality tourists and seek support for imposing an arrival tax on tourists arriving on land. These actions can brook no delay.

Do Hong Kong people support this proposal? Mr Christopher CHUNG said earlier that Hong Kong people will definitely not support it. But an interactive opinion poll conducted by a television station today shows that 75% of Hong Kong people support this proposal and only 18% oppose it. Therefore, even though LEUNG Chun-ying said that an arrival tax is not feasible, I hope that other Secretaries of Departments and Directors of Bureaux can seriously conduct discussions on this policy. If it is really found to be not feasible, they should put forward the more feasible kinds of measures, rather than rejecting it simply by telling people not to be conceited before getting rich.

Lastly, I once again demand an apology from LEUNG Chun-ying to all Hong Kong people for his remark of "being conceited before getting rich".
MS STARRY LEE (in Cantonese): President, the content of the second Policy Address presented by the Chief Executive is comprehensive. In particular, a considerable number of new and proactive policies are proposed for supporting the disadvantaged, caring for the elderly and providing youth education, and they include setting up a Low-income Working Family Allowance, implementing a Chinese Language Curriculum Second Language Learning Framework for ethnic minority students, setting up the first Chinese medicine hospital, and so on, which are all long-standing demands of society. In the past, the Government has all along failed to make any breakthrough. Now, the Chief Executive's bold step of proposing new policies and making commitments is worthy of recognition …

(Mr LEUNG Kwok-hung stood up)

PRESIDENT (in Cantonese): Ms LEE, please hold on. Mr LEUNG Kwok-hung, what is your point?

MR LEUNG KWOK-HUNG (in Cantonese): President, I would like to raise a point of order. Is it now time for public officers to reply?

PRESIDENT (in Cantonese): I do not understand your question.

MR LEUNG KWOK-HUNG (in Cantonese): I thought it was time for public officers to reply. Am I correct?

PRESIDENT (in Cantonese): Mr LEUNG, this is not a point of order, please sit down. Ms LEE, please continue.

MS STARRY LEE (in Cantonese): However, whether these policies can achieve the desired results depends on the matching efforts and details, as well as the ability of the civil service team to deliver. Regarding the Second Language Learning Framework for ethnic minority children, for instance, we really have to ask ourselves whether there are enough teachers to teach ethnic minority students
to learn Chinese as their second language. The success of the Chinese medicine hospital depends on how Chinese and Western medicines complement each other and bring their functions into full play. What is more, we have to examine if the civil service team can cope with the initiatives introduced since the Chief Executive took office. All these factors are the key to whether the new initiatives can achieve the desired results.

President, after the presentation of the Policy Address, quite a number of critics have expressed concern about the additional short-, medium- and long-term financial burdens brought by the implementation of these initiatives. It is pointed out that, coupled with the Old Age Living Allowance proposed in the previous policy address, the Low-income Working Family Allowance and other initiatives are expected to cost the Government up to $20 billion in additional recurrent expenditure.

Given the ageing of our population and slowdown in economic growth, we have to ask these questions: Where does the money come from? Do we have enough money? To keep Hong Kong's public finances healthy, the Government must, apart from addressing social conflicts, enable members of the public to see how it can explore new sources of revenue, make a larger pie and identify new sources of income, so as to convince them that the Government has adequate financial strength and is capable of coping with various new expenditure items and enforcing various new policies.

In order to identify new sources of income, President, there must be new points of growth in the economy and investors. What is more, large and small enterprises and various trades and industries alike must be pleased and able to make investments in Hong Kong. President, I can see that enterprises are still pleased to make investments in Hong Kong, but are all enterprises and various trades and industries capable of investing or continuing to invest in Hong Kong? This is precisely where the problem lies. To the enterprises, rents and wages are the two major costs. It is no longer news that office and commercial rentals in the retail sector have repeatedly hit new highs. In order to attract new enterprises to join the market and enable existing enterprises to continue with their operation and remain in the market, the Government must address two major bottlenecks, namely land shortages and a tight manpower market.
President, let me begin with land supply. Not only is there a shortage of residential sites, sites for other purposes, including offices, the retail trade, international schools, residential care homes for the elderly, religious institutions, social welfare organizations and sports and entertainment are also in short supply. The situation of the retail trade, for instance, is even more acute. Although total retail sales have doubled from $200 billion in 2005 to $400 billion in 2011, the total floor area for the retail trade has only recorded a 2% annual growth from 9.52 million sq m to 10.79 million sq m during the same period. The adverse consequences of a tight supply of retail land are definitely rising rents and the forced eviction of many SMEs that carry the collective memories of Hong Kong people.

President, some time ago, quite a number of old Hong Kong style cafes and restaurants, family-run enterprises in shopping malls under The Link REIT, and even decades-old, traditional restaurants were forced to fold due to exorbitant rents. The blame was put solely on the Individual Visit Scheme for pushing up rents and driving these restaurants into extinction. In fact, this is just a superficial reason. After all, the crux of the problem is inadequate land supply, which will naturally cause rents to rise significantly. Even some multinational enterprises have indicated that they might not set up headquarters in Hong Kong for cost considerations. Hence, the land shortage has stifled Hong Kong's economic development. So long as the problems caused by this bottleneck are not addressed, the finance industry and the real estate sector will still dominate the industries in Hong Kong. I am afraid the commitment to identifying new points of growth in the economy is just empty talk.

In his first and second policy addresses, the Chief Executive has proposed quite a number of initiatives to increase land supply, including developing a bridgehead economy, building an underground city, and even developing a new town, but it takes time for all these proposals to come to fruition. In order to provide land for future development, the Government must act immediately. This bottleneck must not be left to stay, or else the imbalance between land supply and demand will become even more acute in five years' time.

President, the second bottleneck must be manpower supply. With the latest unemployment rate standing at a mere 3.3%, Hong Kong is close to full employment. Apart from tackling squarely the difficulty encountered by enterprises in recruiting employees and inadequate labour force in Hong Kong, the Government must also address the manpower mismatch.
Currently, many trades and industries — Members who have talked with people in the trades and industries must be aware of this phenomenon — are facing difficulty in recruiting employees and a high turnover rate in the catering, transport, logistics, healthcare and construction industries, as well as maintenance technicians. I hope that the Government, trades and industries and the teaching profession can work in collaboration to build a career ladder for industries lacking manpower in order to attract more young people or further unleash the labour force of women to alleviate the tight labour force.

In the section devoted to education, the Policy Address has also proposed giving schools holistic support in providing career guidance service and life planning education. I believe these proposals will help address the problem of manpower mismatch to a certain extent. I will give further comments on these initiatives in the debate session on education.

President, to ensure the sustainable development of Hong Kong, we must make good preparations to cope with possible crises in a targeted manner in addition to addressing the two bottlenecks. In my opinion, Hong Kong now faces four major crises, or internal problems and external threats. Insofar as the first crisis is concerned, Hong Kong has not succeeded in its economic transformation, and some people can still not enjoy the fruit of economic growth. Insofar as the second crisis is concerned, as Members can see, the conflict between the commercial and industrial sectors and the working class has continued to worsen, the dispute over the distribution of resources between the middle class and the grassroots has escalated, and the confrontation between different camps in this Council has become increasingly prominent. There is a crisis of escalating division within society. The third crisis is certainly related to the constant increase in frictions between China and Hong Kong. The fourth crisis is caused by uncertainties in the external economic environment, in particular, the national economy is facing the risk of a "hard landing".

President, besides these crises, recent issues relating to universal suffrage have also raised the chance of the Occupy Central movement. I am very worried. I would also like to appeal to the SAR Government to respond to the crises carefully because the slightest lapse of attention will cause any crisis to brew and ferment. Retrogression in Hong Kong economy and people's livelihood is not impossible in that event.
Next, I would like to express the views of the DAB on financial and economic policies. President, in the second month following the move taken by the United States Federal Reserve Board to exit the market, capital has been seen drained from a number of emerging markets, including Turkey, Indonesia and India. Although the impact on Hong Kong is not too significant for the time being, I believe a number of uncertain factors will still affect the global currency and financial environment this year. Even the Chief Executive of the Hong Kong Monetary Authority (HKMA), Mr Norman CHAN, has earlier indicated that with the exit of the United States from the market and normalization of interest rates, the US$100 billion that flowed into the territory since the financial tsunami will inevitably flow out of Hong Kong. The pressure on capital flow and interest rates in Hong Kong is thus expected. Furthermore, there is a chance for mortgage rates to rise and enormous room for adjustment. Under such circumstances, the trend of the property market in Hong Kong is still uncertain. Coupled with the current curbs measures, the DAB hopes that the SAR Government can, as the undertaking it made in the Bills Committee, continue to monitor movements in the market and pay close attention to the flow of capital out of Hong Kong and the speed of upward adjustment of interest rates, and respond swiftly to the development of the property market when necessary. If necessary, the Government should step up the curbs measures, but when many stakeholders in the market deem it suitable to relax the measures, the Government needs to do so accordingly to achieve the effect of stabilizing the property market.

President, the financial services are the most important one among Hong Kong's pillar industries. As an international financial hub, Hong Kong must step up its efforts because this reputation will never fall from the sky. We must work hard to earn it. Hong Kong's economic development has fallen behind that of its neighbours. It has been pointed out by a think-tank that the ranking of Hong Kong is expected to fall to the seventh place after other Mainland cities, namely Shanghai, Beijing, Guangzhou, Shenzhen, Tianjin and Suzhou, by 2016. Faced with this trend of lagging behind in development, Hong Kong cannot deny the fact that our development is indeed facing a crisis.

President, talking about Shanghai, the municipality was identified in 2009 for development into an international financial and maritime centre. Being an international financial centre implies that there must be a free flow of currencies. This explains why the Central Authorities have set up the first pilot free trade zone in Shanghai to make it the first offshore market on the Mainland as the testing ground for the use of RMB across boundaries, RMB capital account
convertibility, and reform of the interest rate market and foreign exchange management. Given the preparations for profound reform on the Mainland economy, the market generally believes that RMB controlled convertibility can be achieved in 2020.

Hence the DAB considers that in order to consolidate Hong Kong's status as China's primary RMB offshore centre, Hong Kong must collaborate with the Mainland and three other RMB offshore centres, namely London, Singapore and Taiwan, in building a revolving system which is more extensive, larger and faster than that of other offshore RMB centres. The DAB will propose relevant motions and make proposals in the sessions of the National People's Congress and the Chinese People's Political Consultative Conference later on in the hope of seizing the opportunities in the next five or six years and collaborating with the financial industries in the Mainland on all fronts, with a view to consolidating Hong Kong's status as China's primary offshore RMB business centre as well as an asset management hub for the international community and the Mainland.

President, I so submit.

MR NG LEUNG-SING (in Cantonese): President, I support the conventional Motion of Thanks proposed by the Chairman of the House Committee, Mr Andrew LEUNG, namely "That this Council thanks the Chief Executive for his address", because it is a convention in compliance with the requirement of Rule 13 in Part B of the Rules of Procedure, and it is right for a civilized parliamentary assembly to act in this manner. So it merits respect by colleagues in this Council. Given that the content of each policy address might not be perfect, people from all sectors are usually welcome to discuss it or supplement it with more details. Hence, this Council should express its views on the relevant policy address to supplement or even criticize it while expressing gratitude. This is why I think it is fit and proper for this Council to thank the Chief Executive for his address. Such being the case, I should fulfil my duty by expressing my views in the first session on economic development.

The Chief Executive stated at the outset of the Policy Address that "Hong Kong needs sustained economic growth to address issues such as poverty, housing, an ageing society, environmental protection and the upward mobility of our young people". It is thus evident that economic development is essential. Only with solid economic development can there be adequate job opportunities,
people's livelihood be improved and social stability ensured. Meanwhile, it is noteworthy that government expenditure has increased by 126% since 1997, whereas our Gross Domestic Product (GDP) has increased by only 57% during the same period. We also note that Article 107 of the Basic Law states that the budget should be kept commensurate with the growth rate of the GDP of the HKSAR. The community has made quite many comments on this point, saying that a discrepancy is inevitable. Therefore, if Hong Kong is to maintain its trend of expenditure now and for some time in the future and upgrade people's quality of life, the only way is to make a bigger pie. There is no other option.

Generally speaking, the Policy Address focuses on distribution, namely poverty alleviation, care for the elderly and support for the disadvantaged, which can also be interpreted as resolving deep-rooted conflicts or responding to pledges made during the election. In view of this, a balance must be struck between making and dividing the pie in the future. Should the Government fail to take the crises arising from a drastic increase in expenditure seriously and promote the opportunities arising from economic development seriously, our disposable reserve of several hundred billion dollars will not last long. This is like the old Chinese saying that "With family savings of $2,000 and daily expenses of 20 cents, how long can the savings last with no extra income?".

For the promotion of the economy, President, I would like to say a few words about the financial services industry. Thanks to the efforts made by our predecessors, the direct and indirect contribution made by the industry to Hong Kong already reached 22% in 2011, creating up to 300,000 direct and indirect job opportunities. As a result, the industry has become one of Hong Kong's leading pillar industries. In the past decade, its compound annual growth rate was 7%, almost double the growth rate of the overall GDP. Moreover, the per capita GDP of its practitioners was 2.6 times the overall average GDP. This shows that the financial services industry has been vigorously taking Hong Kong's economic development forward. Meanwhile, Hong Kong economy has to rely on the constant upgrading of the industry for advancement to the next level. Therefore, judging from the analysis of the present situation, the remaining industries in Hong Kong should absolutely have room for catching up and vigorous efforts made for upgrading.

It has come to my notice that compared to last year, financial services has obviously received less coverage in the Policy Address this year, and little is said about new initiatives. The Policy Address also mentions that the Government
and the financial regulatory authorities will carefully study the first round of reports submitted by the newly set up Financial Services Development Council (FSDC) in November last year. Although people in the financial sector welcome this move, they do have expectations because many of the proposals put forward by the FSDC came from the industry, and these proposals are conducive to the further development of Hong Kong's financial services industry. The content of the six study reports compiled by the FSDC is not only practical but also has a clear objective, covering macroscopic policies as well as microscopic proposals and measures are involved, too. As my concern is how all this can be put into implementation, I hope the Government can make more efforts in concrete implementation and expeditiously respond in specific terms to the proposals put forward by the FSDC and formulate vigorous implementation measures, including a timetable and a concrete data process. I think it is better for the FSDC to set up a standing interactive mechanism of communication with the relevant government departments and examine and notify the implementation of various proposals, including gaining the understanding that the results achieved must be made public and timely support has to be given to ameliorate the remaining problems. The FSDC should also be given reasonable resources to facilitate its effort in taking forward this arduous task.

The financial services sector supports the adoption of more measures by the Government to support the industry by, for instance, improving market discipline and regulations, providing appropriate tax concessions, training manpower and facilitating the participation of Hong Kong's financial services industry in international markets. These measures will not only help enhance the infrastructure of Hong Kong as an international financial centre, but also enhance its business volume and job opportunities ultimately. The financial services sector also supports the development of a high value-added maritime industry because the business thus arising, from maritime financing to maritime insurance and even trade financing, can bring more business opportunities to the industry.

Although the figures reflecting the performance of the aforesaid financial services industry are brilliant, we should also pay attention to, among others, the movements of our competitive rivals during the same period. In its first report, the FSDC says, "Singapore, and Shanghai, among others, have conducted strategic reviews to come up with initiatives aimed at remaining competitive and moving ahead of other financial centres in the long-term." In addition, it is pointed out that "our competitors are moving quickly". The subtext of the last
sentence gives people the impression that the financial services industry is not necessarily a zero-sum game. We can certainly step up co-operation with other financial centres to bring about synergy, so that a win-win situation can be achieved.

In the past decade or so, we have seen government intervention in rescuing financial institutions in certain developed countries. In comparison, the development of Hong Kong’s financial services industry has been quite stable. This reflects the prudent operation and self-discipline of the local industry. Under such circumstances, we should cherish the good interactive relationship between operators and regulators. We must not lightly, nor is it appropriate to adopt regulatory measures which are even more stringent than international standards.

Insofar as the overall economic development is concerned, I agree that the Government should attach importance to long-term planning and abandon the mindset of focusing on short-term needs, as proposed in the Policy Address. The focus should be to enhance Hong Kong’s long-term competitive edge and respect the proven market rules and mechanism. Michael PORTER, a renowned management guru, pointed out in his book entitled *The Competitive Advantage of Nations* that the competitive edge of a country relies on renovating and upgrading its industries in the face of pressure and challenges from its biggest rival in the world, thereby enabling its local enterprises to gain competitive edges. The success of China in Asia, our Motherland, and Korea in recent years can already bear testimony to this. Judging from our practical experience, the people and enterprises in Hong Kong fear no competition because of their hardworking "Lion Rock" spirit. Given their relentless efforts, they should be able to create an environment conducive to the innovation and upgrading of enterprises. The Policy Address has also mentioned that the Government will strive to enhance the overall competitiveness of creative industries and attaches great importance to nurturing the innovation and technology industries. As their contribution to the total growth is obviously not much in the past decade or so, I am pleased to note the recent proposal of re-initiating the setting up of an Innovation and Technology Bureau.

A number of measures in connection with the innovation and technology industries are proposed in the Policy Address, and a resolution was passed on 30 June 1999 for the setting up of the Innovation and Technology Fund (ITF). As of the end February 2013, 3,215 cases have already been approved, and
$7.3 billion allocated under the ITF. Although it has been almost 15 years since the ITF was set up, the results are not evident. Therefore, apart from considering adjusting and upgrading the framework, the Government should, more importantly, come up with long-term strategies and positioning, and avoid over-diversification. Instead, services and support should be provided in a focused manner to the technological change or reform carried out by Hong Kong's existing core or pillar industries. Let me cite the financial services industry as an example. Since the demand of the general public for online or e-services has become increasingly high, the industry has to continue to conduct studies on and invest in information technology. The Electronic Bill Presentment and Payment Service developed and recently launched by the Hong Kong Monetary Authority and the banking sector as well as the e-cheque service researched and developed by them are cases in point. Hence, the primary task of the Innovation and Technology Bureau is to propose relevant strategies and objectives and actively engage in the upgrading of the industry's competitive edge.

Lastly, some people have made an observation, and I also consider it worthwhile to point out, that the unemployment rate in Hong Kong has remained at a low level of 3.2% for quite some time and, from another perspective, this shows that Hong Kong's production capacity might have reached the critical point. Such concern obliges us to face the prospect of inadequate labour force. The Government and the relevant parties ought to adopt a forward-looking and innovative mindset, forge a consensus, face the reality, and take precautionary measures, such that strength can be garnered for forward advancement.

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, this Policy Address by "689" can be described as the poorest, the worst and the most terrible policy address I have ever seen since I became a politician. Not only is it full of lies, it also lacks forward-looking and visionary descriptions of and proposals about Hong Kong.

One of the characteristics of this Policy Address is that it takes all the credit, including that due to others, and the accomplishment of the previous governments is credited to "689", a liar. Hence, this report, which is aimed at deceiving the public rather than a policy address presented by the Chief Executive, must be condemned and turned down.
Quite a number of the proposals put forward in this Policy Address have been discussed for years. In housing, for instance, the discussion on the Hung Shui Kiu development plan began nearly a decade ago. In the area of transport, it is proposed in the Policy Address that five new railways would be completed one after another in six years, but the relevant works were already commenced many years ago. Furthermore, he claims all the credit for the construction of the South Island Line (West) project and the numerous studies conducted more than a decade ago on the development of a "bicycle-friendly" environment. As for the examples on the labour and welfare fronts, including the Community Care Fund, the Community Care Service Voucher for the Elderly, the Old Age Living Allowance, after-school care services, and so on, although they are discussed at great lengths in the Policy Address, they are actually familiar projects undertaken by the previous governments more than a decade ago. The number of new initiatives can be described as minimal. The latest one is a repeat of the Innovation and Technology Bureau, one of the Bureaux proposed to be set up to form the five Secretaries of Departments and 14 Directors of Bureaux, which has been derailed by the People Power through filibustering. Although this proposal has failed once, it is going to make a comeback.

If the Government has a new proposal, it ought to conduct extensive consultations and discussions to lobby various parties before putting it forward rather than carrying out lobbying through an Executive Council Member furtively and then including it in the Policy Address as a major proposal. Despite the support by many Hong Kong people for the development of innovation and technology, the Government must give justifications if a new Bureau is to be set up for this purpose. If heavy workload is cited as the justification, the workload of the Transport and Housing Bureau taken charge by Prof Anthony CHEUNG is very heavy, too. The Secretary for Commerce and Economic Development, for instance, is responsible for tourism affairs as well. There is no need to set up a new Policy Bureau to take charge of tourism even though Hong Kong's tourism development has been successful and the number of tourists is so large that it is nearly more than what we desire. To co-ordinate the development of policies and the economy does not necessarily requires the setting up of a new Policy Bureau. Hence, the Government must explain and give us an account of why Gregory SO, a Secretary who likes to present his name card, is unable to co-ordinate the development of innovation and technology and the task must be led by a more capable Under Secretary instead.
Some time ago, a new Under Secretary was appointed by the Government, though we have no idea of his background. The senior hierarchy of the Government is so bloated that I believe it is the largest so far. With such posts as Bureau Directors, Under Secretaries, Political Assistants and Permanent Secretaries, the number of generals is practically larger than that of soldiers. Now, the addition of a new Policy Bureau gives people a strong feeling that there is transfer of benefits among LEUNG's fans, and additional posts have to be created in order to satisfy its "home team". Of the various Policy Bureaux, except for old hands of the previous governments, nearly all newcomers have totally failed their duties, thereby bringing the Government into disrepute. For instance, the Secretary responsible for development affairs only knows how to "sub-divide flats" and hoard land. He has also committed drink driving. The Secretary responsible for education is often found making wrong comments with Cantonese described as a local dialect. This Chief Executive has basically failed entirely in leadership and appointment of the right candidates. How can I believe that a new Policy Bureau established by him can get the job done properly? Hence, the People Power will definitely raise objection or fight a battle against it by such means as filibustering, even though it knows very well that it will definitely lose the battle. Just bring it on, if you dare.

President, the People Power has to point out that in respect of the economy, tourism has enjoyed overwhelming success, even though Secretary Gregory SO has not distributed his name cards to the public for the sake of publicity. Such districts as Causeway Bay, Wan Chai, Mong Kok and even the Mid-Levels are so overcrowded that they are inaccessible to the public. Actually, Hong Kong is on the verge of submersion and collapse. Not only are property prices soaring, goldsmith shops here also number more than grocery shops. Let us re-examine the economic benefits brought by the tourism industry. Powdered formula is now in great demand. Yesterday, a resident living in Tin Shui Wai complained to me that he had combed the entire Yuen Long District for diapers for his two grandchildren but to no avail. After powdered formula, diapers are now sold out. I wonder when rice will be snapped up. I have been told by a kaifong that a Mainland relative of his, who was living in Shenzhen, would come to Hong Kong to buy a bottle of soya sauce. Even though he had no intention to buy two cans of powdered formula, he still bought with him a castered suitcase for shopping because he needed soya sauce for cooking. He had to make a trip to Hong Kong to buy soya sauce and then returned to Shenzhen to prepare his meal. This is one of our current problems.
President, I must point out that measures must be put in place to deal with the tourism industry. The $100 arrival tax proposed by the People Power does demonstrate that the idea of combining the Policy Address with the Budget this year is a complete failure. Moreover, Chief Executive "689" has failed entirely in grasping and familiarizing himself with the entire mode of operation of the Budget. Two weeks ago, we wrote to the Financial Secretary to formally request him to consider the levy of an arrival tax. The day before yesterday, we made another attempt to present this proposal in public. Yesterday, "689", who considered himself to be very smart, hurried to make a statement, though it was entirely wrong. It was most unforgettable that he described Hong Kong as "being conceited before getting rich" and then rejected the proposal, even though tax matters are under the purview of the Financial Secretary. The rejection made by "689" before any comments were made by the Financial Secretary regarding the feasibility of the proposal demonstrated that the former did not in the least respect the Financial Secretary and the mechanism for the compilation of the Budget. He himself has once commented that things not mentioned in the Policy Address may not necessarily be done. Even though the Policy Address has not mentioned anything about the levy of an arrival tax, the Financial Secretary can still consider the feasibility of the levy. Considering himself to be very smart, he has rejected our proposal even though it has not yet been turned down by the Financial Secretary. This demonstrates that he disrespects and is absolutely not familiar with the established mechanism.

The People Power has made it very clear that the $100 to be collected is a tax. The Government's present operation can be described as chaotic. In particular, "689" has no idea of his position and what he is talking about. Neither do members of the public understand what he meant by "being conceited before getting rich". What does the arrival tax do with "being conceited before getting rich"? We have stated at the outset that there are three major reasons for the levy of an arrival tax, with security being the first one. At present, the parallel trading has brought Hong Kong into disrepute, as Hong Kong has become the world's busiest centre for such trade. Second, the livelihood of Hong Kong people is affected. For instance, a person strolling on the streets of Mong Kok may have his feet severed at any time by the castered suitcases pulled by tourists who rampaged through the streets. Second, the livelihood of Hong Kong people is hurt as people cannot board the train after waiting for eight trains at the Admiralty MTR Station. The third reason is related to the economy. As mentioned earlier, rents are so exorbitant that shop premises can be leased to goldsmith shops, cosmetic shops and brand name shops only. Due to the
overwhelming success of the tourism industry, Hong Kong's traditional trades and industries as well as SMEs have collapsed completely and even been driven into extinction.

Do Hong Kong people, our established living pattern and SMEs in Hong Kong have to stand on the sidelines in order to satisfy these tourists? Hong Kong people must come forth and tell Secretaries of Departments, Bureau Directors and the Hong Kong Government that we can no longer accept the crazy increase in the number of tourists by tens of millions per annum — from 50 million this year to 70 million in 2017, and 100 million in 2023. We have to return the Hong Kong we want back to Hong Kong people. Hong Kong belongs to Hong Kong people. It must not be ruled by the Government of the People's Republic of China as it likes.

It appears that the Communist Party of China wishes to turn Hong Kong into Tibet or Xinjiang by using a large number of immigrants — a daily intake of 150 persons per day plus abundant visitors — to completely destroy Hong Kong's local characteristics and living pattern and make Hong Kong economy reliant entirely on the North. This is economic and cultural manipulation and invasion. We have to tell Members, the whole world and the Chinese Government that this battle must be fought because Hong Kong people will definitely safeguard the interest of the local community. Therefore, President, the People Power will definitely firmly object to the "deceiving" report presented by "689".

MR JAMES TIEN (in Cantonese): President, the Liberal Party supports this Policy Address as a whole, particularly such areas as poverty alleviation, welfare, and so on. However, the Liberal Party has to express great disappointment with certain areas, such as commerce and industry, financial affairs, and so on, to be discussed in today's first debate session on economic development.

We have noticed that in the policy address last year, the Chief Executive has at least proposed the establishment of the Economic Development Commission (EDC) and the Financial Services Development Council (FSDC). This year's Policy Address has, however, reflected that not much has been done by the EDC and the FSDC so far, and of the two hours spent in presenting the Policy Address, the Chief Executive has only spent the first 15 minutes on talking about some economic matters. In this respect, the Liberal Party raised two
major points during its meeting with the Chief Executive — since the Financial Secretary was out of town, we did not have the opportunity to express to him our views on the future economic development. To start with, we pointed out that if we reviewed the developments over the past many years, the chances of Hong Kong's traditional light industry returning to the territory should be slim. In the '60s and the '70s, many job opportunities were available because there were many factories. I believe the likelihood of relocating factories back to Hong Kong is now low. Members should know that it is because land prices are high in Hong Kong due to land shortage. Besides minimum wage protection, workers also enjoy a number of benefits. Therefore, industries in Hong Kong can hardly compete — I am referring to some labour-intensive but low-tech industries.

As regards the development of high technology, we must not insist that achievement must be made. Although we certainly hope that the Innovation and Technology Bureau discussed in this debate session can be established, we had made an attempt a decade ago to develop a Cyberport similar to Silicon Valley, but can success be guaranteed as long as we have money? Not necessarily. In my opinion, the strengths of most people in the commercial and business sector do not necessarily lie in developing technology. Of course, Hong Kong has the potentials to develop technology, but we should not put too much emphasis on it.

What the business sector needs now is land. The Liberal Party considers that, if we wish to do even better, the business sector must be provided with additional land. Taking this matter very seriously, the Government has been making a great effort in identifying land. However, if the land identified is wholly used for the construction of public rental housing (PRH) or Home Ownership Scheme flats, the Government can only meet the public needs at this very moment. If the Government, being a sustainable one, fails to provide land to the commercial and business sector to prepare it for development 10, 15 or 20 years from now, what can be done by then?

Let us not take account of longer-term matters. For instance, one of our concerns, the West Kowloon Cultural District (WKCD) Development Project, is still idling. If this project can be completed successfully with the construction of hotels, shopping arcades and other facilities, the problems mentioned by many Members just now, in particular Mr Albert CHAN, can definitely be ameliorated. If the WKCD and Kai Tak Development projects can be put into actual implementation expeditiously and expedited, the number of shopping arcades can
definitely be increased. This should be helpful to resolving the problem of exorbitant rents. Tourists will then have an additional destination without having to flock into Causeway Bay, Tsim Sha Tsui or Mong Kok.

We disagree with the comments made by Mr Albert CHAN and the People Power on tourism. The smokeless industry should now be allowed to continue to thrive in Hong Kong. Even countries all over the world consider the tourism industry the best industry because no pollution will be caused as tourists will leave after spending money. Hence, no place will complain about having too many tourists or the tourists bringing too much money. Furthermore, the tourism industry is the only industry which can create abundant job opportunities for the grassroots. I note that Secretary Prof K C CHAN is now present. The finance industry can indeed make the rich, such as banks and investors, even richer. However, the public at large can hardly benefit from the business operated by major financial institutions, be it initial public offerings or derivatives. However, if the tourism industry thrives, all businesses, from Hong Kong-style cafes to the retail industry and all modes of transport, such as public light buses and taxis, can make money as well. This is why I hope the public can understand this. As pointed out by a Member just now, some members of the public are concerned that the tourism industry has caused a lot of inconveniences, but we have to look at the benefits brought by the industry as well. The Financial Secretary will definitely say in his reply that the tourism industry will bring total economic benefits amounting to more than $200 billion annually and create abundant job opportunities. These benefits are not easy to come by. If we drive all the tourists away, it will be very difficult to lure them back to Hong Kong once they have turned to other destinations.

So, President, what can be done to address this problem? A simpler solution is to begin with supportive facilities. Even if we have adequate hardware, we still lack software. Do we have enough manpower to provide services to a large number of tourists? Insofar as Hong Kong's future overall development is concerned, the Liberal Party thinks that the Government should target professionals in formulating immigration schemes instead of merely relying on the present scheme whereby a daily quota is imposed to allow the entry of 150 Mainlanders into the territory for family reunion. The existing investment programme is not successful. We must relax our restrictions to allow Mainlanders and also people from other countries in Europe and America to come to Hong Kong. Should they be allowed to come to Hong Kong to take up residence, they might make other requests. The Government will then have to consider these questions: Are there enough schools? Are the supportive
facilities in hospitals adequate? Are the housing rentals too high? Is there any room for downward adjustment? These questions have to be addressed. Only through attracting more people to come to Hong Kong for resettlement and improving our infrastructure can Hong Kong economy enjoy better development.

As regards the Government, we agree that it should engage merely in formulating policies rather than doing business. The need of the business sector is the aforesaid hardware, while software refers to, among other things, manpower. Insofar as hardware is concerned, since several Bureau Directors are present here, I hope they can hear that we must keep abreast of the times in terms of financial support facilities, overseas legislation, and technology.

In my opinion, a major political problem is whether the Government is sustainable. In Hong Kong, the Chief Executive Election is conducted at a five-year interval. Every new Chief Executive will act in his own way. Although I dare not say that there are frequent changes in policies, we have seen a major change once every five or 10 years. We should probably discuss this with the Central Government rather than the SAR Government. If each term of government is not sustainable, how can development be pursued? One of the reasons for the success of government on the Mainland is that its policies can be implemented thoroughly because the Communist Party of China has been ruling the Mainland for five or six decades. Now that the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge have already reached Hong Kong, but we have still not commenced the construction works for which we are responsible. With respect to the sustainability of economic development, we think that the Government only needs to provide matching infrastructure facilities, and the rest of the work should be left to the businessmen.

Lastly, insofar as housing is concerned, we think that apart from providing land for the construction of PRH flats exclusively for Hong Kong people, the Government should also seriously consider providing land for the construction of such ancillary facilities as offices, shopping arcades, and so on. Although I will elaborate on this aspect in detail again in the next debate session, these are the general views the Liberal Party would like to express in this session. As this debate is on the Policy Address, we should not comment too much on tax revenue. We will express our views in this respect during the debate to be held on the Budget in future. Thank you, President.
MRS REGINA IP (in Cantonese): President, I agree with the point made by many colleagues, that the 2014 Policy Address is, generally speaking, a great effort which is also pragmatic. In particular, a lot of efforts have been made in poverty alleviation, support for the socially disadvantaged, healthcare services, public health, care for the elderly, and so on. In fact, the authorities have also responded to the demands on education put forward by Members from various parties and groupings in the Panel on Education. I will speak on education later on.

On the economic front, however, I think that the Government has not made enough efforts, particularly in the following areas: First, the Government has failed to come up with clear strategies to expand Hong Kong's economic structure. Hong Kong economy still relies heavily on the finance industry, the real estate sector and the Individual Visit Scheme. During a recent conversation with some real estate agents, I was told that they were in dire straits because the number of property transactions in recent years was even smaller than that during the SARS period. Furthermore, they said that Hong Kong's domestic spending had actually shrunk and the impact of inflation was also felt. If not for the spending by Mainland visitors, Hong Kong economy could simply not maintain its existing rate of growth.

On the expansion of the economy, the Government has been expressing hope over the years that technology be adopted on a more extensive basis. This I greatly support. However, I also agree with Mr James TIEN who said that, judging from the history of Hong Kong's dominant businessmen making fortunes, it appeared that none of them had become rich by relying on technology. The situation in Hong Kong is different from that in Taiwan, Korea and India, not to mention the United States. Do we have an adequate number of business talents to boost the technology industry? Can we duplicate the economy of the Silicon Valley?

I agree that the purpose of boosting technological development in Hong Kong is not to duplicate the Silicon Valley. In fact, Hong Kong is short of land. In addition, it is not easy to duplicate the Silicon Valley because of the lack of great interest in STEM subjects among university and secondary students and the absence of the atmosphere to promote the subjects.
Nevertheless, technology has always been put to optimal use in Hong Kong. Therefore, we should really consider how technology can be used more profusely to upgrade our economic value-addness. This is what many countries and places have been doing. In fact, Hong Kong has been doing a good job in making use of technology and sound management to increase productivity.

In view of this, I greatly support the establishment of an Innovation and Technology Bureau. Although I have no idea of the name eventually adopted by the Government, I think that the Bureau should comprise two components, namely innovation and technology. It is because innovation does not necessarily entail the use of technology. Sometimes, only imagination is required. We can see that the most lucrative technology products in the world, be they Hollywood movies, Apple products or even Google, are welcome by users worldwide because of their combination of technology and imagination. I greatly support the establishment of an Innovation and Technology Bureau because, after all, we have to consider in a focused manner how technology can be exploited to upgrade the level of Hong Kong economy.

I have expressed my views to the Government that once the Bureau is established, a suitable talent must be identified to head the Bureau. This is the most important task. As we all know, there are just a few Administrative Officers who have studied engineering or are interested in technology. Therefore, a professional in the technology sector should be identified. In my opinion, a suitable talent in the technology sector does not necessarily mean a learned or accomplished academic. For instance, an academic in biotechnology might not be able to bring his abilities into full play even if he is appointed. I believe the Financial Secretary is aware that, among the technology-oriented industries, the biotechnology industry is the most difficult to operate because it entails the largest investment and the longest time. It is not unusual for major pharmaceutical companies in overseas countries, commonly known as "big Pharmas", to take years and invest tens of billion dollars to research a drug that can eventually cause a stir in the world. How can Hong Kong have the conditions to do so?

If Hong Kong is to promote a technology-oriented industry, information and communications technologies (ICT) should be the most suitable because abundant land is not required. It is most important to rack our brains. Like other Asian students, Hong Kong students enjoy an edge in mathematics and science traditionally. However, owing to the recent change in the academic
structure, our standard has been dragged downward. In this respect, I will voice my grievances about my observations when it comes to the session on education.

For these reasons, I hope that the Government can establish an Innovation and Technology Bureau and identify a suitable talent to be its head. In this connection, a talent with experience in corporate management and knowledge of converging Hong Kong with the Silicon Valley or regions with advanced technological development should be identified. It is because, in order to succeed, Hong Kong must work in collaboration with technology industries on the Mainland or other overseas countries in order to create the required atmosphere for R&D on products with appeal.

Regarding Hong Kong's productivity, I have to make a fair comment. Over the past five or six years, except for the tourism industry, the red wine industry is the only industry which is quite successful and suitable for Hong Kong. Although I did not quite support the abolition of the wine duty back then, the auctioning, importation, sales and promotion of red wine as a new catering item following the abolition of the wine duty has indeed created abundant business opportunities for Hong Kong.

On the other hand, I am not at all satisfied with the situation of the creative industries. I find this proposal in the Policy Agenda particularly anti-intellect — some colleagues have already criticized the authorities for equating creative industries with Hong Kong produced movies — that one of the efforts made under creative industries is to "formulate initiatives to encourage cinema patronage for Hong Kong produced movies so as to promote development of the local film industry". The authorities are really very incompetent. In fact, a good movie will naturally attract audience. Why is it necessary to introduce administrative measures to encourage cinema patronage for Hong Kong produced movies?

Furthermore, what do "Hong Kong produced movies" mean? Currently, "Hong Kong produced movies" are seldom made purely by Hong Kong producers. The top-grossing movies, such as the one recently shown, The Monkey King, are produced in collaboration with the Mainland. On the other hand, good movies, such as the sequel to Golden Chicken, naturally make a box office success because they can reflect the aspects of life in Hong Kong society. Why is there a need for the Government to encourage cinema patronage?
Furthermore, can creative industries be equated with the movie industry? I recall that when Secretary Mrs Rita LAU promoted creative industries to us, she mentioned "creatively 13" and, as the person responsible for overseeing everything, she told us more figures could be provided to us at any time. I hope Secretary Gregory SO can remind his subordinates to update the figures and then inform us of what "creative industries" mean.

May I also ask Secretary Gregory SO whether he is aware of the increasing business opportunities brought about by another creative and cultural industry besides the red wine trade? I am referring to the emergence of antiques following the rise of China. As the comment made by Western academics goes, "culture follows the power", cultural products of a strong and powerful nation will have value.

When I attended a seminar organized by Bloomberg last year, I learnt from the figures cited by the head of Christie's in Asia that when it came to the auctioning of famous paintings, Chinese painters, particularly QI Baishi and ZHANG Daqian, were among the top 10 in the world. Western paintings, such as those by Van GOGH, were no longer the only paintings put up for auction. I know that the markets for these Asian, especially Chinese, cultural and creative products, such as antiques and porcelain, are growing bigger and bigger. Some people have even set up funds for cultural and creative industries to enlist investors to make investments and arrange for roadshows in places such as Singapore, Tokyo and Paris for publicity. In fact, the cultural and creative industries, including the Chinese cultural trade involving antique appreciation, are developing in Hong Kong and have created quite many business opportunities, because the auctioning of these cultural products can actually create a number of high-end job openings — sorry, President, I do not know how to translate this term into Chinese — such as curators, connoisseurs, assessors, cultural management personnel, and so on. The potential of these industries is huge.

Hence, I hope that the Government can make more efforts in expanding the economy and examine ways to collaborate with the PRD and Guangdong Province to develop Guangdong, Hong Kong and Macao into a free trade zone to rival Shanghai. In this respect, however, it has all been thunder but no rain. We have still not seen any concrete measures from the authorities. I hope the SAR Government can work harder to examine ways to capitalize on the enormous resources in Guangdong Province, expand the market in Hong Kong,
and broaden the room for development for all trades and industries in Hong Kong. Thank you, President.

MR WU CHI-WAI (in Cantonese): President, in the Policy Address, measures to alleviate poverty were proposed, so the measures demanded by the Legislative Council for many years, including the introduction of a Low-income Working Family Allowance, will be implemented. However, while LEUNG Chun-ying announced this scheme on the one hand, the Financial Secretary, John TSANG, pointed out on the other that this measure would require $20 billion annually. Moreover, in a strange turn of events, the Chief Secretary for Administration and the Secretary for Financial Services and the Treasury expressed a different view, pointing out that only $10 billion would be required, so the public do not have to worry about the Government being unable to cope financially. Today, we received a reply from the Government, pointing out that the measure will actually incur an additional recurrent expenditure of $7 billion per annum. Since the SAR Government has ample resources now, it is certainly capable of footing the bill.

However, this figure, which ranged from $20 billion or $10 billion to $7 billion, made us ask out of curiosity why the SAR Government had not got a good grasp of the figure before announcing this measure. Why did the Financial Secretary and the Chief Secretary for Administration make different claims? This exaggeration of the financial burden on the Government arising from poverty alleviation measures seems to hint that other measures would also cause losses to the public. How can the public believe in a team that is so inconsistent? How can such a philosophy of governance persuade the public to accept and believe that the policies proposed by a weak Government have gone through carefully contemplation, setting directions for public well-being and long-term development of society?

Meanwhile, LEUNG Chun-ying's supporters — "LEUNG's fans" — have disregarded the fact that time is needed for rational discussions on the policies concerned to mature and that it is necessary to give various stakeholders opportunities to voice their views before a consolidated determination and judgment can be made. They are only concerned with coming out to talk claptrap, for example, the "white swan theory" advanced by Franklin LAM, who said that Lantau could be turned from an ugly duckling into a white swan, so it was necessary to develop Lantau; whereas Kaizer LAU called on Hong Kong people to spend money on the Mainland, and LEUNG Chun-ying even said that
Hong Kong people must not be conceited before getting rich. Apart from stoking conflicts, what good would these comments do to the discussions on the whole policy? This is really baffling. I cannot imagine that the SAR Government, in its governance, has even failed to do a proper job of sorting out its fundamental philosophy of governance. In fact, in the process of discussing policies and letting them ferment, the head of the SAR Government should show sufficient humility, exercise caution over his words and actions, respond to and take on board various views, so that through the process of discussion, policies can be enriched substance-wise.

I believe that the LEUNG Chun-ying Administration and his host of supporters — "LEUNG's fans" — should do some self-reflection. What they have to reflect on is that if they arbitrarily determine their relations with opponents as contradictions with the enemy and turn a deaf ear to other people's views, it would only make his governance even more difficult. Governance is not a debate contest. If LEUNG Chun-ying is only concerned with winning the transient glory in a war of words, Hong Kong society will not be able to pause and contemplate in peace our way forward, nor can the different views in society be taken on board. This will only make Hong Kong society degenerate and even all the grand and ambitious plans conceived by LEUNG Chun-ying will only pitch the Hong Kong public in confrontation with the Administration. Ultimately, the loser in this course and under such an arrangement is Hong Kong. In that case, Chief Executive, you will not have discharged your duties properly.

Regarding this Policy Address, I find that it has made some responses in respect of administration, but I believe both the SAR Government and the Chief Executive actually have to rethink their governance. Would it work for him to make this kind of divisive remarks in leading Hong Kong? I hope the SAR Government and the Chief Executive will remember that no matter how distrustful I am of the method of returning the Chief Executive and no matter how distrustful I am of the legitimacy of the 698 votes won by LEUNG Chun-ying in the small-circle election, in any event, he is now leading Hong Kong society, so I hope the Chief Executive will cease making all remarks that are divisive to society and be careful with his tongue. He must be discreet with his words and actions. Thank you, President.

MR MICHAEL TIEN (in Cantonese): President, the fruits of economic success should rightly be shared by all Hong Kong people. Be it the grassroots or the middle class, they are both social groups that deserve the Government's attention.
In respect of helping the grassroots, bold and drastic steps are found in the Policy Address but in respect of caring for the middle class, nothing is delivered. In fact, many Honourable colleagues in the legislature have already raised this point.

I was returned by a middle-class constituency and many members of the public reflected to me the view that after reading the Policy Address, they felt very disappointed. They pointed out that in the past few years, the Government had often neglected them. I asked them what they actually wanted. They also have to speak up, do they not? They said that it was actually very simple. The great majority of the people in the middle class with whom I have come into contact do not want a reduction of this or a rebate of that, rather, they mainly want the Government to do a good job of long-term development, so that they can have greater confidence in Hong Kong and more "feel good factors". I asked them what they meant by this. They said that they were talking about the whole economy, the development of the employment market as well as the hope for quality living because they had to think about the life of the next generation. They said that although they were encouraged to have children, after their children had been born, they could not afford to buy a flat and the size of their home was only 500 sq ft or 600 sq ft. Moreover, they had to go through a lot of hassle in finding a good school for their children, so what can they do? Therefore, Members can see that they are not worried about the present but the future. What has the Government done in this regard? What have we done to create a better living environment? We must create more quality employment opportunities. Not only do they want employment opportunities, but they also want quality employment opportunities. By "quality", it means better pay and upward mobility and of course, this refers to the high-value-added industries.

First, let me declare my interests. I am engaged in the retail industry and I can hear the Government say constantly that it wants to develop various industries and enhance the quality of various industries but for many years, this has just remained a slogan. I have said countless times that over the past decade, total retail sales in Hong Kong have increased twofold or threefold but the total floor area for the retail sector has not increased in any way, so what has happened as a result? Rents are rising, thus resulting in the closure of many retail trades and when the public go shopping, they find everywhere to be jam-packed with people. The Individual Visit Scheme (IVS) is now the driving force of our society and a high-quality and high-volume retail industry … the Financial Secretary is here, so I hope very much that he would listen and would not just think about the finance industry or the four pillar industries all the time.
Among the four major pillars, trade would often take some employment opportunities back to the Mainland, so Hong Kong people will not be benefited in any way. The additional employment opportunities created by the retail industry are surely for Hong Kong people because it is impossible to export this kind of employment opportunities to other places, nor would we import workers for the retail industry. However, the retail industry must be given good scope before quality products can be offered. It is actually a very important pillar in the future. It is increasingly apparent that the shopping environment and the overall ancillary facilities in Hong Kong as a whole have great potential, so in the future, they will have a stabilizing effect on Hong Kong's revenue, the Government's income and the public's salaries.

Another matter of great concern to the middle class is the living environment, which I also mentioned just now. If I use a word to sum up the impression of the middle class on Hong Kong, it is "jam-packed". Eight years ago, visitor arrivals stood at 22 million and last year, it was 54 million. Visitors under the IVS accounted for half of them. President, in the past, Hong Kong was a five-star tourist destination but nowadays, it is a five-star "jam-packed" destination. The Government even projects this figure to rise to 70 million person trips by 2017. By 2023, that is, a decade down the line, the number will even increase to 100 million, that is, double the present figure. With this increase from 50 million to 100 million, it would practically be a waste of breath to talk about quality living then.

That the IVS has brought huge economic benefits to Hong Kong is desirable but the greater the scope of the IVS, the less the scope for members of the middle class. Recently, during the Chinese New Year holidays, when I paid New Year calls to the local communities, some members of the middle class reflected to me the view that they had to wait for a long time with their children before they could enter the Disneyland and after entry, they had to wait for a long time before they could take the rides. When they wanted to have a photo taken together with Mickey Mouse, they had to wait until the evening, so the waiting time was more than 10 times longer than that for having fun. The public only want to have some fun, so after introducing the policy of "Hong Kong properties for Hong Kong residents", are we supposed to introduce "Hong Kong parks for Hong Kong residents" as well? Subsequently, when they took the MTR or buses, they also had to wait and they could not board any train or bus despite having waited for several ones. After boarding, they found visitors pulling suitcases. Since the space was limited, there was some jostling, so in the end,
they could not stand it anymore, thinking that enough is enough and that in the future, they would stay home during holidays. Having worked so hard and with so much devotion, they could not even take their children on an outing during holidays, so what has become of our quality living?

In fact, some time ago, I also had a taste of taking an MTR train from Sha Tin to Central in the rush hour. A couple of days later, I will try to take an MTR train from Admiralty to Sha Tin in the rush hour again. I hope various senior officials will also have a taste of this kind of crowdedness. In fact, I fully appreciate the concerns of the public. No matter how fast the pace of development is in Hong Kong, it just cannot catch up with the increase in the number of people coming here under the IVS. For this reason, many people have told me that a balance must be struck between economic development and the quality of life. Hong Kong is a free port, so regardless of where our visitors come from, it is difficult for us to set an entry quota. In order to reduce the number of visitors, it is necessary to control it at source. During the period in which the two sessions are held in March this year, in my capacity as a deputy of the SAR to the National People's Congress, I will write to the Standing Committee of the National People's Congress to request overall planning by the Central Authorities and set a limit on the annual number of visitors under the IVS, so as to maintain the rate of increase in the number of visitors at a reasonable level. In our opinion, 3% to 5% per year can be considered reasonable and the number of visitors under the IVS should not be allowed to increase unchecked. Compared with the average increase of 10% per year in the past decade, the rate will be reduced substantially. Apart from the total number of people, it would also be most preferable if the monthly number of visitors under the IVS could be more evenly distributed. As far as I know, at present, the visitors approved by public security authorities on the Mainland to come to Hong Kong under the IVS basically involve 49 cities. After the permits are issued, they can actually visit Hong Kong at any time, so such an arrangement cannot make optimal use of the limited space in Hong Kong at all. I will propose that the quota for each city be evenly spread over a 12-month period as far as possible. Of course, a larger quota can be set for holidays, but it would be undesirable to impose no restriction whatsoever.

What I wish to talk about next is that apart from imposing control at source, how can we channel the inbound visitors? In this regard, it is necessary to increase the number of tourist attractions and shopping malls, so as to divert the flow of people and make the public feel more at ease when shopping. For
the past year, I have been persistently calling for the construction of a large-scale shopping mall at Hung Shui Kiu to divert the visitors from Mong Kok. In fact, the Hung Shui Kiu Station is close to the railway extension linking the Guangzhou and Shenzhen airports — barring any change, there will be such an extension — so it has great development potential on account of this. We have all along lobbied for the adoption of a business theme for the development of the areas surrounding the Hung Shui Kiu Station of the West Rail. The Government also conducted a study in this regard and considered it possible to do so and that the construction of a shopping mall with a floor area of about 2 million sq ft can be considered. I hope that the Government would not sit on it.

In addition, the Policy Address also mentions the development of Lantau. On this, I would raise even my legs in support of it. However, at present, there is no transport link between the artificial island of the Hong Kong-Zhuhai-Macao Bridge and the North Commercial District of Chek Lap Kok Airport, whereas the North Commercial District of the airport is connected to the urban area by the Airport Express. Therefore, the most important task now is to ensure that the artificial island with boundary crossing facilities is connected to the North Commercial District. This means it would be most preferable if an extension of the Airport Express can be built. I think the authorities should consider this proposal as soon as possible.

Another prerequisite in giving the middle class a quality life is the living environment. A fine living environment refers to well-developed community facilities, for example, schools, buses, railway networks and hospitals. The Chief Executive's Policy Address points out that in the next decade, the flat production target is 470 000 units, including 90 000 units built on Green Belt sites and Government, Institution or Community (GIC) sites, so we all have a fair idea of how much "inflation" can be found in this proposal. Here, let me explore this area with Members a little. In respect of Green Belt sites, can we be optimistic about them? The Ma Liu Shui reclamation project proposed earlier does not pose any problem to anyone, but it is still opposed by environmentalists. With regard to GIC sites, earlier on, it was planned that a vacant site in Sham Shui Po would be used for housing but subsequently, it was opposed by local residents, with the District Council concerned saying that the vacant site should be used for community facilities. In Ho Man Tin, a construction site was originally slated for the construction of HOS units in 1998 but subsequently, the project was shelved. In 2006, its use was changed to the construction of public housing but the District Council concerned put up
opposition. In 2012, the land use was again changed to the construction of HOS flats, so the site has been left vacant for two decades at a stretch. Members can thus imagine how great the resistance in the local communities is, so is that figure of 90,000 units credible?

Let us look further at the development of new towns in North East New Territories. If we make a tally, it has been over a decade since it was mooted, but we still remain at the stage of discussion. As it turned out, the new town can only provide 53,000 residential units, with only 21,000 intended for the middle class. Only 21,000 units can be provided in the course of more than a decade, so in the long run, are new towns really the best way to offer quality living in Hong Kong? Members may as well ponder this themselves. Therefore, this problem cannot be solved no matter how. We in the New People's Party believe that in order to raise the quality of life of the next generation, or the next two or three generations in Hong Kong for that matter, and bring about improvements to their living environment, ultimately, there is no alternative but to carry out reclamation. Reclamation is the best way of resolving the land shortage and it is only by starting from scratch in the overall planning of various areas, such as schools, hospitals, community facilities and transport networks, that a living environment of the best quality can be created and this is also a view that we will always insist on.

President, I shall stop here for the time being. I so submit.

MS EMILY LAU (in Cantonese): President, in these three days, Legislative Council Members will express their views on the Chief Executive's Policy Address. Just now, at the start of the debate session, the Chairman of the House Committee, Mr Andrew LEUNG, said that the relationship between the executive and the legislature was very poor and this relationship was not even mentioned in the Policy Address, President. It was neither mentioned in this one nor in the last, so perhaps it is non-existent. However, his predecessor did talk about it.

Just now, when Dr LAM Tai-fai was giving his speech, only one Secretary was present but now, we are fortunate enough to find one Secretary of Department and three Directors of Bureau present. We understand that Principal Officials are very busy but they are also aware of the debate of the Legislative Council arranged for these three days. If you are really so busy that you do not even have the time to sit here and listen to Members' views, why should you find
it strange that Members did not have time to attend the spring reception hosted by the Chief Executive yesterday? President, it does not matter if one did not attend the spring reception because it was only an occasion for inconsequential chats. In the same vein, I would not attend the cocktail reception hosted by the LOCPG tomorrow either. However, if we are having a debate here and discussing solemn issues, you should give us your body and mind. I anticipate that ultimately, this Motion of Thanks on the Policy Address would not be passed. If such is the outcome, you should ask yourself why.

President, sometimes, the authorities may boycott Members' activities and conversely, Members may also boycott yours. Just as Mr WU Chi-wai said just now, if you continue in this way, not only would the legislature be riven, Hong Kong would also be riven and of course, ultimately, you will not be able to implement your policies, so the whole society would be the loser. Therefore, on the second day of the Lunar New Year, when I was the guest of a programme of Commercial Radio, the host asked me to give Secretary Dr KO Wing-man my New Year's greetings, I said that instead, I wanted to give him a special start to the New Year. I said, "We really owe a lot to you.". If the authorities continue to conduct their affairs in such an attitude, to put it more starkly, we really would die huddled together. However, who likes the idea of huddling together with you? The Hong Kong public would also feel furious.

President, some members of the public said that the Policy Address has not delivered anything to the middle class, and I also agree with the comments made by Mr Michael TIEN in his speech just now. The middle class does not want the Government to hand anything out to them and some members of the middle class did not even take the $6,000 handed out by the Government. The Government also knows who did not take up the money. They hope that the Government can show long-term commitment to the facilities in Hong Kong. What is the greatest concern to members of the middle class? Of course, it is education. Often, those senior officials would send their children overseas for studies. Do they know how riddled with problems education in Hong Kong is? For example, regarding the three Bureau Directors mentioned by Dr LAM Tai-fai just now, including the Secretary for Education, their policies have really enraged the public.

President, what the middle class hope for is, firstly, they can buy affordable homes for themselves and their children to live in. This is not an excessive demand. Secondly, they hope there is a good education system. Several years
ago, a member of the public came from Tuen Mun to have a meeting with us. I asked him how he found the transport and he said that it was fast and convenient, adding that it would be great if our education system could also be like that. President, even members of the public would say this kind of things offhand. The third is, of course, the healthcare system. In particular, given that the population of Hong Kong is ageing, it requires a good job be done of our healthcare system.

Moreover, the Policy Address this time around proposes helping the socially disadvantaged groups, persons with disabilities and ethnic minorities by allocating recurrent expenditures. President, we have made such appeals for many years and now, the Financial Secretary said all of a sudden that those one-off measures were no good, so he can really take whatever stance he likes. In the past, the Government was often unwilling to allocate recurrent expenditures but now, perhaps because LEUNG Chun-ying has proposed to increase the recurrent expenditures — as Mr James TIEN said, it looked as though the two were squabbling — so it is now said that this has to be done, so we have become the ones caught in the middle.

We in the Democratic Party hope the middle class will also understand that some of the recurrent expenditures are used not just to take care of the grassroots, but also other affairs of the Hong Kong public, be it education, healthcare or social welfare. Be it the middle class or the grassroots and even the rich, all of them will agree to this course of action. Therefore, President, we hope that when the authorities formulate policies, they will not look at matters with tunnel vision.

Just now, Mr Michael TIEN said that in the future … President, do you know that the Panel on Transport of the Legislative Council wants to call a meeting to discuss what is meant by crowdedness in public transport? Have you ever heard of this? The discussion is on the crowdedness of the train compartments of the MTR, so I wonder if our President knows but of course, I do. One day, I had to wait for 10 trains in Admiralty Station before I could get to Tsim Sha Tsui. I waited there for 10 trains and the whole platform was full of waiting passengers. This is contrary to what the Secretary said, that is, we only had to wait for another train. Even if we ask staff members of the Legislative Council and our assistants, all of them would say that they have to wait for four or five trains in Admiralty Station. In view of this, is this the quality of life that the public want?
President, we hope that when formulating policies, the authorities will open their eyes wide and feel things for themselves. I hope that before attending the meeting of the Panel on Transport, the Secretary, Under Secretary and Permanent Secretary can all go and take a ride on the MTR. They would then be able to say what crowdedness means. I am not a member of that Panel, but I also told my assistant that I would surely attend the meeting. President, residents in New Territories East and the public are really irate. When they take trains, they find that they are really extremely crowded.

As regards whether a ceiling can be set under the tourism policy, this may not be possible but something can help limit the number of people coming here, President, and it is hotel rooms. If visitors cannot book rooms — of course, we have to deal with those unlicensed hostels — if visitors cannot book any hotel rooms, this is a kind of natural constraint. We understand that tourism is very important to economic development but as the Government often says, we have to strike a balance. You know that the public — I am not just talking about those living in North District, Tuen Mun, Sha Tin or Mong Kok — they feel deeply about this, President. They are not discriminating against anyone but when shopping, they find that it is very crowded and their feet are often run over by the castors of suitcases and after their feet have been run over, they cannot hear any apology. Moreover, goods have become even more expensive, so what should they do?

Of course, it is not easy to find an answer and all parties have to discuss this, instead of just the Government coming out to say that the figure now is 50 million people and that it will be 70 million, then 100 million people in the future. Does the Government know that on hearing this, many members of the public had a shock? President, many people overseas also had a shock on hearing that because they were astonished that there could be as many as 100 million tourists visiting Hong Kong. What kind of place is this? Therefore, President, we also hope very much that the authorities will really be well disposed to having discussions with the legislature, not just with regard to constitutional reform but also other policy areas. Just now, I heard the speeches of many Honourable colleagues and we actually have consensus on many things. President, one thing on which we have a very strong consensus is innovation and technology.
I have had discussions with other Members in the Panel on Commerce and Industry and other committees. What did the Panel on Information Technology and Broadcasting discuss on Monday? It was fashion design. I have had discussions with Mr CHUNG Kwok-pan on this matter on several occasions. Sometimes, matters of innovation and technology were discussed in the Panel on Information Technology and Broadcasting, sometimes in the Panel on Commerce and Industry and even more laughably, on one occasion, they were also discussed in the Panel on Economic Development. President, this matter is being dealt with by three panels and I think you have also heard the saying "everybody's business is nobody's business". We strongly support the development of innovation and technology, but I agree with Mr Martin LIAO's comments just now. We all strongly support development, but what are the goals? What will be developed?

The Commissioner, Miss WONG, often said that civil servants envied her very much because whenever she attended Legislative Council meetings, she would seek funding and could always get the money and manpower she wanted. This is because the Legislative Council has lent her its full support, but hardly anything commendable can be seen in the report cards she brought here. We also support her very much in doing her job and we all understand that Hong Kong does not necessarily have to revert to labour-intensive industries. Now, she has been asked to do something and three panels have to do the work in a fragmented manner. I already raised this on that day, President. The Secretary is now present and I am really grateful to you for sitting here and listening. You have to find an occasion to tell us what you are going to do. Is he going to refrain from telling us now and talk about this only after the new Policy Bureau has been set up? However, can a new Policy Bureau really be set up? Although some people support doing so strongly, just now, some other people began to voice their opposition, so will filibustering occur again? Regardless of whether this will be successful or not, as some Members said, we have money but no time and it was you who wasted our time. You only like to talk and now, we will give you a dressing down in return. You have dealt with this matter for such a long time, so do you know how angry the public outside are? Do you know how many people want to emigrate nowadays? Why does Taiwan want to change its immigration policy? Because it is worried that too many Hong Kong people would migrate to Taiwan.
President, public anger in Hong Kong may not necessarily boil over only in the constitutional reform exercise. Often, we have the money to carry out many projects but we just cannot take them forward. Often, the legislature also has the intention of helping the Government, but how is the Government acting? When Members spoke, the Government did not listen; instead, it played such tricks as boycotts. President, just now, some Members also queried who would be appointed the Bureau Director if the Government was allowed to establish such a Policy Bureau. If we consider the potential candidates, neither this one nor that one would do, so will someone unsuitable be nominated again? Will the Government be disposed to having discussions with Members and will it discuss with them before doing this sort of thing?

President, one of the policy areas covered by this debate session is information technology and broadcasting, but this is not mentioned in the Policy Address. What do the middle class care very much about? It is having no television channels worth watching. If not, why did the incident of licence issue cause such a furore? Not only did *Ming Pao Daily News* and *Apple Daily* splash headlines on this issue every day, now, even *Ming Pao* has also fallen victim and its chief editor has been replaced. However, can the Government not see the anger of the public? Therefore, even if you did not talk about this, I still want to. Hong Kong is an international city but how come there are only such a small number of television stations? If you visit other cities, you have to spend 10 minutes or 20 minutes just on choosing a television channel to watch. However, we only have several television stations and the quality of some programmes is very poor. It is for this reason that the public hope that some creative person can set up a new television station, yet the Government did not issue a licence to him. The Government is really at loggerheads with the public.

In addition, there is also Radio Television Hong Kong (RTHK). Many people criticize RTHK and they are right. However, since the programmes of other television stations are so poor in quality, those produced by RTHK are still very well-received by the public. The construction of a new Broadcasting House for it has been discussed for several years. President, I trust you have also been to the old Broadcasting House? Now, the application for funding for the project submitted to the Legislative Council could not be passed. Members said that it was too expensive, so the amount was reduced by $700 million but Members still said that it would not do and that it was too expensive. Yesterday, I met the former chairman of RTHK's labour union and he said it was all about
politics. Ever since the march in 2003, someone has considered them a thorn in his side and wanted to get rid of it. For this reason, the Secretary has been reluctant to submit the proposal to the Legislative Council again, even though a reduction of $700 million was made, not out of concern that there will not be sufficient votes but that there will be sufficient votes.

President, someone said that he and the authorities, or someone at an even higher level, were performing a double act. If the Government wants to sap RTHK or take its life, ultimately, is it not Hong Kong people who would stand to lose? We will then continue to watch junk programmes, so how can we call our city a world city in Asia? Therefore, I hope the Chief Secretary for Administration and the Secretary will really prick up their ears and open their eyes wide to listen to what the public want and look at what Members want. Even though we come from different political parties and groupings, we actually have consensus on some matters. However, the Government would not do anything about matters on which there is consensus, nor would it do anything about those without any consensus, but Hong Kong people will not forget how the Government has failed us.

MISS CHAN YUEN-HAN (in Cantonese): President, regarding the policy areas in this session, since I find that both the Secretary for Financial Services and the Treasury and the Financial Secretary are present, if my speech later is not delivered smoothly, it is because I found, at the last minute, that they are both present, so I have split up the draft of my speech immediately, so as to focus on the policy areas under their charge in delivering my speech.

President, according to the discussion in some academic articles, Hong Kong has undergone economic restructuring twice, the first time in the heyday of industrialization in the 1960s and 1970s and the second time during the restructuring from the late 1970s to the middle or latter part of 1990s, when the industries underwent transformation into the financial and services industries. Since then, Hong Kong has remained at this stage, thus giving rise to the situation of the financial and services industries outshining all other sectors.

If we look at the proportion of the Gross Domestic Product (GDP), the proportion accounted by the services sector is actually very high. In 2000, the financial and services sectors already accounted for 87.3% of Hong Kong’s GDP and by 2012, the proportion even reached 93%, with the remaining 7% consisting
of the construction, electricity, fuel and manufacturing industries. Therefore, in the face of a homogeneous economy, the labour force in Hong Kong also faces the homogeneity of job types. I once had a chat with some Honourable colleagues and queried if all Hong Kong people were supposed to become sales persons. Are all of us endowed with great eloquence and do all people have the aptitude in this regard? This is not so, is it? People are endowed with various aptitudes and all of them have some kind of talent that they can contribute to society. The problem is that even if we want to put up a good fight, a homogeneous economy does not give us any opportunity to do so. As a result, people nowadays can only sell phones, insurance policies, tuition, stocks, and so on, but I personally think that this is not quite desirable at all.

What we need is a diversified economy. This subject has been discussed in the meetings of the Legislative Council many times and in the Governments of the past terms — except during the reign of Mr TUNG, when it was discussed less often — even during the reign of Donald TSANG, it was also discussed a number of times. Unfortunately, on this subject, we have not seen the Government put forward any proposal on the diversification of industries. Although it has been discussed many times, it only remains a slogan. Many groups have also asked me, "Miss CHAN, when will the diversification of industries come about?" In reply, I said, "Among all people, I may perhaps be considered a very hardworking person. When the SAR Government expressed its intention to develop a diversified economy or bring about the diversification of industries, I was almost the first person to leap out to voice my support.". In the discussion on the six industries where Hong Kong enjoys clear advantages, the creative industries were mentioned — it was Donald TSANG who talked about it — and just like many cultural and arts workers, when the Government talked about its intention to promote the development of the creative industries, saying that it wanted to develop Hong Kong into a creative capital, I was very pleased. President, at that time, I said to Donald gladly, "Yes, this is an issue on which actions are required.".

However, so far, there is no sign of the creative capital and some cultural and arts workers even said to me that compared with the past, they are now even worse off. In respect of this situation, the Government has proposed the promotion of the creative industries for many years, but the impression we got is that it has engaged in empty talk, without any policy forthcoming. For example, back then, the former Chief Executive, Donald TSANG, talked about revitalization measures for industrial buildings and unlocking the potential of old
industrial buildings, so as to encourage owners to carry out redevelopment or conversion, so that such buildings can be used by the six industries where Hong Kong enjoys clear advantages. We also came forth to express our support and welcome in relation to this government measure, but what is the reality? It can be said that the policy has backfired.

The measure to revitalize industrial buildings has been implemented for four years. However, not only has it failed to attract young cultural and arts workers to move into industrial buildings, on the contrary, many cultural and arts workers who had originally taken root in industrial buildings were forced to move out because of the unaffordable rent. Because of the low rent, industrial buildings were originally a paradise and many in Kwun Tong and San Po Kong had been nurturing various creative and cultural industries and even small businesses but now, they have been turned into hell. Recently, I have had discussions with these people a number of times — I will talk about this in due course — and this made me query if the whole Government has ever reviewed the present situation. Why has an originally desirable policy come to such a pass? Indeed, there are problems with the Government's thinking.

Land resources in Hong Kong are precious and we agree with this objective reality. In fact, it is no easy task for arts workers to find any refuge. Rents are so high and the Government has been pushing the measures to revitalize industrial buildings very hard, so people are converting factories into hotels and other uses. In that case, how about those people who have been operating their businesses in these places? I wish to say that it is easier to talk than to take action. Given the overall environment of high rentals, the Government should put in place policies to support the cultural and arts workers but in fact, government departments have adopted bureaucratic and ossified thinking in dealing with this problem. They only want to impose regulation. Coupled with their inability to truly solve problems and clearly understand the needs of these people, the present situation of the policy backfiring has arisen.

I would often talk about Seoul in South Korea, and I have also been there myself. This city has made far greater achievements than ours, precisely because local government support for the creative industries is arguably unswerving. Dongdaemun is a case in point. The South Korean Government built a Design Plaza at Dongdaemun. Each year, several dozen designers are cherry-picked and they do not have to worry about the rent. They only have to focus on their design endeavours and the Government also has a sound
management system. If the sale of the products of a designer is unsatisfactory, the rental agreement will not be renewed and the unit concerned will be let to another designer instead. I remember that when LAU Chin-shek was still a Legislative Council Member, we already formed a group to look into this system. A decade has passed since, and this policy is still in force nowadays.

Therefore, if we want to do a good job of developing the creative cultural and arts industries, the Government should be more open-minded. It must not think that the problem can be solved after the West Kowloon Cultural District or the Loop has come into being. Frankly speaking, if the Financial Secretary and Secretary continue to think in this way, we would be very miserable. We can only continue to engage in arguments and young people will continue to be very discontented with the Government. It was for this reason that when the Chief Executive attended an activity in relation to Energizing Kowloon East, a large number of young people climbed up a flyover to voice their opposition to the planning, believing that the planning of the entire Kowloon East has benefited only property developers and the rich but it has got nothing to do with them. Therefore, the Government must provide the soil, scope, policy, training, and so on, to cultural workers or small-business operators. I think this is very important.

If it is said that the Government cannot see this problem, I personally believe that there will be a lot of difficulties. Why could the British-Hong Kong Government develop San Po Kong, Kwun Tong and Fo Tan when the manufacturing industries were growing? Why is this not possible now? Why could we make use of some private buildings to develop the services sector in the 1980s? Why could this be done then but not now? If we talk about the United States, the Financial Secretary knows the situation in New York very well. When Michael BLOOMBERG was in his first term as the Mayor, he found that something was amiss. He found that people in the IT or financial industries held some strong views. Why could they not afford to live in this place? Why could other people afford to live in New York City but not them, and they had to move to places like New Jersey or Brooklyn? Why could they not live near their workplace? Mr BLOOMBERG, a tycoon, only received US$1 in annual salary. However, he found that something was very much amiss — the hate of the rich and discontent. Therefore, he drew up a new policy that is still in force nowadays. If anyone builds a residential building in New York, the New York Government will get a share of 20% and allocate it to people who cannot afford to live in the district concerned. In addition, the Government will give the
developer a plot ratio of 30%, so this is a win-win system. In the face of the public's discontent with the government policies that made them lose their paradise and plunge all of them into hell, Mr BLOOMBERG adopted such a policy to solve the problem. Does the SAR Government have this kind of courage to deal with this problem? It seems this has never occurred to the SAR Government. Therefore, I believe the whole Government has to think about this. Back then, Donald TSANG proposed the idea of a creative capital but I think we cannot just talk without taking action. Rather, a whole set of complementary policies must be put in place before the problems can be dealt with.

President, yesterday, despite the chill, we went to Kwun Tong, where the weather was also very cold, together with Mr Alvin YIP, the Director of the Design Institute for Social Innovation of The Hong Kong Polytechnic University, because I am always concerned about employment and hope that through planning, more employment opportunities will become available in the future. It was really cold there because many creative people were very disappointed. The professor visited the Kwun Tong Office of Energizing Kowloon East. He was very creative and as daft as I am. How daft am I? I wanted to energize the space under flyovers but subsequently, we were criticized by some people. However, I said, "This is at any rate better than having no place available now, not knowing what to do after being driven out.". What did the professor do? He wanted to develop the alleys at the back of some industrial buildings in Kwun Tong. He was very creative and did many designs for Energizing Kowloon East. If Honourable colleagues here are interested, they can go and have a look. In addition, he turned some ... if the conditions are suitable at the ground level, he can discuss the terms with the persons-in-charge of the industrial buildings that are about to undergo conversion or phased conversion. If you want to carry out conversion, there is no problem but please return the ground floor or even the first floor to us. We can find such instances in Roppongi in Japan. In Roppongi, many low-density areas can be found and some cultural and creative industries are promoted step by step through numerous government policies.

However, at present, it is only in some old areas that we ... for example, when I visited downtown New York City last year, I also found a similar situation there. The factories there were revitalized to boost the gloomy economy there. There are many different types of experience and different stories in different types of experience. All right, after Director YIP had made public the designs, yesterday, I approached the Head of Energizing Kowloon East, Raymond, to tell
him that it would be necessary to make a policy change. If we want to see a win-win situation, that is, in the process of revitalizing industrial buildings, if you want to connect the ground floor with the adjoining side-streets and alleys, how can you engage other people? You must offer them incentives. At present, such a policy can be found under Energizing Kowloon East, that is, if a building faces a highway or congested street, the government policy is that the building can be set back from it. However, will there be such a policy in the future? There is an alley which is large in area. If we want to implement this kind of policy, it is necessary for the Financial Secretary to give it the green light.

After communicating with Raymond, I realized that he could not reach such a standard. The point is: There are many people like Director YIP in society, including the several daft people like us and Lawrence of The Chinese University of Hong Kong, who started the energizing of space under flyovers, because we hope to return to the situation in the 1960s or 1970s, when cheap industrial buildings are available for us to pursue development. If all people are driven into the market, given the high rentals now, it is practically impossible for them to develop, so quite a number of young people … Secretary and Financial Secretary, if you are interested, I ask you to take part in a hidden agenda and meet that group of young people. They do not even want to meet me because they said I wanted to talk about planning. As soon as I talk about planning, they think I am helping the real estate developers. Why has such a conflict arisen? How can it be resolved? In fact, all these can be turned into positive energy, a diversified economy and creative industries.

President, I once gave a book to the former Chief Executive, Donald TSANG, as a gift. At that time, LEE Myung-bak had been elected President and prior to that, he was a mayor. He wrote a book saying that although there was only a chance of 1%, he still wanted to reform Cheonggyecheon and in the end, he succeeded. It is not true that the Government does not have any policy or that nothing can be done. The issue is whether or not the Government can summon up its resolve. President, I am waiting and hoping. In fact, there are quite a number of things with special characteristics and various creative ideas and opportunities in Hong Kong. The problem is whether or not the whole Government has the resolve to promote the development of a creative capital as proposed by Donald TSANG back then, so that a diversified economy can be developed and the six industries where Hong Kong enjoys clear advantages can be developed. You cannot simply say in one sentence in the Policy Address that creative industries will be developed at the Loop in the future. My Honourable
colleagues have done some calculations and found that this cannot be done even in 20 years' time. What actually is he talking about? This has become very urgent now. Therefore, I hope that in this regard, the SAR Government, the Financial Secretary and various Bureau Directors can ponder how to achieve the goal of a creative capital and diversified economy. We must breathe life into the six industries where Hong Kong enjoys clear advantages and among various things, occasioning changes in land planning is very important. Insofar as land is concerned, we do not need the Government to provide a lot of space. As regards how to change the existing policies like other countries, the Government can ponder over this.

President, I shall stop here today.

MR CHUNG KWOK-PAN (in Cantonese): President, in the chapter on economy of the Policy Address, it is pointed out right at the beginning that the Administration is committed to promoting economic development. It says that "Hong Kong needs sustained economic growth to address issues such as poverty, housing, an ageing society, environmental protection and the upward mobility of our young people." However, Members who have spoken so far consider that the economic development of Hong Kong is very undesirable and disappointing. What should we do with this? I would like to share some views with Members.

It is pointed out in the second paragraph in the chapter that we should seize the opportunities arising from the reform and opening up of our country, and capitalize on the privileges offered by our country through the opportunities from the National 12th Five Year Plan (FYP), the National 13th FYP and Third Plenary Session of the 18th Communist Party of China Central Committee. In fact, we have attempted to do so. Take the 12th FYP as an example, we have actually included the six industries where Hong Kong enjoys clear advantages in it, but no progress has been made so far. We may have understood the 12th FYP and the National 13th FYP, yet what next then? Do members of the public or SMEs understand these competitive edges of the Mainland? Can we really achieve development out of these competitive edges? Particularly the Policy Address has given me the impression of emphasizing the development of the Mainland market. Is the development of the Mainland market the only way out for the economic development of Hong Kong? Are we short of other development opportunities? Miss CHAN Yuen-han pointed out just now that Hong Kong had a wide range of items with local characteristics which we might
develop. In Hong Kong, we should seek development in domestic economy, whereas development on the Mainland is only an additional option. However, the Policy Address gives us the impression that if we want to develop our career, the Mainland should be the primary arena and Hong Kong the secondary. Yet I think the order should be reversed, that is, development in Hong Kong should be primary, because the development on the Mainland should be an additional option open to us.

By the same token, in terms of trade development, the SAR Government has indicated that it will set up more offices in the Mainland. It is certainly good to have more offices to do the liaison work, yet the functions of the existing offices are only limited to liaison. For a Hong Kong enterprise intending to develop its business in the Mainland, or even setting up a company or applying for a licence, it simply has no idea what it should do. If the functions of these offices may be enhanced to provide certain types of services, including legal services and even assistance in handling registration and licence application formalities, they will be of genuine help to Hong Kong businesses, particularly SMEs.

Regarding these offices, I think those of the Hong Kong Trade Development Council are doing relatively more and in a more comprehensive manner. These offices have made a lot of efforts in guiding Hong Kong enterprises to match with Mainland enterprises or to stage exhibitions. These offices have introduced Hong Kong SMEs to certain department stores or shopping malls on the Mainland, yet given the large scales of their counterparts, Hong Kong SMEs have no bargaining power in such negotiations at all. Due to the small scale of Hong Kong enterprises, they can only agree to all the demands imposed. Hence, in the Manifesto of LEUNG Chun-ying, he pointed out that the SAR Government should assist SMEs by setting up permanent exhibition venues in the Mainland. When I first heard of the proposal, I certainly thought it would be great if this could be done. However, it transpires that these tasks are shifted to the Chinese Manufacturers' Association of Hong Kong (CMA) for implementation. Though the CMA is one of the four major manufacturers' associations and the biggest among the other trade associations, the resources and capability of a manufacturers' association are after all limited. Therefore, I think the SAR Government should commit itself to accomplishing these tasks. Given that the Government has suggested to people that they should pursue development in the Mainland, it should make such commitment before it can help them.
As for the creative industries, the Policy Address mentions a number of funds, such as the fund for the CreateSmart Initiative, and $1 billion is injected into the BUD Fund promoted by the Government frequently. However, I can tell Members from my experience that a very limited number of Hong Kong enterprises will benefit from these funds. Why? For one thing, when they learn that they have to download a large pile of application forms, they will stop there. In terms of resources and the standard of SME employees, do you think it will be easy for them to fill in the large pile of application forms? Hence, the BUD Fund will eventually benefit the trade associations. The applications received are usually submitted by major trade associations and each of them will be granted several million dollars. As for the case of other enterprises, we have to wait for the report from the Government to state the number of SMEs benefiting from this fund. Certainly, the availability of the fund under the CreateSmart Initiative is better than having nothing at all, yet not many SMEs can really benefit from it.

As regards intellectual property rights and the technology industry, as Mr Martin LIAO pointed out earlier, the framework in these sectors is very broad, and the sector just have no idea how they should proceed, in which direction they should move and which industry they should choose to develop. In my view, the Government should initiate the development of one or two industries and focus on them. It may then select some industries with a good foundation and strengths to start with, such as the fashion industry. This will at least enable enterprises to engage in focused development and check out whether their ideas can achieve their specified targets. Certainly, we know that Hong Kong has an advantage over other places in Southeast Asia in terms of its intellectual property rights services and legal services, and so on. I think there is good potential for further development, yet the point is from which area we should start. We must select an industry with a good foundation and advantage to carry out pilot projects.

As for the economic development mentioned in the Policy Address of last year and this year, as I said earlier, no concrete proposals have been put forth in either of the two Policy Addresses. However, I think there is still hope, for the Economic Development Commission (EDC) has not yet submitted its report. Mr Christopher CHEUNG mentioned the Financial Services Development Council (FSDC) earlier, and that he had fiercely criticized the reports released by the FSDC. Since the EDC has not yet released its report, it may offer hope, and
I have some expectation for that. However, I hope that the report of the EDC to be released will not disappoint us once again.

As some colleagues mentioned earlier, this Policy Address has not mentioned a word about the middle class and SMEs. The middle class and SMEs are indeed taxpayers paying the largest share of salaries tax or profits tax, yet receiving the least welfare benefit. I wonder if Members have noticed that in the latest State of the Union address made by the President of the United States, Barack OBAMA, the focus was neither on large enterprises nor the grassroots, but on the provision of support to the middle class and identification of ways to speed up economic growth to strengthen the middle class. One of the important points is to provide more job alternatives for the middle class to build new ladders of opportunity into the middle class, which will at the same time enable the grassroots to move up to the middle class.

After the presentation of this Policy Address, the middle class in Hong Kong have voiced many complaints. They are not complaining about the Government's proposals to spend a large amount of money on the grassroots, yet they feel they have been ignored. Hence, we hope that when the Financial Secretary presents the Budget later, he will give some support to the middle class and SMEs.

Lastly, President, I would like to discuss the conclusion of the Policy Address. In the 195th paragraph, the Chief Executive said that, "if everyone is willing to walk an extra mile and do more, we will have the economic strength". I really want to ask the Chief Executive: Now that I am willing to walk this extra mile and I am willing to do more, but where will the economic strength come from? I hope that the SAR Government will stop making these vague and slogan-chanting arguments and work harder on making pragmatic and practical achievements. President, I shall stop here today. Thank you.

MR KENNETH LEUNG (in Cantonese): President, in this Policy Address, CY has used a total of 43 paragraphs to discuss policies on poverty alleviation, care for the elderly and support for the disadvantaged. If these policies could really be implemented, it would absolutely be a good thing. President, since the Financial Secretary is now sitting in this Chamber, let me seriously alert the SAR Government: I would like to know what the principle of public finance management is because this has not been mentioned for years. When I was in
my primary or secondary schooling, the then Financial Secretary, Sir Philip HADDON-CAVE, had raised many principles of fiscal discipline. He explained what our public financial management philosophy was all about. Why does our current Government not even mention a word about it? I am worried. If these relief measures, once implemented, become unsustainable, what should we do then?

The problem of ageing population in Hong Kong is like an arrow on the bow, so to speak. The Government's subsequent expending on social welfare, public housing and healthcare services will only be on the rise. CY has now used 43 paragraphs to talk about social welfare. I do not believe he can have his lips sealed and not say a word about social welfare policies in his next policy address. It will never happen. As the global economic risks are so unpredictable, the SAR Government must hold a long-term view and be vigilant even though everything looks fine now. Therefore, I would like to sound a stern warning for the Financial Secretary once again. He has to think seriously about how best to develop new points of economic growth and secure revenue sources. The revenue sources I am referring to are our recurrent sources of revenue. With regard to these aspects, this Policy Address offers nothing to write home about.

Let us take a look back at our economic structure. I hold that there is an overall lack of motivation, creativity and diversification in our existing unitary economic structure. Many Honourable colleagues have also mentioned that logistics and trading combined account for 20.5% of our economy, but we all have a head for figures. Both of them are low value-added sunset industries. We do not talk about them because we still have many friends engaged in those related trades. The tourism industry accounts for 4.5% of our GDP, the financial sector 16.1% and professional services 12.4%. Certainly, there is still a lot of competitive space for our financial and professional services sectors. However, these four industries actually belong to the secondary industry, whereas we have no primary industry. All we have is the service industry, which is hollow with nothing in it. If Hong Kong does not have any primary industry, will we be able to maintain our current economic growth come an external economic transformation forced upon us? In addition, I think our economic growth has slowed down a lot in recent years.

Having looked at the macro environment, I wish to tell the President that my judgment of the Policy Address is that it is "quite hopeless" on the economy.
It has not only disappointed me, it makes me feel rather desperate although the Policy Address is not "totally hopeless". Let us take a look at each industry in order to find out what has gone wrong with it. Take the finance industry of which we are so proud as an example. Undoubtedly, Hong Kong is still a very significant financial centre. Recently, I chatted with my friends working in the financial sector and asked them what they were busy about. To my surprise, they told me that they were busy with compliance work and turning papers around. Should this be the direction of development of our finance industry in the future? Of course, we need an excellent regulatory environment. The regulatory environment, however, should be excellent, simple and efficient, not something that creates even more complicated procedures or tonnes of paper work. In our regulatory regime, there are areas that require reform, such as codification of listing rules in order to enhance the oversight on listed companies with a view to allowing more quality Mainland and international enterprises to safely raise capital in Hong Kong.

We should not just rely on the equity capital market. In other words, we have to increase the depth and width of the financial markets of Hong Kong to achieve product diversification. Take the Hong Kong Dollar bond market and commodities market which we have been discussing for years as an example. After acquiring the London Metal Exchange, the Hong Kong Exchanges and Clearing Limited inexplicably has not made any major move. Our foreign exchange products are newly added edges that have the potential to compete with our neighbouring countries. I hope that all regulators concerned can expedite the approval of various Renminbi-linked products. Most importantly, I wish to see mutual recognition of funds domiciled in Hong Kong and the Mainland and expeditious extension of tax benefits and exemptions for private equity funds.

Having discussed the finance industry, there is another equally important sector worth mentioning — the tourism industry. Actually, I do not quite understand the meaning of "important" because it only accounts for 4.5% of our GDP. This sector is "important" perhaps because it has created many employment opportunities for the grassroots. Although it is very important, does it actually contribute greatly to our GDP? For the past 10 years, our economic benefits have been depending substantially on the Individual Visit Scheme (IVS). In this way, tourism-driven consumption acts as a stimulant to economic development. According to a survey conducted and subsequently released in September 2012 by Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong, 68.7% of the respondents think that the
IVS has pushed up prices in Hong Kong, while 69.8% of them think that it has also driven up shop rentals. When assessing the contribution of an industry, we do not just focus on its positive economic benefits. We also have to look into the social costs besides economic data. Undeniably, the IVS has caused many negative social impacts.

Mr Albert CHAN, Mr SIN Chung-kai and I held a discussion on the topic of tourism tax on RTHK3 this morning. I also mentioned this issue two week ago at a meeting of the Panel on Economic Development. My version of tourism tax is a $100 levy on all sea, land and air passengers. My justification is simple: if a tourist cannot afford $100, what is the point of coming to Hong Kong? Of course, the imposition of a tourism tax does not only serve the purpose of reducing the number of tourists. I do not propose the tourism tax simply for this purpose.

First of all, let us put the number of visitors coming to Hong Kong during the past year into perspective. If a $100 tourism tax was levied on each visitor, it would have generated $5 billion in revenue for the Government. What can we do with this $5 billion? Immediately, we can enhance our tourist facilities. What we can do next with the revenue depends on the elasticity coefficient as Mr CHAN Chi-chuen said. After imposing the $100 levy, can we really reduce the number of tourists or the so-called parallel traders who make multiple trips to Hong Kong on the same day for the sole purpose of buying daily necessities? We do not know unless we give it a trial. It may produce a different effect, namely, reducing the headcount while raising the quality of visitors on average. It is because those who can afford to stay in Hong Kong for two or three nights certainly do not mind paying the $100 levy. Their budget during their stay in Hong Kong may well be over $10,000. I have another reason for my proposal on this tourism tax. Prior to the Government's proposal to introduce a goods and services tax in 2004, there was already a broad-based tax research committee which had conducted a study on levying such a tax. According to their opinion, this is a comparatively simple and convenient way to impose a new tax.

In addition to the tourism tax, I have also mentioned levying a consumption tax on high-end commodities at a meeting of the Panel on Economic Development. I hope that the Government would consider it, but I do not pin high hope on it. When I was discussing the tax base with CY at a close-door meeting two years ago, he said to me: "Kenneth, do not harbour any extravagant hope. I will not touch the issue of taxation during my tenure." I think it is
because he does not know how to deal with the issue and considers that his popularity rate will definitely sink if he touches taxation. I understand his point. However, for the long-term development of Hong Kong, I hope the Financial Secretary will consider reviewing our fiscal income and philosophy of fiscal management.

Regarding the homogeneous economic structure or the lack of impetus, what can we do to resolve the problem? It is not mentioned in the entire Policy Address. The only point I can see is the development of Lantau. What is this development all about? The answer is to develop shopping, catering, entertainment and hotel accommodation. What industries are they? They are all labour-intensive, low-skilled, low value-added and without any technology content. In the modern days of the 21st Century, these industries are really "no big deal".

President, I met with Mr John MURPHY, the Irish Minister for Jobs, Enterprise and Innovation, last Monday. I was the only Legislative Council Member who met with him at that time. Perhaps we are not quite clear about where Ireland is geographically located, nor do we have any idea about what they are doing. As a matter of fact, Ireland was a victim of the financial tsunami in 2008. The Irish Government subsequently underwent a large-scale reform of the financial system besides tightening expenditures. From these, you can see how big their determination was. Ireland has a population of around 4.8 million people with an economic system once similar to that of Hong Kong. The service industry, including financial services, currently accounts for 72% of their economy. They also have many other industries such as pharmaceutical and high-technology industries which account for 26% of their national economy. Its agricultural sector only contributes 2% to the GDP. John told me that unlike Spain or Greece, Ireland could recover quickly from the turmoil in five years due to three things, namely, talent, tax and technology, or the three "Ts". Turning back to Hong Kong and putting these three "Ts" into perspective, where are our talents? We have a large number of people working in the service industry, but can you tell me where our talents are?

I have finished presenting my comments on the paragraphs on economy in the whole Policy Address. Although I have not provided any major solution, I still hope that the SAR Government will do some soul-searching in depth. Thank you, President.
MR YIU SI-WING (in Cantonese): President, in this debate session, I will focus on the tourism industry, which is a great concern to Members. In retrospect, last year can be considered as one that offered both causes for celebration and for concern with regard to Hong Kong's tourism industry. The cause for celebration is that in the whole year of 2013, a total of 54.3 million person trips were made to Hong Kong, representing a growth of more than 11%. This large number of inbound visitors spent huge sums of money here and formed the momentum driving the industries concerned, creating a large number of job opportunities for low-skilled workers. In June last year, the Kai Tak Cruise Terminal was officially commissioned. It is a key large-scale infrastructure facility for the tourism industry in Hong Kong built in recent years, thus giving Hong Kong the conditions to become a homeport for cruise vessels in the Asia-Pacific Region. However, the cause for concern is that so far, the Government still lacks long-term planning and objectives for the development of the tourism industry. All along, it has been receiving visitors passively and the problems arising from the ever-increasing number of visitors have also become increasingly pronounced. In particular, they are concentrated in some popular tourist districts and some residential areas, thus causing inconveniences to residents' daily life and resulting in some negative views being voiced in society. There are even demands to restrict Mainlanders in coming to Hong Kong and impose an arrival tax on visitors entering the territory on land. I think all these approaches are tantamount to "chopping off the toes to avoid the sand worms", which will not help solve the problem at all. We should face and analyse the problems in a proactive manner to look for solutions.

This year, the Chief Executive's Policy Address has taken on board the views of our sector. Compared with the last year's policy address, lengthier passages and a dedicated chapter are devoted to the discussion on this matter. However, the proposed strategies are mainly found in the direction of long-term development. As regards the existing major problems faced by the tourism industry in Hong Kong and how to resolve a series of problems besetting the public living as a result of the increase in the number of visitors, no specific proposals were put forward, so it can be said that "water afar cannot put out a fire nearly".

The Assessment Report on Hong Kong's Capacity to Receive Tourists published by the Government last month has provided more comprehensive information and a basis for Hong Kong to enhance its capacity to receive tourists. According to the projections in the report, annual visitor arrivals will reach
70 million in 2017 and 100 million person trips in 2023. In the face of the large number of inbound visitors, in order for Hong Kong's tourism industry to see healthy development, the major issue is how to formulate specific short-term and medium-term measures, as well as carrying out long-term tourism planning, so that resources can be committed to diverting visitors. According to the relevant information, among the 54.3 million person trips of visitors last year, about 11 million person trips were made by visitors on multiple-entry permits, about 16 million were day trips, about 13 million were made by overnight visitors and close to 14 million were made by overseas visitors. On the basis of each overnight Mainland visitor spending an average of 2.5 nights, by my rough estimate, each year, an average of about 160 000 Mainland visitors per day moved around in various districts in Hong Kong. The actual number of visitor flow is not as stunning as we imagined. We can take a look at some districts. Sometimes, the residential population of a district can stand at some 500 000 to 600 000. The major problem is the over-concentration of Mainland visitors in several districts and in major festive seasons and during weekends, thus directly affecting the life of residents in some districts. For this reason, so long as the Government can summon up the resolve to listen to the views of various sectors more often, this problem can be resolved gradually.

President, by the year 2017, the number of visitors received by us will reach 70 million person trips. We should first think about visitors on day trips, who account for more than half of the total. In respect of these visitors from the Pearl River Delta Region who are on short-haul travel, as short-term measure the Government can make full use of the existing tourism resources, including stepping up the promotion of built heritage, country parks, geoparks, cycling tracks, historical monuments, museums and exhibition halls little known to or frequented by visitors. More tourism elements can be added to them and through enhancements and repackaging, their patronage rate can be increased to meet the needs of various types of visitors, thus gradually easing the pressure on established tourist districts and well-known tourist spots.

Apart from trying to divert visitors on short-haul travel, the Government should also actively pay attention to more densely-populated residential areas frequented by Mainland tour groups, such as Kwun Tong, To Kwa Wan, Hung Hom and North Point. Having regard to the actual situation of a district, the Government can increase the number of coach parking spaces and deploy additional manpower to speed up traffic flow and maintain order. Travel
agencies and tour guides also have to co-operate and avoid causing excessive disturbance to residents by all means. With appropriate measures, residents will be understanding and they will not be averse to Mainland visitors for no good reason.

In respect of medium-term measures, I welcome the proposal in the Policy Address on exploring the feasibility of developing major shopping, dining, entertainment and hotel facilities on the artificial island for the boundary crossing of the Hong Kong-Zhuhai-Macao Bridge. However, it did not respond to the proposal put forward by other Members and me on the construction of large shopping malls at the boundary. The Government should actively consider shifting shopping-oriented visitors on multiple-entry permits and those on short-haul travel to other areas by increasing the number of shopping areas near the boundary. In addition, since the West Kowloon Cultural District (WKCD) under construction is located at a prime location, connected to the established business area on Canton Road in Tsim Sha Tsui and adjacent to the Express Rail Link Station soon to be commissioned, it is only necessary to add some tourism elements to attract spending and visitors. The conditions to forge it into a must-see for tourists are absolutely present. This can serve to divert the existing visitors and also enhance the value of the WKCD, thus creating a virtuous circle.

President, a decade later, visitor arrivals in Hong Kong may reach 100 million person trips. The Government must plan for the long term now. The Lantau Development Advisory Committee has been established, so it should proactively explore the feasibility of developing Lantau into a tourist island. With the existing resources, additional hotel sites and other complementary transport facilities for tourism should be put in place on the island. If a tourism island can be built, it will significantly enhance Hong Kong's overall capacity to receive tourists, which is crucial to the future development of tourism in Hong Kong. In addition, the Government has kick-started the planning competition for the recreation destination of Kai Tak Fantasy, so as to develop more tourist attractions with special characteristics, such that visitors can have better choices and tourism development in various districts of Hong Kong can be better balanced. I wish to express my support and hope that the work in this regard can be expedited. As regards the third runway and the supply of hotels, they also have great bearing on the development of tourism, so I will put forward my views in another debate session.
Visitors are not a scourge and Hong Kong is a city of hospitality. We cannot screen visitors, still less can we shut them out. Even as some people among us are discriminating against people from the Mainland, projects are being carried out apace on Hengqin and in Macao across the sea and a share in the market is being coveted. After the completion of the Hong Kong-Zhuhai-Macao Bridge, these places will go further in absorbing a large number of Mainland visitors. If we continue to be self-righteous and do not think about making improvements, we would only undermine Hong Kong's competitiveness in the region, cause Mainland and even overseas visitors to lose their interest in Hong Kong and dampen their desire to visit Hong Kong. When tourism and the relevant service industries are confronted by a crisis, it would be too late to regret our mistake then.

President, the Policy Address says that the Government attaches great importance to the reputation of the tourism sector, so new legislation is being drafted to set up a Travel Industry Authority (TIA) and a bill will be introduced into this Council in the next Legislative Session. Concerning the legislation on the new framework for the TIA, I have the following suggestions: First, the original intent of enacting legislation is to regulate the operation of travel agencies and enhance the reputation of Hong Kong's tourism industry, rather than curtailing the scope of survival for travel agencies. For this reason, it is necessary to study the security deposit system carefully, so that all law-abiding travel agencies can retain the existing conditions for licence renewal and we must not impose too many unreasonable restrictions, so as to prevent monopolization by large travel agencies. Second, in view of the changes after the implementation of the Tourism Law on the Mainland, together with the relevant Mainland authorities, the Government should review the division of labour between the TIA and the Travel Industry Council in monitoring Mainland tour groups in the future, so as to protect the rights of Mainland visitors and bring about fundamental changes to the problem of zero-fee and negative-fee tours. Third, it is hoped that after the establishment of the new regulatory authority, it will be guaranteed that the licence fees will remain unchanged for a period of time and the operating expenses of regulators cannot be met by increases in the licence fees of travel agencies.

Lastly, the tourism industry is very much concerned about the calls to abolish the offsetting mechanism under the MPF System. Among Hong Kong's companies, 98% are SMEs. Employers face increases in rents and wages and have to withstand the pressure of the minimum wage, so their operating costs are
rising all the time. If the offsetting mechanism under the MPF System is abolished, these companies will face unexpected costs, thus curbing the scope of survival for SMEs further. I oppose abolishing the offsetting mechanism under the MPF System. Retirement protection is a tripartite responsibility shared by individuals, employers and the Government together, so the Government should bear the responsibility actively by enhancing the types and functions of MPF schemes, so that wage earners can have better retirement protection, rather than transferring all the pressure to employers.

Tourism is one of the four pillars of the Hong Kong economy, so it is hoped that the Government can pay more attention to its state of development and complement it with appropriate policy support, so that tourism in Hong Kong can develop in a healthy and sustained manner and Hong Kong can become a tourist destination with the greatest influence and capacity to receive tourists in the region.

President, I so submit.

MR MA FUNG-KWOK (in Cantonese): President, in the second Policy Address of the Chief Executive, he has extended a helping hand to people with pressing needs. A series of measures on poverty alleviation and care for the elderly are proposed, involving an increase of $10 billion in recurrent expenditure per annum. I believe the majority of Hong Kong people will in general support the Government's direction in poverty alleviation, and they agree that the Government should spend on the needy.

In fact, the Government is in a strong fiscal position, for it now holds a total of $1,300 billion in reserves, comprising $700 billion of fiscal reserves and $600 billion of surplus in the Exchange Fund. Ironically, in the face of this "happy problem" of fiscal surplus in the past, the Government had failed to handle it properly and chosen the most convenient but short-sighted method — "handing out candies". In the past six years, the Government has at least spent $200 billion on one-off handouts, and in 2011, the Government chose to give away "cash handouts" direct.

Certainly, in times of a weak economy, I agree that the Government should hand out "candies" suitably to alleviate the financial pressure of the public. However, if the money is merely used for "handing out candies" or accounted to
the fiscal reserves, where no investment is made in society or to solve social problems, it is a very short-sighted approach lacking commitment.

Actually, in the past few years, the number of beds at hospitals has not seen any increase, the problem of disparity between the rich and the poor has worsened, the number of university places provided has remained stagnant and the expenditure on housing has reached its historical low once and again. People in Hong Kong have to endure the unpleasant consequence of these problems, and many people have fallen victim to the inaction of the Government.

President, it is necessary for the Government to suitably increase its recurrent expenditure to make up for the shortfalls in the past. Certainly, we should always remind ourselves that Hong Kong is an open economy vulnerable to fluctuations of the global economic cycle. In view of the current instability of the external economy and the United States' gradual exit, and complicated by the ageing population and the gradual shrinkage of the workforce in Hong Kong, there are indeed many hidden worries. Hence, it is not being over-worried to consider the possible adversities in times of peace.

The tax regime of Hong Kong is simple and our tax rate is low, yet our tax base is too narrow. Since the reunification, the expenditure and income of the Government are not in proportion. The accumulated increase in expenditure is 126.4%, but the increase in income is only 54.7%, while the increase in GDP during the same period is only 56.7%. It is evident that the structural imbalance in fiscal income and expenditure has not been addressed.

President, unlike expenditures on economic infrastructure and education which are social investment, welfare expenditures on poverty alleviation, elderly care and assistance for the disadvantaged are consuming by nature, so it is inevitable that such expenditures are open to criticism from various sectors in society. Moreover, quite a number of views are criticizing the Government for being generous at the expense of taxpayers. They worry that Hong Kong will be inclined to socialism, and as a result of the call for additional welfare, political pressure will be built up, where government expenditures will only increase and not decrease. They worry that populism will lead to infinite expansion in public finance in future. However, these expenditures are crucial to maintaining social justice, love and care and stability. Recently, proposals on increasing tax in various aspects, from duty on luxurious goods and value-added tax to green tax have been put forth. If the Government finds itself in financial difficulties in
future, I am afraid it has to increase tax to cope with its welfare expenditure. I think it will not be long before we come to that pass.

Some time ago, the Financial Secretary, John TSANG, sounded an open warning that the fiscal reserves might be exhausted in 20 years. I believe the Financial Secretary was not raising alarmist talk, but a reminder of good intent. Regarding the Financial Secretary's recent remark that he would reduce or even abolish one-off measures of "handing out candies" and cash in future, I very much appreciate that he took the initiative to state so. He also said that necessary services would be brought under the social security system, so that government expenditure could be spent in a focused and sustainable manner, fulfilling the principle of "spending properly and saving wisely".

As for the support for the middle class, the Policy Address has not mentioned anything about it. My friends in the New Forum and I have great reservations about "handing out candies" blindly, but we still expect the Government to put forth some tax concessions in line with its policies, such as introducing child education allowance, private medical insurance allowance, building repair allowance and private rental allowance. These allowances will on the one hand alleviate the heavy tax burden of the middle class, and on the other offer incentives in promoting policies on medical insurance and building repairs.

President, it is stipulated in Article 107 of the Basic Law that the Government "shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product". In the past 16 years, the Government has in general adhered to the principle of "containing government expenditure to 20% of the GDP", but on the level of reserve, there was no agreed view. I would say that the Financial Secretary of different terms adopted different approaches. For Mr Anthony LEUNG, he capped the level at an amount equal to 12-month public expenditure. For Mr Henry TANG, he requested that to be set at 20% to 50% of the GDP. As for Financial Secretary John TSANG, he thinks that more is better. I earnestly hope that in the report to be published by the Working Group on Long-Term Fiscal Planning, the Government will state clearly the criteria adopted in setting the reserve level, for apart from following the fiscal discipline, the Government needs to invest for the future in order to improve the economy and social structure and maintain stable development in society.
President, on the question of enhancing productivity, we believe that under the prevailing environment of free market, an increasing number of people will recognize the need to "make the pie bigger" and open up new paths. Hence, I strongly support the setting up of an Innovation and Technology Bureau (ITB) as announced by the Chief Executive. I hope that with the setting up of the ITB, the manpower and resources of various departments will be consolidated to promote the development of local industrial policies and technology, thereby enhancing the overall productivity and competitiveness of Hong Kong.

Regarding the functions of the ITB, there are rumours that the film and creative industries will be included in the purview of the new bureau in future. No matter what the final arrangement will be, I think the Government needs to take appropriate measures to promote the development of the local film and creative industries. However, the Policy Address on the whole has not said much about this, and the sector is disappointed about that. I hope that the authorities will formulate policies and examine the future direction for development of the film industry. The authorities should particularly study the support to be provided for subsequent production, so as to attract the industry to return to Hong Kong for those processes. Moreover, new measures should be introduced to increase the number of local productions and rebuild the audience group for local films. Only with these measures can there be hope for the film industry to be revived to stimulate the economy. Furthermore, the Government should urge the new organizations in television broadcast to start providing services as soon as possible, so as to enhance the standard and competitiveness of the industry.

As for the cultural and creative industries, it is said in the Policy Address that the authorities will capitalize on the transformation of Kowloon East by developing the district into a special business and trading zone. For instance, the space below the Kwun Tong Bypass will be used for the cultural, arts and creative industries. On the whole, I think this direction of development will bring new impetus to the industries and the sector will have some expectations about the new plan.

However, the authorities must maintain good communication with the sector. The authorities should ensure by all means that the plan will not affect the artists, as well as arts and recreational groups, now in the districts, and will not bring additional rental pressure on them or curtail their room of survival. At the same time, the Government should pay attention to the co-ordination and
strategy of the software concerned, including operation management and encouraging public engagement, to ensure the effectiveness of the plan. Moreover, the Government should capitalize on the development opportunities in the West Kowloon Cultural District and Kai Tak projects to support the development of the cultural, creative and sports industries, and it should stage more cultural and sports events to stimulate the tourism industry and enrich the content and standard of development of the industry, thereby enhancing the appeal of the city.

In another aspect, since the implementation of the Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA) in 2013, the arrangement has opened up many business opportunities for various trades and industries in Hong Kong. With the further opening of Mainland China, we should grasp the opportunity to consolidate the co-operation between the two places under CEPA and address the problem of "big doors are open, but small doors remain shut". I particularly urge the Administration to assist the local publishing industry in further developing the Mainland market, and the specific directions include striving for the lowering of the threshold for censorship and tariffs, and striving for direct entry to the Mainland market and book numbers for publishing for local publishers, and so on, which will expand the room for development of the trade.

President, I believe the authorities should continue to make the economic pie bigger, finalize industrial development and make all-out efforts to explore Mainland and overseas business opportunities to increase income, for this is the fundamental principle of finance management. In the long run, this will help offset the pressure arising from the constant increase in recurrent expenditure and ensure the stability of revenue to the Treasury.

President, I shall stop here today. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): The Financial Secretary is not in the Chamber, but we are talking about the economy now! I can do nothing about that. It just happens that he is not here when I speak.

First, I believe all of you must have noticed those two items of mine, which had once been taken away. So, why are these two items relevant to the debate today? They are definitely relevant, for LEUNG Chun-ying has made the outrageous remark to urge Hong Kong people not to "be conceited before getting
This remark is certainly applicable to all circumstances. Yet what was he talking about? The issue is related to the industrial structure of Hong Kong. I will only talk about the tourism industry now. As for other aspects, such as the Chinese word "提振" (meaning stimulate), I really do not know what he was talking about? Was he referring to the taking of health tonics? He used the term "提振", President, what does it mean? I really cannot figure it out. He talked about the "提振作用" (meaning stimulation effect), and I really do not understand what he was referring to.

The tourism sector accounts for 4.5% of the economy of Hong Kong. I do not know how they arrived at this figure. Perhaps a new calculation method has been used, for I recall the percentage was 6% in the past. I recall Donald TSANG had said that the percentage could be doubled to reach 12%. Probably because it is calculated separately now, so the figure is only 4.5%. According to my interpretation of his remark on "being conceited before getting rich", he probably meant that since the tourism sector only accounts for 4.5% of our economy now, which may be pushed up to 9% with stimulation, yet 9% is still a small number, so why not let more tourists come to Hong Kong?

Yesterday, I met you, the President, at his place, but my bottle of mouthwash was confiscated. I dubbed the mouthwash "Chun-ying mouthwash for expert liar". Why did I say that? He has made repeated remarks that the marginal effectiveness of the tourism sector has been decreasing rather than increasing. In other words, despite the increase in the number of tourists, the spending by tourists has not increased correspondingly, and he considers that Hong Kong should thus enhance the standard of hospitality and seek diversification.

Buddy, what kind of remark is that? Let us put aside whether or not it is right to levy the $100 arrival tax. The reason for levying the $100 tax is actually to address the large number of tourists visiting Hong Kong, so that the tax revenue will be used for other purposes, or it is presumed that the number of tourists will drop due to the tax. Why would it be described as "being conceited before getting rich"? The fact is that he is "being arrogant before becoming capable". President, you can see the personality of this guy. He is precisely "being arrogant before becoming capable". Regarding ways to stimulate and ensure the healthy development of the tourism sector, he has said a lot, but achieved little. In the case of LI Ka-shing turning a hotel into private units for sale, he dared not say a word, did he? It was left to the CPC to talk LI Ka-shing
into changing the arrangement. What did he do? The premises was obviously a hotel, yet it was sold as residential premises and rented out as resident flats. This is the usual practice of Li Ka-shing. What has he done in the incident? What has the Secretary for Commerce and Economic Development done? It is a blatant act to cheat Hong Kong people.

President, I say that this man is "being arrogant before becoming capable" rightly for this reason. He failed to manage his own business well yet he dared to be so arrogant to reprimand Hong Kong people for "being conceited before getting rich". In fact, in Hong Kong, people living in poverty surely outnumber the rich. Regarding the marginal income brought by the tourism sector, it is generated by industries emerging from "unknown causes", such as the provision of professional services and other productive services, or the trading and logistics industries, and such income is calculated separately. In other words, tourists visiting Hong Kong may spend money in Hong Kong. However, what has he done for the industries concerned? He said Hong Kong people were "being conceited before getting rich", but Buddy, the fact is that employees in the tourism sector and the service industries, who are responsible for receiving tourists, are earning very low wages. We need only look at the percentage of the sector as a share of the GDP and the large number of employees in the trade, and then we will know they are having a hard time in making a living.

May I ask him to stimulate the wages of the employees in the tourism and services sectors to raise it to $40. All these industries have emerged and expanded for unknown causes, and this is the reason for the Gini Coefficient to reach the high level of 0.535. Despite the handsome profit made by all industries, employees in these sectors cannot get a pay rise. People living in poverty in Hong Kong have to suffer as a result of the abnormal development of the tourism sector, forced to compete with compatriots from the Mainland in the use of transport. However, the Chief Executive said that it was not a problem and that we were "being conceited before getting rich". Just go to hell, will he?

President, you are lucky that your constituency is on Hong Kong Island. Does he have the guts to follow me to my constituency, Sheung Shui or Fanling, to take a look? If he can come back in good shape, I am willing to admit my defeat. If he agrees to come, I do not have to prepare the eggs, for he will surely be served with eggs. What kind of man is he? Why would he say Hong Kong people were "being conceited before getting rich"? Is he sick? Hong Kong people indeed lack money. There is no way for us to share the money made by
plutocrats, yet we have to bear the bad consequence resulting from the shortage of basic facilities. When this buddy puts forth the proposal on the construction of the 10 major control points, has he addressed the internal transport problem in Hong Kong? How about the franchises of tunnels, does he have the guts to recall them? Has he addressed the issue internally? What kind of man is he? He should have visited Tin Shui Wai and examine the service of the Light Rail Transit.

President, I will now come to the third episode: "The howling of a despotic wolf". Since the remark had come out of his mouth, I had made it clear that I would give him the mouthwash. Yet, as shown yesterday, the police had pulled me aside without any explanation even though I had the invitation in hand. I defended that I had an invitation, but they simply ignored me and claimed that I would be removed from the scene. Since they deliberately attacked my injured leg, I had to warn them not to touch my injured leg when they removed me. What kind of Chief Executive is he? If he cannot tolerate criticisms and rebuke, he had better quit and go to hell. When he went to the Lunar New Year fair, he said he would not give others the opportunity to show off. This time, he was the host of the event, yet he ordered his entourage to tell the police not to allow LEUNG Kwok-hung's car to enter. President, you saw that yesterday. All vehicles could go in and out smoothly, but mine was not allowed to go in. I wonder if he was sympathetic to Donald TSANG, for the licence plate of my car carries these words: "Donald PK". He is so narrow-mined, how can he handle the economic problems faced by Hong Kong?

Worse still, he always puts the Mainland first. On the whole, the economy of Hong Kong will not work on areas which the Mainland is working on. Take Dongguan as an example. Now, it is no longer best known for its industrial development but vice crackdowns — I am not saying that we have to engage in the vice business. I mean that certain industries we consider incurring high construction costs have moved northwards, and it implies that these industries cannot make any more achievement in Guangdong Province. If so, why do we not identify certain industries for development? At issue is whether the Government has formulated relevant policies. When it comes to industrial structure, as Mr Kenneth LEUNG said earlier, all those are primary industries which are nearly impossible to be found in Hong Kong now, for we only have secondary industries and tertiary industries. People in the tertiary industries have the highest value creation capacity, but their wages are the lowest. As for
the secondary industries, the value creation capacity and income of their employees are high. These industries include the so-called professional services and other productive services, which account for 12.4% of the GDP of Hong Kong. How many people are actually engaged in these industries?

We should not dwell on that, for economy is not industries. Economy is not about identifying ways to create wealth, but the establishment of a sound system for wealth distribution, so that society may generate more wealth. Besides, the economy should fulfil the social objective that people will lead a better but not poorer life if they make contribution to society. Only with the fulfillment of this criterion can it be regarded as an economy. No matter which schools of economy one studies, this is the primary objective. What has the Chief Executive done in this respect? He has set aside over $3 billion to brag about providing assistance to low-income earners. Yet applicants have to undergo means test and meet lots of requirements they can be granted the allowance. He had better go to hell.

President, I asked him to set aside $50 billion for the setting up of a universal retirement protection scheme, but he refused. What kind of economics is this? For people who have devoted their entire life to the prosperity of society and infrastructure but lack support in their golden years, he simply ignores them. It is against the principle of economics. As it is commonly known, economy is about running a nation to help the poor through the distribution of wealth and the fruits of prosperity. But he has failed to do so. He just pours out his heart to the Mainland. I have never heard any political power claiming reliance on another political power for prosperity. In that case, he had better go to Guangdong Province to be a member of the Guangdong Provincial Committee. He should no longer stay here. It is still an unknown whether the economy of the Mainland will make a soft landing, and the issue concerning the capital source of the four major investment banks remains unsettled, what justifications does he have to say that Hong Kong will surely prosper by leveraging on the Mainland? He must explain this clearly.

Since I have to save some time to rebuke him unhurriedly, I will not dwell further on this question. However, I have to put forth one point. Since LEUNG Chun-ying said that he will strive for more business opportunities through the homeland relationship, I urge him to state clearly what else Hong Kong should do apart from the finance industry. The finance industry accounts
for 16.1% of the GDP of Hong Kong, and he is going to set up the so-called Financial Services Development Council (FSDC). Talking about the FSDC, I have to sacrifice some of my speaking time to raise one point. The delay of the setting up of the FSDC is surely the result of filibuster. Yet when the FSDC is established, Paul CHAN will be the most probable candidate to be the Chairman of the FSDC. At a panel meeting, Paul CHAN said that I murdered his integrity by rebuking him for causing Hong Kong accountants to be barred by the European Union (EU) to carry out audit work in EU regions when he was the representative of the functional constituency of accountancy. Back then, the EU had given a deadline to him to address several major issues and stated that a prohibition order would be issued if the issues were not addressed by 2012. He had failed to settle the problems before the deadline and the Government had to clean up the mess.

I know that Prof K C CHAN is not involved in the case, but he can only keep the sufferings to himself. Have the problems been properly handled? The four points in question are: the public monitoring system for auditing should be independent; the monitoring system should exercise effective monitoring on listed companies; the monitoring process should have adequate transparency; and the monitoring system should have adequate power to carry out investigation and administer punishment. He failed to address these points, but now he has got to a higher position of Director of Bureau, and he may be the Chairman of the FSDC in the future.

The system is rubbish. I have to raise the issue here for he blamed me for murdering his integrity. I want him to refute my point here. No matter how, the system is rubbish, and it is obvious to all. President, when I was small, I was taught not to judge a person by his serious appearance but should visit him to see how he treated his servants and seniors at home. A politician should regard his people as seniors of his family, for he is the son of the people. However, he treats the poor poorly. His servant is also like that. This servant is handpicked by him, but this man failed to deal with the affairs of his own functional constituency of accountancy properly. Perhaps it was the tremendous efforts he made during the election-engineering work in 2012 that brought him to the higher position at present. Now, he requests the creation of the FSDC, and if the proposal comes true, it will not be favourable to the overall situation. I do not know if the proposal will be revived.
President, a disloyal man will not get a second chance. LEUNG Chun-ying can say anything he likes now. He has a silver tongue, yet what concrete measures have been introduced? Has he made appointments according to the merits of the candidates? No. In respect of the economy, my argument is straightforward. Let me state it concisely now. First, the problem of real estate hegemony should be solved by stating the stance of the Government clearly to the estate developers. I have pointed out more than once that for sites held by developers pending an exchange of land, they should be resumed to original usage within one year. In other words, farmland should be used for farming and fishery sites should be used for fishery, and sites failing to fulfil these requirements will be subject to land resumption. A lot of sites will be released under this arrangement. Even if compensation is made at market rate at land resumption, I think the sites for fisheries and farming will not be of great value now. Am I right? It is a matter of boldness. Does he have the guts to offend those people involved in hegemony, for he had told Hong Kong people that he would combat hegemony before he assumed office? Does he have the guts to do so?

His attitude towards rent control is even more ridiculous, which is related to the economy. Mr LEUNG Yiu-chung had asked the Chief Executive to consider restoring rent control, yet he turned down the suggestion on the pretext that the findings of various surveys and experience indicated the impracticability of the suggestion. He is obviously making a convenient excuse. Yet it is a matter of life and death, and he will face the fate of death like the vicious Emperor Yang of the Sui Dynasty. I would like to raise two queries now. First, where is the report on rent control to which he referred? Is it locked in the safe of Jones Lang or is it kept by him? Will he show it to me? Second, he should explain why a tax on vacant sites can be levied. If the levying of a tax on vacant sites is really impracticable, why can the Government not resume the sites for rezoning by the Town Planning Board to solve the land shortage problem? He may have scratched his head badly but still unable to solve these problem, and now I have given him the solution.

The second concern is about the finance industry. He should review the planning of the industry to clarify Hong Kong's positioning in the finance industry, identifying what should be sold and what should be done, before taking any action. Otherwise, he is just talking nonsense. So, to conclude — I have spoken for 16 minutes and I may not be able to speak in the second session of debate — I will not accept his nonsense. I challenge him openly to present the
report on rent control for our reference. I also challenge Paul Chan openly that I have not murdered his integrity, and he is instead putting his integrity into suicide. This is how I present it.

Thank you, President.

DR PRISCILLA LEUNG (in Cantonese): President, the Government can be described as making a big step in poverty alleviation with the launch of generous poverty alleviation measures in the Policy Address this year. Regarding the numerous demands made by the BPA and the Kowloon West New Dynamic, a community organization to which I belong, in regard to people's livelihood, the Policy Address has given a response, including increasing the value of elderly healthcare vouchers to $2,000, developing a Chinese medicine hospital, introducing a Low-income Working Family Allowance, expanding the free outreach primary care services for the elderly by, for instance, providing mobile dental vehicles, and so on. In education, the number of top-up places and scholarships will be increased, the territory-wide scheme on a $2 concessionary fare, for which both the elderly and Members have been longing for, will be expanded, and vocational education will be enhanced. The Policy Address has also mentioned, in particular, ways to encourage the blue-collar trades to gain healthy development and recognition in society. I consider all these measures proposed in the Policy Address positive.

As mentioned by many colleagues just now and pointed out by us in the past, the Policy Address has really made a big step in poverty alleviation. However, this has made many middle-class people unhappy. Regarding these people who have been described by us as having the duty of paying tax but no right to enjoy welfare, their greatest dissatisfaction is the feeling of being neglected. Actually, do middle-class people really want to receive "candies" from the Government, as we have always asked? I believe the answer is negative. However, they do not want other people to take their contribution to society for granted and, as a result, "candies" are often given out to others and not a single word is mentioned about them. Therefore, I think that the Financial Secretary should work harder in this respect and do something in the Budget.

Having said that, is it the case that the Policy Address has mentioned nothing at all about the middle class? In my personal opinion, this is not the case. For instance, it is mentioned in the Policy Address that outstanding
students can study abroad and receive scholarship. Moreover, the increase in the number of top-up places for associate degree programmes has indeed provided assistance to middle-class parents in an indirect manner. On the direct side, the middle class people actually have no wish to receive "candies" from the Government, as I have always said. Instead, they very much hope that the Government can give them assistance when they are in trouble. For instance, if they become jobless when the economy plunges into rapid transformation, will something like a loan fund for occupation switching be set up to enable them to upgrade themselves or even switch to become self-employed persons without the need to receive Comprehensive Social Security Assistance? And, for instance, many retirees are now only 60 years old. Some retired civil servants are only 55 years old or even 53 years old. In fact, these retirees are still very energetic and have rich life and work experience. Indeed, the Government should seriously consider how best to enable people striving to make improvement and contribute to society to rejoin society to become productive people without relying on assistance from the Government or society.

We can see from calculations made in 2013 that social welfare accounted for approximately 13.9% of GDP, and it appears that there is still some room. In the area of social welfare, I think there is indeed room for further improvement. But the point is: How should the Government spend and earn money? Policy-wise, the Policy Address has indeed failed to give specific information on how to make money. We do have a constitutional duty. Not only is the Hong Kong Government required by Article 107 of the Basic Law to achieve a fiscal balance and avoid deficits, but it is also stipulated in Article 108 of the Basic Law that the original low tax policy should be maintained. So, how far can tax revenue help? I have often asked the community and professionals the maximum rate of tax increase acceptable to them. I think most people will say 25%. If the Government really resorts to profits tax or salaries tax increase in future, I think some people will apply for judicial review to determine if the tax increase is in contravention of the low tax policy stipulated in the Basic Law.

Hence, insofar as the political environment is concerned, we can see that the Government is under enormous political pressure to spend more. Even if money has been spent this time around, many people will still complain that not enough money has been spent. This is why I think we must consider how to spend and how to earn. Furthermore, I very much agree with the view expressed by some Members, that the so-called middle class in Hong Kong or society as a whole is actually most concerned about two major issues. We very much
believe that housing is the Government's top priority and it has all along been working very hard to address this issue despite the pressure faced. Apart from this, there are healthcare and education problems.

On the healthcare front, many elderly people nowadays have a long life expectancy. We even have some volunteers who are in their nineties. Recently, I have presented awards to five centenarians who enjoy a very long life expectancy. We hope that, first of all, they can lead a happy retirement life. Second, apart from targeting them as consumers because they are really good consumers, the Government should seriously consider how to provide people who are probably around 75 years old and can still work with suitable types of work which might not require much physical exertion but can still allow them to work hard. Many elderly people are actually intellectuals. The Government should examine how to create suitable job types for these people to enable them to repay society. Meanwhile, they need not worry if they have an income. Furthermore, their family members or children need not support two family members who previously had an income but have suddenly retired.

During a recent trip made by the BPA to Guangzhou, I raised a proposal with the party secretary of Guangdong Province regarding whether retirement villages can be industrialized. We can make use of its land and then many people in the cultural sector are singles and will grow old soon. Although they enjoy a quality retirement life, they still wish to continue to make contribution. Some types of work might allow them to assist in serving older people who have reached, for instance, 80 or 90 years of age. Can we find jobs in residential care homes for the elderly which are suitable for elderly persons who are still comparatively young and strong? Actually, many elderly people can still make contribution in different areas, including teaching. Some teachers have already retired at the age of 55 or joined the voluntary retirement scheme. Actually, we hold that there are many options for consideration. Given that school places in Hong Kong are in short supply, can some schools be built in retirement villages for Hong Kong people and some retired teaching staff be employed? This is, in a sense, industrialization. I can only make proposals because I am no expert in considering these economic models. In my opinion, the so-called economics experts can offer much assistance in this respect. The Government can indeed enlist more brains to consider whether there are opportunities to create this type of industry while money is being spent. In so doing, a win-win situation can be achieved instead of purely spending money. Sometimes, wealth cannot sustain three or five generations of a family. Under such circumstances, I can also see
that Hong Kong is moving towards constitutional reform, and following the implementation of universal suffrage, the demand for spending in the community might grow even bigger. Therefore, the Government must consider how to earn money while spending it.

The second point I would like to raise is related to education. On the education front, I think that the Government is committed to implementing 15-year free education, which is also a major consensus reached by the previous-term Legislative Council. Is industrialization of education possible? Certainly, we will ask the Government what can be done to make the middle class feel that they are recognized as well. Middle-class parents will do everything for their children, and in this connection, they are actually doing their utmost to save money. Besides repaying home mortgages, all their money is devoted to their children. Such being the case, can tax concessions be offered to their spending on their children's education and extra-curricular activities? Another example is related to their retired parents, who are required to make contributions to some exorbitant medical insurance after retirement because healthcare is most important to the elderly. Can they enjoy tax concessions for that? If their children make contributions on their behalf, or as we have mentioned before … I have often mentioned it. Since the Budget debate held three years ago, I have kept asking the Government in each subsequent Budget debate whether it will, like saving money, inject $10 billion into public healthcare whenever there is a surplus. Why do I put so much emphasis on public healthcare? Many retirees, even though they used to be middle-class people while they were working, are reluctant to spend money because they no longer have an income. I have consulted some of my friends in the medical profession. One of them, Dr LEUNG Ka-lau, joked that according to his experience, many retirees spend half of their lifelong savings on healthcare. Hence, the public healthcare services in Hong Kong appear to be not bad because many people will choose to seek medical consultation at public hospitals. What is more, some of them cannot afford to medical insurance. In this respect, how can money be saved? If the Government can save up $10 billion per annum over 10 years, as if we are investing every surplus penny we have got, there should be much room for improvement in terms of manpower, hardware and software provided that money is saved in a systematic manner.

The Policy Agenda released in conjunction with this year's Policy Address also mentions another matter which, in my opinion, is related to the retirement of wage earners, that is, legislative amendments to the Mandatory Provident Fund (MPF) System. Insofar as the MPF is concerned, the Government has sort of
heeded public opinion in relation to the matters mentioned in the Policy Agenda, including, for instance, increasing the scope for fee reduction by trustees, allowing phased withdrawal of MPF benefits, allowing early withdrawal of MPF benefits on the ground of terminal illness, and so on. I think these considerations and legislative amendments are good, and they have responded to some of the demands made by the Legislative Council and society. However, are they enough? Certainly, they are far from enough. Members should really face the reality that the MPF System has all along been criticized. I think some wage earners even face a serious crisis of confidence in the MPF System. So, what can be done? In a study commissioned by the Mandatory Provident Fund Schemes Authority (MPFA) in 2012, a comparison was made of Hong Kong, Australia, Mexico, Chile and the United States in terms of the ratio of total revenue to the assets under management. Its findings revealed that the ratio of fees levied in Hong Kong, amounting to 1.74%, was the highest. Even after the introduction of the "MPF Semi-portability", the data of February this year revealed that the ratio still reached 1.71%. The high fees levied and the fluctuations of the stock market will eat into the MPF benefits accrued by wage earners at any time. No wonder a survey conducted earlier showed that 60% of the respondents considered the MPF System a failure, and 20% of the respondents had no confidence in the MPF. Therefore, whenever MPF was mentioned, wage earners, be they middle-class system people or the grassroots, would appear to be very angry and ask how they can retire.

I think it is superficial for some people to put the blame on some financial institutions on the ground that the cost of operating MPF schemes is high. Another deep-rooted reason is that the management of the MPFA and the system proposed by it are not sound. According to the consultancy report prepared by the consultancy commissioned by the MPFA, the cost of the levy is extremely high. I was told that the documents were overwhelming. Putting aside environmental protection, it was also a waste of time and efforts to recruit so much manpower. Even though the "MPF Semi-portability" has been in place for half a year, the response of the public is still lukewarm. In fact, members of the public really do not know how to read those investment documents. Neither do we know how to read the documents, not to mention ordinary people. Moreover, we are not in the mood to read them. This is why people tend to choose "brand name" MPF companies. What is the result? Thanks to such a mindset, among the 19 MPF trust corporations, the top five with the highest total management fund value have taken up 70% of the market. Is this genuine competition?
Furthermore, should this situation continue, which means that there is no efficiency, high administrative fees are charged, and the market is monopolized by only several major MPF trust corporations, then we must learn from Singapore and let the central authorities or the Government centralize and manage everything, thereby greatly reducing the administrative fees and time involved and enhance efficiency. Such voices will definitely grow stronger and stronger. Now, the Government has already taken its first step and expressed the willingness to enhance the MPF mechanism. However, it must act in a radical manner and examine how the MPF System can really provide retirees with a safety net and genuine protection.

President, I shall stop here in this session. I will leave the remaining issues to the next session. I so submit.

MR TONY TSE (in Cantonese): President, we should support the many policies and measures introduced by the Chief Executive in the new Policy Address for alleviating poverty, caring for the elderly and supporting the disadvantaged to provide appropriate assistance for the needy grassroots and disadvantaged groups. However, as quite a lot of resources are required for the implementation of these policies and measures, where will these resources come from? Quite a number of people have doubts about this. As mentioned by the Chief Executive in the policy address last year, economic development is the source of welfare, which means that economic development directly affects the provision of various social welfare benefits by the Government. Therefore, economic development must be pursued and resources increased to cope with the enormous annual public expenditure and support the provision of social welfare benefits by the Government. Although the Chief Executive made it clear in the policy address last year that "promoting economic development is the primary goal of the Government", I cannot feel how the Government has made the promotion of economic development its primary goal in the new Policy Address. Neither can I feel any specific measures put in place by the Government to help the commercial and industrial sector to, for instance, improve the business environment, assist the development of enterprises, and so on. Hence, I am disappointed with the part relating to the promotion of economic development in the Policy Address.

In fact, among the various policies and measures launched by the Government for the needy grassroots and disadvantaged groups, the most
important one is to help them get rid of poverty. In view of this, the many measures launched by the Government should aim primarily at exploring ways to assist the working poor who have not applied for Comprehensive Social Security Assistance in getting rid of poverty, thus enabling them to develop the desire to advance for the purpose of climbing up the social ladder, and enhance their upward mobility on the social ladder through working hard and learning. Hence, I hope that all the relevant measures are inspiring, and details can be formulated and implemented in the direction of achieving this goal.

I concur with those people who consider that this Policy Address has taken the middle class and small and medium enterprises (SMEs) lightly. Although the development of Lantau can propel Hong Kong's overall development, stimulate the economy, create job opportunities and benefit the middle class and even all Hong Kong people in the long run, unfortunately the relevant proposal is still under study, and the time required for completion and when it can be implemented are still uncertain. Even if it can eventually be put into implementation, it is nonetheless a longer-term project. It can simply not help the middle class and SMEs solve the various problems and difficulties facing them at the moment. Hence, may I ask the Government how it can achieve appropriately proactive governance? I also hope that the Financial Secretary can come up with measures that can immediately benefit the middle class and SMEs in the Budget to be unveiled shortly, so that they can feel the Government's concern and support for them.

SMEs are a key component of Hong Kong economy. With the sustained fluctuations experienced by the global economy in recent years, SMEs are actually facing a lot of difficulties. Even though the major infrastructure projects, including housing projects, launched by the Government in recent years involve probably tens of billion dollars, the works contracts offered very often involve projects of a larger scale. Moreover, the Government has opted for more design and build contracts in recent years, which is not conducive to small and medium consultancies and contractors with relatively limited resources. If the Government does not divide the works project into smaller components, I believe SMEs, including professional services companies, can hardly get a slice of the pie, and only large enterprises can continue to be benefited. I hope the Government can address the relevant problems squarely by providing SMEs with more appropriate assistance.
President, it is mentioned in this Policy Address that "Hong Kong needs sustained economic growth to address issues such as poverty, housing, an ageing society, environmental protection and the upward mobility of our young people." But how can sustained economic growth be promoted to foster diversity and robust growth in various trades and industries? Has the Government formulated systematic and comprehensive industrial policies that can cope with Hong Kong's actual development needs? Although the Policy Address has mentioned that the development of professional services, including the establishment of strategic footholds all over the world, will be supported, the details and timetable for concrete implementation are still absent. Therefore, I hope that the Government can give us a response in this regard in a proactive and expedient manner.

Some time ago, I asked a written question in this Council regarding investments management of the Exchange Fund (EF) in the hope of understanding the economic benefits brought about by the overseas investment projects of the EF to the local industries and whether the EF has assisted the local professional services sector in exploring business opportunities for development. According to the reply given to me by the Financial Secretary, the Hong Kong Monetary Authority (HKMA) does not assess benefits that are not related to the investment objectives of the EF. I really cannot understand why the HKMA cannot pay attention to ways to assist the local professional services sector in exploring opportunities of development in overseas countries while making overseas investments on the premise that investment returns will not be affected. Does the HKMA think that there are inadequate professional services talents in Hong Kong or the performance of our services is not up to the international standard?

On the tourism front, although the further expansion of the Individual Visit Scheme in recent years can directly promote the development of the tourism industry in Hong Kong, diversified development of visitor source can still not be achieved because these visitors come mainly from the Mainland. Furthermore, the development of the tourism industry involves different economic areas and requires complementary efforts by a number of Policy Bureaux and government departments. However, the co-ordination among various government departments is obviously inadequate. As a result, quite many problems related to the tourism industry have occurred in recent years. Upon the commissioning of the cruise terminal, for instance, Members should have sensed that the Government has probably not planned ancillary transport facilities for the terminal. Neither has it made proper planning regarding how to convey visitors
from the terminal to other tourist destinations, particularly nearby areas, for spending or sightseeing. I hope the Financial Secretary can consider allocating additional resources in the Budget to enable relevant departments to ameliorate these problems in an appropriate and expedient manner.

President, given the Chief Executive's comment that "Hong Kong needs sustained economic growth" and the fact that the maritime and logistics industries are Hong Kong's important economic pillars, it is actually impossible for the construction of the third airport runway and further development to be delayed anymore in future. The Government must hurry up to provide adequate infrastructure facilities for Hong Kong's maritime and transport services to complement the further development of the logistics and maritime industries.

President, I so submit.

MR ALBERT HO (in Cantonese): President, in this Policy Address the Chief Executive has quite unusually proposed quite a number of fiscal measures, especially in respect of poverty alleviation and care for the elderly, and even stated many specific figures, giving people the impression that it is somewhat like a small Budget. These poverty alleviation and elderly care measures have certainly won an applause from many grass-roots people. But is it that the Chief Executive, just when the Budget will be released soon, has eaten all the tender meat — put it in the words of President XI Jinping — and left behind the "hard bones" for the Financial Secretary to crunch, thus making the Financial Secretary unhappy as he thinks that it is unreasonable to send him to the 'deep waters' and make him tackle the most difficult tasks? But Financial Secretary, I certainly very much appreciate the fiscal management philosophy that you have long adopted as well as your character. So, there is no denying that your reaction somehow gives the impression of "pouring cold water" over these proposals while cautioning about their infeasibility and questioning for how long Hong Kong can hold out if the recurrent expenditure were increased in such a manner. It gives people the impression that you are at odds with each other and hold a grudge against each other. But as far as we know, this is quite consistent with your character and you reacted in such a way not necessarily because you are given "hard bones" to crunch. That said, has the Financial Secretary reacted a bit too strongly? This is the biggest question. Because our first feeling is that given such strong reaction from the Financial Secretary, is it because he has made calculations and found that this series of poverty alleviation and elderly care
measures as well as other relevant programmes will greatly increase the recurrent expenditure? We then took a look at the accounts and found that the increase is not much as the figure is $7 billion.

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

Let us take a look at this: Mr John TSANG has taken up the office of the Financial Secretary of the Hong Kong Special Administrative Region for the past few years, straddling two terms of the Government. He has handed out "candies" exceeding $200 billion, and the injected funds, which refer to funds that have yet been spent and are ready for use in the future, amount to over $100 billion according to our calculation which comes up with an amount of about $110 billion. The current fiscal reserves have increased to nearly $1,400 billion and together with a surplus of tens of billion dollars on average in each of the past few years, an increase of $7 billion in recurrent expenditure can hardly be considered excessive and what is more, we even have to ask whether such an increase is adequate or not.

I think the Financial Secretary will recall that the pan-democrats have been quite consistent in urging him to increase the long-term investment in Hong Kong society, in order to upgrade the competitiveness of Hong Kong and also provide the elderly with security and care for the poor. In this connection, the investments made in society for making improvements in healthcare, education, elderly care and environmental protection are far from adequate. Our expenditure entirely falls short of the expenditure ratio expected of an advanced society. We have even stated time and again that we have the conditions to increase expenditure. The annual surplus recorded was close to tens of billion dollars in each of the past few years and it was even close to $80 billion in one year. We do have the means to afford an annual increase of about $20 billion in recurrent expenditure. Let us also bear in mind one point. If the investment return of the Exchange Fund can be injected at a certain percentage equivalent to the five-year average, say, 20%, or even a higher percentage of 30% for meeting the increase in recurrent expenditure, that would by no means be excessive either.

So, I hope that the Financial Secretary will not be so agitated as to have this knee-jerk reaction, thinking that this is not feasible and that all the fiscal reserves will soon be exhausted if things go on like this. I do not wish that he has this
negative impression and he should not be affected by such an impression in formulating future budgets. We have achieved not only a fiscal balance, but even far more than that, because our surplus is actually excessive. Under the principle of keeping expenditure within the limits of revenues, it is because we have seen this level of revenue that we consider it necessary to increase the expenditure of Hong Kong in areas requiring government spending in order to make long-term investment in society, thereby upgrading our competitiveness and improving the living of the general public, especially the grassroots, the elderly and the disadvantaged. We hope that the Financial Secretary can consider this.

Certainly, with regard to the middle class, their needs should be taken care of in some areas. Particularly, to many people in the middle class, and as we all know, there is the problem that some of them are living under really great pressure and there are even signs of povertization. Therefore, we consider it necessary to increase the tax allowances for, say, their children's education or studies abroad, medical insurance, and even repair and maintenance fees because major repair works are carried out in a building once in a while, costing hundreds of thousand dollars and hence imposing a heavy burden on many flat owners. The Financial Secretary should consider increasing tax allowances in these respects to benefit the middle class.

I agree with the Financial Secretary that "handing out candies" actually should not be a recurrent measure. In view of the wide wealth gap in Hong Kong, I think the money should be spent on areas where spending is due. This will include making long-term investments in society and providing necessary support for people in need. Only in this way will there be stability in society and the long-term competitiveness of Hong Kong be enhanced.

I would like to talk about financial development. We have the Financial Services Development Council to provide macroscopic policy directions for future development. As Members have mentioned, importance should be attached to development and to stability as well, for financial stability is most important. But I must tell the Financial Secretary, who happens to be here in the Chamber, that I am not worried about development because Hong Kong does have advantages and vitality. My worry is their ability and determination to exercise financial monitoring. In a number of past major incidents, including the incident concerning the CITIC Pacific Limited (CITIC Pacific), the performance of the Government, including the performance of the regulatory authorities, have so far been disappointing to us. This is only one example and I
have several other examples, such as the incident of The Apex Horizon cited by "Long Hair". I do not wish to say too much about it because I am the lawyer in this case.

However, the Government has given people the impression that it often has a lot of reservations when confronting the major enterprises. The Government's regulation of these enterprises and even law enforcement in many cases have given people the feeling that these enterprises are "too big to fail", or some enterprises are "too red" … or some people are "too red to jail", for they may be the bosses of "red flag" enterprises. Is there such a problem? It is true that people at least have the impression that there is this problem now. The Government often said that it is pointless to take the Government to task because it cannot tell us anything due to the principle of confidentiality. But the Government cannot hide behind this shield forever. We want to see results. Insofar as these incidents are concerned, no result is no result, and if there is no result, it means that you are a failure.

Just look at the CITIC Pacific incident alone. The company suffered a loss of HK$10 billion in a very short time. Almost at the same time, a company in Singapore — I have written an open commentary on it — namely, China Aviation Oil, suffered a loss from speculations in derivatives such as accumulators, and so on, at an amount about half of the loss suffered by CITIC Pacific, but Singapore completed the investigation, made conclusions and instituted prosecutions in a year or so. Now, not only has the responsible person been given a sentence, he has almost finished serving it. Our Government has not even reached a decision. Financial Secretary, it has been six years already. If anyone has the right to sue a certain person, this right will be expiring soon because of the six-year period for invoking this right. How are you going to explain to the parties concerned? So, I am gravely worried. There are so many Chinese enterprises seeking listing in Hong Kong now. In respect of many issues, we rely on due diligence and prudent investigation, but we also rely on the integrity of the parties concerned. But whether a person has integrity is not decided by your trust in a person or the fact that he is an honest man. An effective regulatory system must also be put in place. I really have to put a question mark over the ability, determination and impartiality of the regulatory system in Hong Kong. If these are open to question, how can you proceed to embark on our development into a more successful international financial centre? I hope that the Financial Secretary can respond to this point. Thank you.
DR ELIZABETH QUAT (in Cantonese): Deputy President, in the second Policy Address delivered by Chief Executive LEUNG Chun-ying this year during his current term, there are more measures in respect of poverty alleviation and the people's livelihood but obviously less paragraphs concerning the middle class. Coupled with the fact that the Financial Secretary has stated recently that the Budget to be released later will not have plans to further hand out "candies" through such relief measures as rates concession and electricity tariffs subsidy, I think many middle-class families will feel all the more helpless.

Having said that, I have chatted with many friends in the middle class recently and they, being the mainstay of society, told me that with regard to this Policy Address which proposes to substantially increase the provision of social welfare, they are actually most concerned about where the money will come from and whether this will constitute a huge burden in the future. They, therefore, consider it necessary for Hong Kong to vigorously develop the economy. Only in this way can the middle-class people believe that Hong Kong will have a bright future, that they will have opportunities of development, and that their lot can be improved. If their lot can be improved and the economy developed, they actually do not really wish to have "candies" handed out to them. But if the economy is not developed, the middle class can hardly put their minds at ease. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) hopes that the SAR Government can actively take care of the middle class, develop new economy and support the public in business start-up while helping the small and medium enterprises in their development to create more business and employment opportunities.

In respect of tourism development, I think this Policy Address has again handed in a "blank paper". In fact, with regard to other policies in Hong Kong, such as housing and poverty alleviation, a blueprint for development for the next three years or even the next decade will be formulated with clear objectives being set out. However, it seems that the Government has never made any planning for the tourism industry; nor has it set out long-term objectives and directions of development. Had there not been the financial turmoil back in those years, the Disneyland probably would not have existed in Hong Kong today. I hope that the SAR Government can, in the future, draw up objectives of development for the next five to 10 years for the tourism industry in Hong Kong, including how it will promote high-end tourism, such as further developing convention and exhibition tourism and increasing the provision of support measures, or developing the site in Wan Chai where three government buildings are now
located into a new convention and exhibition centre according to the proposal. It seems that we have not yet heard any actual response from the Government on these proposals. Meanwhile, we also call on the Government to expeditiously take forward the construction works of the third runway in order to address the problem that the existing two runways at the airport will soon reach their full capacity. The DAB also urges the Government to actively study ways to take forward such projects as developing a business and shopping centre in Lok Ma Chau South.

Tourism is one of the four major pillars of the Hong Kong economy. The number of inbound tourists has increased continuously in recent years, and of the 40 million Mainland tourists visiting Hong Kong, half are same-day return tourists while some high-spending tourists from other Mainland cities are nevertheless subject to the quota limit under the Individual Visit Scheme (IVS) and for this reason, not every one of them can travel to Hong Kong for spending. But the Government, after spending a long time conducting a study, only said eventually that there is not any problem with Hong Kong's existing capacity to receive tourists, stressing that the Government will provide support effectively and forge communication with the business sector in order to resolve the inadequacy of hotel rooms. The DAB considers that in order to plan the long-term development of tourism properly, the authorities need to provide more sound and adequate facilities to attract high quality tourists from the international community as well as the Mainland, and only in this way can the Government make more effective arrangements for Hong Kong's tourist receiving capacity in the long term. Today, many Members have mentioned how we can reduce the number of certain tourists, but my view is that when places all over the world are seeking to open up such high-end tourist markets as China, Russia, the Middle East, and so on, Hong Kong must not rest on our laurels and refuse to make progress and we must not drive tourists away. It is because if Hong Kong gradually becomes a city where tourists are not welcome, our tourism industry will only be on the wane and development will cease. This will have a great impact on the future economy of Hong Kong.

In respect of innovation and technology, the Chief Executive has announced that the Government will promote the setting up of an Innovation and Technology Bureau. This, we very much welcome, for it is a goal that the information technology (IT) sector and I have been striving for since 2007 and a consensus reached among various political parties and groupings and also among various sectors of the community. That this common wish of us may come true
is certainly encouraging. We hope that after setting up a dedicated Policy Bureau responsible for innovation and technology policies, the authorities can draw up a complete strategy and plans and assign a dedicated department and resources for the practical implementation of these policies, in order to be truly committed to promoting the development of innovation and technology.

Innovation and technology have a very wide coverage. Apart from IT, technology actually covers a wide variety of areas, such as environmental protection, materials, healthcare, Chinese medicine, and so on, whereas innovation is even more wide-ranging as it can cover the creative industries and is a key to the development of Hong Kong into a high value-added economy. In this connection, if this Innovation and Technology Bureau can operate effectively, the overall economic development of Hong Kong will have the opportunity to scale new heights. Looking around the world and even the local development in Hong Kong, we will find that the highest value-adding industries with the most rapid development are no longer the traditional real estate or finance industries, but the technology industries. Many new technology industries have now surpassed the traditional industries in their production value or market value. It is imaginable that in the future, technology industries will become the locomotive of all economic activities and a key area of strategic development in every city and country. I hope that the new Innovation and Technology Bureau will at least make an effort in the following areas, in order to promote technological development in Hong Kong.

First of all, I hope that the Innovation and Technology Bureau can clearly keep in view the developments while analysing the advantages and inadequacies of Hong Kong and determining the industries that can be developed with priority. For example, Hong Kong enjoys free flow of information, a sound rule of law system, well-established infrastructure, and good international reputation, and we are highly efficient despite the small size of Hong Kong. All these are our advantages which provide very favourable conditions for business and investments. We have also performed remarkably well in many traditional high-quality industries, having assumed a leading position in the international market whether in respect of clocks and watches, garment manufacturing, or even electronics products. With the integration of technology, these industries can in fact be the starting point for the development of a new economy based on innovation and technology.
Our weakness, as many people obviously know, is that our market is small. For this reason, it is all the more necessary for us to leverage on the Mainland market and develop domestic sales. We should capitalize on the people and the market in the Mainland before we can achieve integrated development and create a bigger market.

Given such an extensive coverage of the technology industries, some of the areas covered are actually areas in which we already enjoy advantages traditionally, and I have also mentioned this point earlier on. If we can step up efforts to develop these areas with priority, such as Chinese medicine, healthcare technology, high-tech materials, and so on, or environmental technology — For instance, as urban development and environmental protection are often in conflict and environmental technology can strike a balance between urban development and the impact on the environment, environmental technology, if developed effectively, will enable us to benefit from both. Coupled with the fact that environmental protection is given more and more attention in the Mainland and green development is accorded with greater importance in places all over the world, environmental technology should therefore have very promising prospects.

After obtaining a clear picture of the situation of industries in Hong Kong, the Innovation and Technology Bureau must formulate a long-term strategy for development, setting out specific objectives of development in the short, medium and long terms, so that the general public can clearly see how the Government will promote the development of innovation and technology. Most importantly, this will enable members of the public to feel and experience some of the benefits of technological development in their daily living and their future career development. To promote industrial development, the Government cannot take one step at a time or adopt an ad hoc approach. There must be clear concepts and clear objectives and also thorough implementation, in order to achieve long-term development.

More importantly, the Government should create an environment conducive to the development of innovation and technology. As we all know, the real estate and finance industries are predominant in Hong Kong. The top students in Hong Kong, who would choose technology departments in the past, such as the department of engineering, nevertheless favour commerce or business nowadays. Many universities have told us that less and less quality students will study engineering or technology now, as many parents may be worried about the prospects of studying in the technology school or department.
Talents are now lacking in the technology industries and a succession gap has emerged. If the situation continues, the development of innovation and technology in Hong Kong will be impeded. Therefore, it is necessary for the Government to create a favourable environment to attract various sectors to develop an interest in technology and innovation in the hope that from parents to children and then to students, an interest in technology and innovation can be fostered in them since their tender years.

One of our proposals is to start promoting the learning of computer programming in primary and secondary schools with the support of electronic teaching, in order to develop students' logical thinking and problem-solving abilities as well as their interest in technology early. We hope that when these seeds have grown up, they will become the future pillars of innovation and technology.

To facilitate technological development, the promotion of research and development (R&D) is certainly very important. As we have mentioned in many different discussions, the proportion of local R&D investment remains on the low side, accounting for only about 0.7% of our GDP. Compared to 3.7% in Korea and 2.3% in Singapore, the proportion of our R&D investment should be increased indeed. During the election the Chief Executive said that the total expenditure on the Government's investment in R&D would be increased to 0.8% of the GDP. While this Policy Address has made no mention of this point, I still hope that the Government will achieve it in the future and will not set the target at 0.8%. In this respect, I hope that the new Innovation and Technology Bureau can set new directions for the way forward.

The promotion of R&D aside, the commercialization of R&D results is also very important. While Hong Kong may not have a lot of original technologies, we are in the forefront of technology integration and application internationally. For example, the Octopus card that we use every day is actually not an original technology developed locally in Hong Kong, but great success has been achieved in respect of integration, application and commercialization. This is why the Octopus card has not only achieved wide and popular application in Hong Kong, but its service can also be exported overseas for application in other countries.

In this connection, we consider that the Government should accord importance to, promote and support the integration and commercialization of R&D results. For instance, the Government can set an example by increasing
the application of R&D results or integration technologies developed by local industries to enable the industries to accumulate experience and hence upgrade their competitiveness in the market. To this end, intellectual property trading, which the Government is going to develop, is a very good entry point. It can provide a convenient platform for supply of and demand for R&D results and promote commercialization of R&D results, and as there are more ways out for R&D results, R&D is, therefore, further encouraged, thus killing two birds with one stone. So, we must step up the promotion of intellectual property trading in order for R&D and technological development to achieve twice the result with only half the effort.

Deputy President, technology infrastructure is indispensable to the development of innovation and technology. The Government has always cited international rankings to point out that Hong Kong has sound IT network infrastructure and fast Internet service. These are certainly praiseworthy, but we should not be complacent because our technology infrastructure still has a lot of room for improvement. As technology is developing rapidly, there are actually still a lot that we must do. For example, the outdoor Wi-Fi network coverage in Hong Kong is still on the low side, the Internet of Things has just made a start, and even in respect of communications technology, the usage of 4G network has remained low and has not become popular yet. True enough, the technology industries are setting eyes not on 4G or 5G anymore but on 6G. In comparison, overseas cities have already started the development of so-called "Smart City" with full application of new generation information technology in various aspects of city operation and management and also the application of technology in areas from municipal management to the needs of the people in their daily living, thereby achieving harmonious, interactive synergy.

In fact, Hong Kong has many favourable conditions for development into a leading Smart City. We are in a leading position in the application of technology whether in respect of the transport network, infrastructure, security of the city, or even healthcare system. As such, the development of a Smart City is very much worth facilitation by the Government. We also hope that the new Innovation and Technology Bureau to be set up in the future can, through promoting the development of Hong Kong into a leading Smart City, further promote new economic development on various fronts and in various industries.

Moreover, I would also like to talk briefly about e-Government. Although the Government has over the years promoted computerization of
government services and we have been doing very well in many aspects, there is still plenty of room for improvement. For example, electronic filing of tax returns and online renewal of driving licence are easier said than done and as a result, many people still have to do it in person. As for the smart identity cards in respect of which our development used to be ahead of others, these ID cards cannot be considered smart nowadays apart from their use for immigration control purposes. In these respects, it is certainly necessary to step up efforts to make improvements in the future. In fact, there is still a gap between the existing government services and the truly convenient and expedient all-dimensional e-Government services. I hope that the Government will make greater efforts in the future to expeditiously review and enhance the electronic environment in various departments in order to develop a truly effective e-Government, with a view to achieving the objectives of improving the operational efficiency of the Government and providing better and more personalized services to the public.

The promotion of the development of innovation and technology is actually an investment in the future. While we definitely have to spend money on it and there may not be instant results, this is still something worth doing because the point is that if we do not start making the investment and doing something now, it may very likely be too late if we wish to catch up in the future. By then, we will have to pay a dear price, and this price of failing to catch up with others is not to be paid by us today but to be borne by our next generation. On the contrary, so long as we can ensure that our resources are utilized in areas with genuine needs and advantages, we believe we will definitely reap a harvest in the future.

Lastly, in this session, I would like to talk about the problem of cyber crimes. Cyber crimes have emerged in an endless stream. According to the police, last year saw a considerable increase in cyber crimes. For example, deception cases involving "naked chat" has increased significantly by seven folds. In this year's Policy Agenda, it is mentioned that a Cyber Security and Technology Crime Bureau will be set up to combat cyber crimes. This, we certainly support. But law enforcement aside, it is equally important to educate the public, especially the youth, about an awareness of self-protection. At present, school education generally puts emphasis on academic results, and even when teaching the youth to use the Internet, schools mainly focus on practical learning courses, such as teaching students how to do their homework with the use of computer. Neither schools nor families have taught children and young people how they can protect themselves on the Internet or the culture of the cyber
world, such as how they can avoid social networking traps on the Internet, how they can distinguish among the different natures of information, the need to refrain from uploading personal information onto the Internet, the need to be responsible netizens with moral integrity, and so on. Education is still grossly lacking in these areas in Hong Kong nowadays. I hope that the Government will definitely enhance education on information literacy and the cultural aspect to prevent more people from falling victims to cyber crimes and even becoming cyber criminals.

Deputy President, I shall stop here in this session. Thank you.

DR KWOK KA-KI (in Cantonese): Deputy President, if this year's Policy Address has become the most discussed after-meal material, it is not due to any uniqueness of this Policy Address. It is because of the series of disputes after the Government's announcement of the so-called Low-income Working Family Allowance. The public can read the astonishing figures written on the blog by the Financial Secretary, who frightened us with how those figures would "dry up" our fiscal reserves. When discussing economic development, most economists will say that the most important purpose of economic development is to bring people a wonderful life. Will the people of a place be very delighted upon knowing their Government has accumulated as much as over $2,800 billion in fiscal and foreign exchange reserves? When a report tells Hong Kong people that the number of visitors, instead of decreasing, will reach 100 million after 10-odd years, should we expect more happy faces? On the contrary, we have seen not only internal contradictions within the Government. Basically, $10 billion to $20 billion is not a small lump sum. Ideologically, what we can see in the Government is a lack of full team spirit. The people within the Government are like fighting with each other, giving the public an impression that there is something wrong with their concept of governance.

The Government's finance team is not made up of inexperienced officials. The Financial Secretary has been in his position for many years. The current head as well as the Under Secretary for Financial Services and the Treasury Bureau are not green horns either. The Secretary for Commerce and Economic Development is not a new comer either. What we originally hoped to see was a properly thought-out plan that could lead Hong Kong forge ahead. I agree with the Financial Secretary, who put it very correctly that the Government could not just keep on spending without any revenue. But does the Government have any
policy to unleash these creativity, economic impetus and vigour which are waiting to be brought into play? Take a look at our next generation. Most of our young people, whether they are studying in secondary schools, universities or coming back from overseas studies, are not happy because they can see no prospects. Instead, what they can see is the simple fact that they do not even have a simple shelter to settle down before getting on with their pursuits.

Secondly, as we can see, the monthly income of young people has remained stagnant during the past 10 years. We have also talked about the "Big Mac Index", which has gone up by more than 26% in the past 10 years. But the median income of young people has remained stagnant. For a provident Government, should it at least do something or show minimal sincerity to find a way out? Sorry, Deputy President, I do not think the Government has done anything to find a way out. The most important duty of a Government is to give our young generation a chance to bring their talents into play. Unfortunately, they find their path ahead more and more difficult whether in pursuing further education, entering the community or finding an opportunity to establish their own business. The Government has not increased any places in tertiary education, nor has it cared about the future of these young people. If they want to engage in creative industries or be given the opportunity to bring their talents into play, like what the Government has said, it would be extremely difficult. Currently, they have difficulty in securing even a so-called "base" or commonly referred to as "den". The rent for industrial units is also on the rise, thus forcing them to move away. We do not hope to see a city which is sitting with huge reserves run out of solutions. Neither do we like to see what lying ahead of us is the hollowing-out of our industry. But what do we actually see? We often say that the revitalization of our economy depends on the so-called local tourism, which to me is quite low in terms of its level in the economy. Since many travellers who hold Multiple Entry Permits do not stay overnight in Hong Kong, how can they contribute to our tourism industry? Do we have to depend on these parallel traders who patronize our active markets to revitalize our economy? Are we satisfied with this kind of economic future? What we can see now seems to be like that. The Government does not have any new way to resolve our conundrum. Even though the people of Hong Kong have creativity and hope that the Government can provide a platform for them to give play to it, they will be very disappointed. From the Government's licensing system on television to the recent incident of Radio Television Hong Kong, it clearly shows that the Government does not have any sincerity or ability to develop creative spaces.
Hong Kong is an economic city that used to be renowned for its quick development. What is disproportionate to our situation is the gradual disappearance of elements which may still be contributory to our future economic development. However, we can hardly see any effort being made by the Government to work them out. As we all know, Hong Kong will soon be reduced to an ordinary city of China if we do come forth to speak up. If the predictions of some scholars are accurate, a few years later when Renminbi becomes freely convertible, Hong Kong may completely lose its economic and financial advantages. What will we become if the only edge left is lost? Of course, we do not expect any immediate antidote, but we are extremely worried about what was said in this Policy Address concerning our economic, commercial and financial developments.

If the Government follows the current path, the future of Hong Kong will be worrisome, like what the Financial Secretary has written on his blog. As a matter of fact, if his prediction comes true, Hong Kong will forever turn into a dead city. With probably no way out, young people and even the middle class may have to hold on to their savings, thus living off their past gains.

I so submit. Thank you, Deputy President.

DR FERNANDO CHEUNG (in Cantonese): Deputy President, originally I did not intend to speak in this session. But a shocking incident happened this evening. We learnt that Commercial Radio Hong Kong has summarily dismissed LI Wei-ling. From this incident, we can see that the freedom of public broadcasting, of information, of the press and of expression in Hong Kong are subject to further suppression.

Before her sudden dismissal, LI Wei-ling was transferred from "On a Clear Day", which was a famous talkshow programme hosted by her, to another midday programme. We all know that LI Wei-ling is a tough and candid person. She used to bring to light the ugliness of the political circle without any hesitation. Certainly, this might have bitterly stung some of those in power. I remember that I recently listened to her talkshow in which she was conducting an interview with our Honourable colleague, Dr LEUNG Ka-lau. During the interview, she exposed the fact that the LOCPG had contacted Dr LEUNG Ka-lau when we
moved a resolution requesting the Government to disclose relevant documents on
the issuance of free television licences by invoking the Legislative Council
(Powers and Privileges) Ordinance.

Therefore, I believe LI Wei-ling had irritated those in power due to the
uncovering of news and sensational scoop by her in the past and the recent
incident is just an example. But this is not an isolated incident. Apart from LI
Wei-ling, we saw what happened to Edward CHIN, a columnist of the Hong
Kong Economic Journal (HKEJ), yesterday. He is also a "martyr" of the
Occupy Central movement as he has signed a document indicating his willingness
to take part in the movement. He has been warned by the HKEJ on the ground
that his column should only talk about investment and nothing else. Sometimes
he would discuss the Occupy Central movement in his column. In his column
last Monday, he mentioned that China's princelings had transferred $31 trillion
from China to foreign countries by through companies set up overseas. He
added that these ill-gotten gains had gone everywhere, including Central of Hong
Kong. So, these people do not want to see a chaotic Hong Kong. However, is
Hong Kong just a place for these privileged people to hide their excessive
wealth? Will our society become a place where no more justice can be found?
On the next day after the publication of his article, he received a warning from the
HKEJ.

Before these incidents, we could see that SHIH Wing-ching of am730 said
that Chinese-funded institutions had withdrawn their advertisements from his
newspaper. We also saw that the Standard Chartered Marathon was directly
intervened by LEUNG Chun-ying because the bank was reluctant to withdraw
advertisements from Apple Daily. The aforesaid series of incidents make me
feel worried. Deputy President, Hong Kong people should keep a discerning
eye. The freedom of the press in Hong Kong is subject to increasing
suppression. I know that some conscientious people will rally outside
Commercial Radio at 9 pm tonight to express their concern about the summary
dismissal of LI Wei-ling. We hope that people will continue to keep an eye on
the incident. We deeply regret the way in which the freedom of speech and
voices of critics are being unreasonably suppressed. We deeply regret that the
icons of the freedom of speech in Hong Kong are suppressed. Thank you,
Deputy President.
MR VINCENT FANG (in Cantonese): Deputy President, earlier on I went to the Chinese New Year cocktail reception hosted by the Hong Kong Airport Authority and it is because I am very concerned about the progress of the third runway and the proposal to develop commercial projects on the airport island. From the perspective of both a Hong Kong citizen and a representative from the business sector, I think that these two projects are very important to the future development and economic prospects of Hong Kong.

Much to our regret, however, the third runway project still has no prospects of commencement. Even if the works commenced now, the Hong Kong International Airport would have reached capacity before the completion of the third runway and the development of air transport in Hong Kong would be restrained. This can actually be said to be a miniature of present-day Hong Kong. Now in Hong Kong, from infrastructure or the housing problem which is a subject of great public concern to the convention and exhibition centre, shopping malls and overall economic development of Hong Kong which greatly preoccupy the business sector, they are hampered by public opinions and environmental conservation ideas. As a result, there is little or no progress in these matters and the capacity of various facilities have reached capacity, so much so that people find it unacceptable and call for a closure of the gate. The Policy Address also proposes that there should be a temporary freeze on the number of pilot cities under the Individual Visit Scheme (IVS) and the scope of multiple entry permit arrangement. This is because we can all feel the pressure exerted on the facilities in Hong Kong by the large number of IVS visitors from the Mainland. I am no exception as a member of the Hong Kong public. Therefore, I support the freeze on the scope of the multiple entry permit arrangement. But this is not because we do not have enough visitor-receiving capacity that we have to take an across-the-board approach and tell visitors not to come here.

I think that we should adopt a positive attitude to address these problems and turn the crisis into a business opportunity for all the people of Hong Kong. For example, in our discussion on whether or not Hong Kong should apply for the right to host the Asian Games, should we make use of this mega event to upgrade our facilities? Moreover, there are visitors who continue to flock to Hong Kong for spending. These IVS visitors from the Mainland, be they people who come here to buy shampoos or watches and jewelry, will contribute to the economy of Hong Kong, as well as our employment and business. Hong Kong was open to
these visitors since 10 years ago after SARS and I think we can all see the benefits the IVS has brought to Hong Kong, a point I need not repeat there.

Now we clamour that we cannot bear it anymore because over the past decade, the tourism and matching facilities in Hong Kong have failed to catch up with the growth in visitor numbers. So we should study what kinds of short-, medium- and long-term measures can be found to ease the pressure imposed on Hong Kong by these IVS travellers from the Mainland. Many Honourable colleagues have mentioned today that short-term measures may include setting up shopping centres close to the border, and medium-term measures can include adding more commercial and shopping areas. Mr James TIEN of the Liberal Party, for example, has mentioned that diversion should be done to disperse the crowd in the conventional commercial districts by building shopping malls and cultural facilities in West Kowloon and Kai Tak whose development has been delayed for quite a while. Long-term measures may include the building of new tourist spots, developing Lantau and building the North Link, and so on. All these measures are more desirable than calling a temporary freeze on the number of pilot cities under the IVS which is really putting the cart before the horse.

This Policy Address raises the point again that the Government will study the further development of Lantau. The Liberal Party very much supports this plan. But we are not trying to claim credit for this. As far back as in the times of the first-term Chief Executive, Mr TUNG Chee-hwa, we already showed our great support for the development of this largest island of Hong Kong so that our economy could be given new impetus of sustainable development. This is because while not affecting the area of the country parks there in any substantial way, as many as 500 000 to 600 000 people can be housed there. The beautiful scenery and coasts there can also be used to develop high-class tourist resorts and pleasure boat mooring areas. This can make our tourist activities more attractive and they can be made accessible to not just local residents but also a certain number of tourists for diversion purposes. At the same time, this can also enhance the level of tourism in Hong Kong and provide jobs and opportunities of upward mobility for the young people.

However, even though no development plans are proposed yet, some conservationist groups have come forth to oppose the development of Lantau. I am very disappointed with this sort of opinion. I would think be it development or preservation of country parks, we should not be one-sided and both options can certainly coexist. The key lies in the striking of a balance. While we will not
go out and kill the dolphins like what the Japanese do, we should not leave our aviation industry remain at a standstill just for the sake of not allowing the number of dolphins to decrease even by one. Had the development of Lantau been started in the times of Mr TUNG, would the pressure exerted by tourists on the urban areas now have been eased a bit? And will the problems of property prices and supply of public housing be ameliorated in some measure? We should not spend our days on scolding and feeling sorry for the future of Hong Kong. I really hope that the development of Lantau can be kick-started early.

The development of any city should be accompanied by certain infrastructures built with a vision. These are usually built ahead of the times. I remember that when the airport at Chek Lap Kok was to be built, everyone said that since the Kai Tak Airport was situated in the urban area, it was very convenient and there was no need to relocate the airport to such a faraway place. There were also people who described the new airport as a white elephant. But if we were to remain at the times of the Kai Tak Airport, how can Hong Kong maintain its position as an international aviation hub? A few years before, the Hong Kong airport was rated as the busiest aviation hub in the world and one of the airports most welcomed by tourists. From this we can see that it is very important to have planning in advance and construction.

The Chief Executive makes it clear right from the outset that the current-term Government will promote economic development and improve people's livelihood. Numerous measures are proposed on improving people's livelihood, and I support them. We fully support the measures proposed to alleviate poverty, support the elderly and the disadvantaged, especially those that encourage young and able-bodied persons to work, advocate the idea of working hard for more rewards and provide an allowance for low-income working families. But, I fail to see any measure proposed for the promotion of economic development. For the tourism industry, what the Government is doing is mainly to curb its development either. For the finance, trading, logistics and even professional services industries, we do not see any new direction of development either. As for the creative industries, apart from keeping on injecting money to encourage designs, no plan is put forward to turn innovative ideas into real objects. Even in the protection of intellectual property rights, there is just mention of the work being done in Hong Kong all along. I fail to see how the Government will support the SMEs which are struggling for survival in a mature economy.
Deputy President, the Chief Executive cited in his Policy Address the example of a Hong Kong man who started a business in Guangxi successfully. But the reaction I had after listening to this story was exactly the opposite of that of the Chief Executive. My reaction was one of disappointment and worry. Why did this Hong Kong man have to go to the Mainland? The main reason is certainly there are more opportunities of development in Guangxi than in Hong Kong. The second thing is, how did he get the capital? He refinanced his property in Hong Kong. This is another example of the fact that besides the real estate and finance industries, it seems that there are no other industries in Hong Kong for the young people to carve out a career. Over the years, we have been reminding the authorities that Hong Kong relies too much on the finance and real estate industries to the neglect of the development of other industries. However, the Government keeps imposing increasingly strict regulation on the business sector, resulting in constantly rising operating costs and less room of survival for the SMEs. Anyone who wants to start up a business now will find it harder than ever. Stories of Hong Kong in the past as a paradise for business starters are heard no more. But are there no more opportunities in Hong Kong? I do not think so. Many Honourable colleagues have made the criticism that Mainlanders come here to grab everything they can lay hands on and as a result, local people find it hard to buy commodities. But do we see that this is a very good business opportunity? Those in the retail business have to make consumers willing to fish out money from their pockets to buy their goods. This is in fact very difficult. But now, what needs to be done is to simply display the goods and there will be people coming and buying them. Why? The reason is all along Hong Kong has been well-known for protecting intellectual property rights and in general the retailers enjoy a good reputation of selling authentic goods. Hong Kong is itself a reliable brand. Why do we not make good use of this advantage? Although we have a brand development council under The Chinese Manufacturers' Association of Hong Kong, it cannot include all the brands in Hong Kong. Actually, the Government should set up a brand development council dedicated to the promotion of local brands and help make the "made in Hong Kong" label a well-known brand throughout the world. This will not only transform local innovative ideas into commercial commodities but also encourage industries with a Hong Kong concept to return to Hong Kong. I will speak more on this point when we debate the motion proposed by Mr CHUNG Kwok-pan next week.
If the Government wants to be financially capable of providing more welfare benefits and support to the disadvantaged groups in society, it should have a stable income. Then the economic pie will keep on growing. If we hope that the young people can have a better future, then there should be good prospects for Hong Kong as well. Therefore, Deputy President, I hope this story about Guangxi will have a sequel. What is it? The next episode is that this Hong Kong man feels that opportunities of business and development still abound in Hong Kong and there are a sound system of law and backup from the financial services here, so in the end he decides to return to Hong Kong from Guangxi for development. Deputy President, I so submit.

MR STEVEN HO (in Cantonese): In this session of the debate I would like to speak on behalf of the Democratic Alliance for the Betterment of Hong Kong (DAB) on the development of the airport.

Deputy President, in 2012 the Hong Kong International Airport (HKIA) handled 56 million passengers, more than 4 million tonnes of cargo and 350 000 air traffic movements. These figures show that the air traffic in Hong Kong has exceeded the level in the forecast made in *Hong Kong International Airport Master Plan 2030*. In other words, the HKIA is fast reaching its maximum handling capacity. But according to the present plan of the Government, even if all the problems are solved, including those of environmental protection and those from the fisheries sector, the third runway can only be commissioned by 2023 at the soonest.

Now let us take a look at the development of the airports in the Pearl River Delta Region nearby. Recently the Shenzhen Airport completed an extension and it is the T3 terminal building in the shape of a giant flying fish. It is a beautiful and eye-catching building. The building was also widely reported by the media in Hong Kong. After the commissioning of the Shenzhen Airport in 1993, its passenger and cargo volumes have witnessed rapid growth and the Airport has maintained for many years in a row as one of the four major airports in China. The commissioning of the new terminal building T3 marks another milestone in the development of the Airport since the commissioning of its second runway in 2011. A third runway is scheduled to be built.
As for the Bai Yun Airport of Guangzhou, it is now putting on full throttle to build a third runway. This is also a third runway. It is expected that the project will complete in the middle of this year. The airport expansion project which is in progress is designed to raise the passenger throughput to 80 million in the year 2020 and the cargo throughput to 2.5 million tonnes. Since the two runways at the HKIA will reach full capacity very soon, the industry expects that the passenger volume of Bai Yun Airport will overtake that of Hong Kong before 2020. In the opinion of the DAB, this shows that Hong Kong’s position as the aviation hub in the Asia-Pacific Region will be put under severe challenge.

From the perspective of consolidating Hong Kong’s position as an aviation hub, the DAB supports the building of a third runway as a matter of policy — and I wish to stress, this is a matter of policy. Of course, there are also different views on the issue in our party such as those stressing a balance in environmental protection terms. Then the views from the agriculture and fisheries sector are also very important. Even so, we lend our support to the project as a matter of policy. During the transition period when the airport is being expanded, Hong Kong should seek to forge co-operation with the airports on the Mainland, especially those in the Pearl River Delta, in order to enhance the operational efficiency of the HKIA. The governments of the two places should study the feasibility of building a railway linking up the airports in Shenzhen and Hong Kong. This will serve to increase the cargo and passenger volumes of the two airports and hence promote the economic development of the region.

But as I have just said, the costs of building a new runway are very high. And there are environmental protection issues and those of the industry to address. There are hence great disputes in society. If land is to be reclaimed from the sea, then how large should the reclamation area be? Is reclamation really necessary? Is such a large area necessary? After the building of the airport, what is to be done with the restricted zone? No answer is found to all these questions now. I therefore think that more information should be provided to the public regarding these issues, including those of a financial nature. Costs should be put under strict control and new methods of financing should be considered and efforts should be made to reduce the impacts on the environment and the trades.

Besides, I wish to talk about the rights of consumers. It is reported that recently the Consumer Council has been studying the introduction of a cooling period for consumers, which is meant to enhance the protection for consumers.
Incidentally, the proposal tallies with the position held by the DAB. We think that insofar as the protection of consumer rights is concerned, the authorities should impose a cooling period for contracts entered into and this should address pre-paid modes of consumption, such that a basic legal framework can be formed for the protection of consumers. Also, as the Trade Descriptions Ordinance has been enlarged in its scope, the authorities should gradually enhance its publicity and educational efforts among the sectors and the consumers at large.

The speech I have just made including my remarks on the topic of the third runway would touch on the agriculture and fisheries industry. I will leave this to the following session.

Thank you, Deputy President.

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

MR PAUL TSE (in Cantonese): Deputy President, regarding this Policy Address, many Honourable colleagues have mentioned its shortcoming of making plenty of proposals on "sharing the pie" without any details on "how to make the pie". Deputy President, regarding the Policy Address, we do not just expect to see minor patch-ups and fine-tuning for some policies, such as a proposal of increasing some allowance which is considered insufficient by $1,000 or 100%. Rather, we expect that it can give Hong Kong people a vision and prospects. Today, Hong Kong people do not have any confidence and this is the major problem. They are not sure whether they should purchase their own homes or do so by instalment. The education of their children is also a problem because they have a serious sense of crisis. In fact, this Government cannot give the people any confidence. The most important objective for a Policy Address should probably be giving the people a direction in this aspect, which can be compared to two things. One is a compass that provides a sense of direction to us, while the other one is a propeller so that we can feel that Hong Kong is moving forward. But the Policy Address this year has failed to fulfill our expectation due to its inadequacy.

Deputy President, a few months ago, that is, in August, the British Prime Minister, David CAMERON, and his wife went to a coastal resort in Cornwall. He was on vacation for the fourth time during his term of office. They have shot
some photos on the beautiful landscape of the coastal resort, disseminating a message to the British people that they lead a leisure life of the typical middle class. The British people have all along attached importance to the lifestyle of the middle class. If I remember it correctly, in 1997 when the New Labour Government took power, the then Deputy Prime Minister, John Prescott, said proudly: "We are all middle class now." It means that the United Kingdom as a whole belongs to the middle class. This proves the importance attached to the middle class by countries whose development and even history have always been our concern. And their achievements in democracy are also very much admired by us. Our Financial Secretary has also associated the middle class with watching French movies and drinking coffee. Likewise, Prime Minister David Cameron said that he and his wife belong to the middle class. He is a descendant of a very successful stock dealer while his wife is a descendant of a Baron who owned a lot of land. But they still feel that they belong to the middle class and have a typical middle-class lifestyle. The British people attach great importance to property ownership and the ability to provide quality education to their children, apart from having a relatively stable retirement plan or prospects. The couple are the same. More importantly, they can really travel abroad several times in a year. In fact, not only in the United Kingdom, many practices of Hong Kong in the past aimed at preserving the middle-class lifestyle.

(THE PRESIDENT resumed the Chair)

However ... just now the President resumed the Chair. The most important point is: Can we as middle-class parents expect or be fully confident that we can give a middle-class lifestyle to our children? Can most of our grass-roots friends move upward toward the middle class from the grass-roots lifestyle in public housing estates through their own efforts in school or workplace and years of savings like my family? I am afraid it is growing more difficult to get such an experience and confidence, and it is becoming more difficult to pass it onto our posterity. In my opinion, the most serious grievance in society nowadays is that apart from poverty alleviation measures which can really help the grassroots who are leading a hard life, there is a complete lack of policy and concern for the middle class.

In the forthcoming Budget to be presented by the Financial Secretary, many Honourable colleagues, including me, hope that efforts will be made in the
near future in this regard to help the middle-class people. We hope that there will be relief measures for the middle class who do not have any savings or even cannot make ends meet after paying taxes, rents, mortgage repayments, school fees or insurance. In this regard, I hope the Financial Secretary will not put up the pretext that the focus of the Government is poverty alleviation, thus turning a blind eye to the middle class or the sandwich class.

In addition, we also hope that the Financial Secretary can consider some short- and medium-term measures. As the Government has set up a number of committees, should a committee be set up to look into the difficulties of the middle-class people of Hong Kong, who are the sandwich class indeed, in a practical, comprehensive and extensive manner? It should look into what can be done specifically for them so that our next generation will still have hope as the middle class, the grassroots will have the hope of moving upward to the middle class, and the middle-class parents need not worry about gentrification of themselves and their next generation?

President, concerning economic development, I remember that it happened to be Singapore's National Day when I was there as a visitor some time ago. They delivered a document similar to our Policy Address. Despite its short coverage, it could put forth some vision and policies which had inspired Singaporeans. In dealing with some crises, including shortage of land, they could propose the idea of relocating some barracks in a proactive manner with a long-term vision. Certainly, we in Hong Kong also face the same problem of land supply, and we also encounter some difficulties in the arrangement of land use, especially in respect of military sites. But this is just one example. What really matters is that I expect not only minor patch-ups from the Government in the Policy Address. Rather, I expected to see a sense of direction and impetus in some long-term policies. However, I am afraid this Policy Address has once again disappointed us for there is a lack of foresight.

Our Hong Kong-Zhuhai-Macao Bridge will soon be completed in 2016. Certainly, the development of a bridgehead economy is mentioned in the Policy Address. But a more macro point of view is indeed to ponder how to genuinely link up the Bridge with the Pearl River Delta. On economic development, can we make more efforts such as making land in the Victoria Harbour rather than promoting the retail trade only in the bridgehead? This is certainly a half-baked idea, like a sprat thrown for catching a herring. In fact, we have heard some suggestions such as developing a financial island so that people can depart from
Hong Kong without entering the Mainland or depart from the Mainland without entering Hong Kong. A new place is thus created between Hong Kong and the Mainland which can give full play to the financial development because matters such as taxation, policies, measures to attract foreign capital, co-operation with state enterprises and private companies can be dealt with in a more flexible manner. If we are to fight for this with the State, it may be a good direction and the objective may be attainable.

In addition, we should consider attracting more companies, particularly those in ASEAN countries, with more favourable conditions to set up headquarters in Hong Kong. Given that the volume of trade among ASEAN countries reached $400 billion in 2012, can we try to get a share by attracting them to set up companies in Hong Kong? In particular, we may consider using Renminbi as the currency for settlement. All these are relatively far-sighted and broad vision and policies. I would like to reiterate that this is a half-baked idea, a sprat. With abundant resources and expertise, the authorities should at least tell us the direction and give us the impetus so that we need not discuss how to divide the pie anymore. In respect of how to make a pie, there is no macro vision at all.

President, in terms of economic policy, it seems that we have ignored the economic development trend around us. My colleagues have collected some information for me. Take the e-commerce platform recently as an example. It is well-known that Alibaba is now considering listing its shares in Hong Kong. It is an industry with very bright prospects. But it seems that we have not considered any measures and policies which may help us get a share in this regard. For example, on biopharmaceuticals, although the biopharmaceutical industry is regarded as a strategic new industry in the 12th Five-Year Plan, it seems that we do not have any policies and measures to assist the industry in this aspect or lead the industry to engage in some visionary work. Recently two listed companies, namely, Shanghai Fosun Pharmaceutical (Group) Company Ltd (Code: 02196) and Sihuan Pharmaceutical Holdings Group Ltd (Code: 00460), are considered offering bright prospects. This has highlighted what I said just now, that biopharmaceuticals in the pharmaceutical industry is another new direction in economic development. There are many new developments in materials recycling, including the acquisition of some recycling industry facilities in Northern Europe by the Power Assets Holdings Ltd. Although all these are mere examples, the Government can make more efforts policy-wise to help Hong Kong move forward in economic development and policies. I repeat: this is the
compass that can indicate the direction and the impetus pushing our economy forward. But once again, when we review the Policy Address, we will find it offers nothing to write home about.

The only bright point is that there is a lot of improvement in respect of policies on poverty alleviation. I believe we all agree to it. But, as I said at the Chief Executive's Question and Answer Session in the Legislative Council after the presentation of the Policy Address, if the Policy Address places its focus on poverty alleviation, I think Mr Frederick FUNG may be more competent than the Chief Executive in the implementation of poverty alleviation work. I am afraid a policy address should definitely take into account the aspirations and expectations of all sectors of society, especially the middle class I mentioned earlier, rather than the issue of poverty alleviation alone. It should also cover economic policies. But this Policy Address is most lacking in this respect.

President, perhaps let me spend a few minutes on several paragraphs that I mentioned earlier. Concerning Lantau Island, I remember that a few years ago when I was first elected as the Legislative Council Member representing the tourism sector, I and persons-in-charge of some organizations, including the Disneyland and the AsiaWorld-Expo, as well as District Council Members, urged the Government on our initiative to actively promote the development of Lantau. This time around, a brief response is eventually given. But I am afraid the mere setting up of an Advisory Committee is still a long way from the time when relevant policies can be implemented and bear fruit. In fact, should some expeditious measures be considered? For example, some simple requests such as opening up the restricted areas of Lantau expeditiously should be fulfilled so that facilities and amenities can be linked up like the veins of a human body. In doing so, residents need not travel to Hong Kong from Lantau before they can return to Lantau again. Such an indirect route of travel has brought the development of the areas concerned to a standstill.

President, ironically, the tourism industry is quite buoyant after years of efforts and we should feel happy. However, I am a little bit disappointed although I no longer represent the tourism sector. Despite a lack of new policy on tourism recently, there are a lot of controversies and issues relating to the industry, including some press reports which may adversely affect the industry image and controversial issues which arouse conflicts. As many Honourable colleagues have discussed these issues, I will not go into the details. Overall, a
good government which has vision can turn crises into opportunities. On the contrary, a non-visionary government which cringes in the face of challenges or a government which does not have the courage to address conflicts will often turn favourable business opportunities into crises. This is a hard test for our Government. Thank you, President.

**MR JAMES TO** (in Cantonese): President, perhaps let me discuss the governance of Hong Kong as a whole or the policy on broadcasting. In fact, the latest development is that, as we can see it, Commercial Radio Hong Kong has announced the dismissal of a popular talkshow host, LI Wei-ling. As I mentioned earlier, LI Wei-ling is one of my good friends. In fact, I have just dined with her. I believe she did not realize that she had been dismissed whilst having the meal. Why does this incident have such an important relationship with the social and public policy? In my opinion, Chief Executive LEUNG Chun-ying should uphold the freedom of the press under his governance. In an earlier debate, the Government also stated that it upholds press freedom which is exactly the core value of Hong Kong and one of its most important responsibilities. But now such an incident has occurred. Of course, I will not say that the Government's intervention is necessary. But under the current situation, where does the finger of suspicion points to? It may be possibly due to some bitter criticism. Furthermore, owing to the fact that this is the year of constitutional reform, which is really very important, and the Occupy Central movement is on the horizon, incidents such as those involving *Ming Pao Daily News* and LI Wei-ling of Commercial Radio have shocked the community which may wonder whether there is still freedom of speech in Hong Kong. The community may wonder there is an invisible or black hand due to issues such as the constitutional reform or the Occupy Central movement. They also speculate whether this black hand is the Central Government or the SAR Government.

As regards Commercial Radio, it was once rumoured and worried that this incident was related to the licence renewal of Commercial Radio, which felt the issue like a thorn in its side. Worst of all, one or two years ago the then Chief Executive candidate Henry TANG revealed that 10 years ago, our current Chief Executive who was the then Executive Council Convenor, had capitalized on the licence renewal of Commercial Radio to compel it to change its attitude towards certain issues. Under such circumstances, people are indeed worried about the freedom of speech and of the press in Hong Kong. Please bear in mind that we are discussing economic development in this session. The comparative
advantage of Hong Kong in relation to the Mainland or other Southeast Asian regions in developing our service industry and our position as a financial and information centre is a better environment for free speech and free flow of information. However, if Hong Kong is reduced to a "one-voice" city where people are brainwashed, unified in opinion and harmonized in all matters, will Hong Kong still be capable of coping with its economic development to become a financial and service industry centre? What can the Government do? In my opinion, the Government should give us confidence and make a radical change in its attitude by telling us that it upholds the freedom of expression and of the press. But it is most disappointing that I cannot see such initiative.

President, I would like to speak on maritime safety. President, speaking on behalf of the families of victims in the Lamma Island shipwreck, I would like to follow up on the internal investigation by the Government. The Government has been investigating the incident for a long time or several months. Why do I say several months? It is because the inquiry led by Mr Justice LUNN has actually laid down a very important basis, that is, revealing all the facts. Why did it take several months when all the relevant documents are available? What are the reasons? Moreover, the police are still reluctant to confirm whether their investigation covers former or current employees of the Marine Department, including officers responsible for approving plans and standards of vessels. Are they included? I am not asking for the exact names of these officers, but the police are still reluctant to confirm this so far.

Honestly, since the two captains have been prosecuted for manslaughter, I will refrain from discussing it further for it is being sub judice. However, the public is not convinced that such a major tragedy was caused by two captains steering the vessels. We also have strong aspirations for the truth being uncovered to ascertain whether the incident was related to approval of plans and the safety system. These can precisely serve as the basis of facts for us to look forward and conduct a complete overhaul of maritime safety. Frankly, it is now rumoured that an Administrative Officer will be assigned to head the Marine Department in order to bring about a thorough reform. However, the Government is unable to give people confidence that an overhaul of maritime safety will be introduced with strong determination and strength.

On the theme of this debate session, the third point I wish to discuss is the budget of the Securities and Futures Commission (SFC). I will be brief. This year, the SFC has finally taken heed of my advice, as well as those tendered by
many Members, including the views of Mr Christopher CHEUNG who represents the industry. The advice is that under the laws of the SFC when the financial reserves exceed the spending of more than two years, income sources including levies should be considered for a review. To be more explicit, a "review" refers to making cuts. If necessary, it is certainly right and proper that fees be levied on the market. However, it does not entail saving up for five, six or seven times the annual expenditure. When it seems necessary, an increase in levies is also allowed and reduction is not a must.

But the problem is that the SFC has finally expressed its intention to reduce levies by 10% and waive several items of licence fees for one or two years. I still consider it too conservative. I hope the Government, particularly the Financial Services and the Treasury Bureau, will pay close attention to it. If the revenues in the coming two years, including those coming from the forecast daily trading volume of $65 billion are not so pessimistic, I think there is room for further downward adjustment in the next two years. After hearing my words, some people would say, "'Ah TO', don't be so stingy. In fact, the amount of levies collected from the market is still very small even before the cut. It is less than 0.1%. Why should ... are we going to collect levies only when there is an urgency?" I do not mean that. But firstly, we should respect the law because there is a special clause when the legislation was enacted in the 1990s, not to mention the fact that not every piece of legislation has such a provision. As a saying goes, money taken from the market should be used on it. In other words, money should be spent on proper monitoring and this is important. However, one cannot adopt a mindset that as this is only a small amount of money, it should be collected and saved up first. There is even a suggestion that since the reserves are so huge, it is better to buy an office. In principle, I do not oppose buying an office. But it will be nonsense to propose buying an office, particularly at the current moment, on the ground that there are a lot of reserves because the lease for the office in Cheung Kong Centre will last for six years. What do you want to do now? Do you want to cancel the lease, buy an office and then sublet it to others? This is not justifiable. As you have a six-year lease for an office which is newly renovated, why do you say that you should consider buying an office for no reason? Do you expect that a lot of reserves will continue to accumulate in the next few years? The amount of reserves will never be exhausted, but you refuse to cut the levies and so you suggest buying something. I think such an attitude is most undesirable. If the Government suggests that the SFC solve a problem that makes it happy, I think this is even
more ridiculous, especially we all worry about high property prices now. Do you want to help developers prop up the high prices? The Monetary Authority was also severely criticized for buying an office.

So, I hope the Government can keep a watchful eye on the revenues and budget of the SFC in the coming two years. It should discuss with it a further reduction of levies if necessary as there is much room for doing so.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no Member wishes to speak, I will invite four public officers to speak. On the basis of 15-minute speaking time for each officer, they may speak for up to a total of 60 minutes.

FINANCIAL SECRETARY (in Cantonese): President, in mid-January, the Chief Executive presented his second Policy Address in his term of office, proposing a number of measures to develop the economy and improve people's livelihood. These measures can help enhance Hong Kong's competitiveness in the long term, bringing direct benefits to people of all strata. I will, as always, render full co-operation in financial management to provide the services as expected by the public as soon as possible.

Over the past year, the external environment showed an overall improvement from 2012. However, the recovery in advanced economies was still weak, hampering Hong Kong's foreign trade and overall economic performance.

Hong Kong's economy grew by 3% in real terms in the first three quarters last year. That was higher than the annual growth rate of 1.5% in 2012, but at a pace below the 10-year average trend for nine consecutive quarters. The merchandise export performance was very unsteady in the fourth quarter last year. There was only moderate annual growth in exports.
Hong Kong's domestic sector remained resilient, shoring up the overall economy. Consumer sentiment was driven by sustained full employment and improvement in wages and earnings. Private consumption expenditure increased by 4.4% in real terms in the first three quarters last year. The retail sector saw sustained growth in recent months. Despite the highly volatile investment activities in the local market, there was still 2.1% of real investment growth in the first three quarters last year, as driven by the execution of major infrastructure projects in full swing.

Looking ahead to 2014, if advanced economies can sustain their existing recovery momentum, the unfavourable factors affecting Hong Kong's foreign trade should be slightly eased.

The global economy will still face a lot of challenges in the year ahead. There are uncertainties in the United States monetary policy, as well as doubts about whether the recovery in Europe and Japan will hold up and whether emerging economies can ward off the impact of tapering of bond purchase by the Federal Reserve Board (FRB). These, coupled with the tense geopolitical atmosphere worldwide, will cast a huge shadow of doubt over the global trade environment and have a profound impact on the macro-economic stability.

Despite the market expectation of a sustained recovery in the United States economy, the economic data of the United States in recent months have remained inconsistent. It remains to be seen whether its economy can sustain the growth momentum of the second half of last year. That will also add further uncertainty to the FRB monetary policy in the future. If the pace of economic recovery or the FRB monetary policy deviates from market expectation, the financial markets will probably fluctuate significantly, dealing a blow to emerging economies and impeding global economic growth.

Late last year, the FRB announced the tapering of its bond purchase programme. In February this year, it further reduced the amount of bonds purchased, triggering a capital flight from some emerging markets. It indicates that as liquidity remains awash, the risk of a sudden reverse of capital flow and a high volatility in the financial markets should really not be ignored. With a mature and stable financial system, Hong Kong is capable of coping with a large amount of capital inflow and outflow. We will continue to closely monitor the external financial markets and introduce proper measures whenever necessary to ensure the normal operation of Hong Kong's financial system.
A bipartisan consensus has been reached on the budget in the United States. However, the continuous deleveraging of its public sector will pose certain negative impacts to its economy. The United States House of Representatives has just passed a motion to raise the debt ceiling for a year, resolving the problem temporarily. Yet, the two parties still have no medium- and long-term solutions to tackle the fiscal problems, posing a serious potential threat to the global economy.

The real economy in Europe has stepped out of recession. However, its economic fundamentals remain weak. The recovery differs from one member country to another, with Germany more or less the sole growth driver. Besides, unemployment rates and public debt ratios in most of its member countries remain high. The Euro zone has been restoring its public finances and working hard to, say, implement structural reforms, and deepen economic and financial integration in the region, so as to reinforce market confidence in the Euro currency. Yet, it is believed that Europe will experience slow growth for some time to come in the future.

Last year, the Japanese economy was strengthened by stimulus policies, with improvement in both exports and domestic consumption. However, as the one-off impact of the fiscal and monetary policies gradually wanes, coupled with the imminent sale-tax hike in April, the growth momentum of its economy looks set to weaken this year. In the long run, the sustainability of Japan's economic growth will hinge on the progress of its economic reform, with its effectiveness remains to be seen.

The Mainland economy is expected to be the major driving force of growth in the global economy this year. As the Central Government speeds up reforms and implements policies to boost domestic demand, its domestic market should be able to maintain last year's steady growth. If the Mainland economy can maintain relatively fast growth, it will boost the industrial and trade activities in Asia, driving Asian economies and benefiting Hong Kong to a certain extent.

All in all, if the FRB in the United States can succeed in maintaining an appropriate pace of tapering and balanced economic growth, while the Europe continues remain stable, the external environment this year will be more stable than that of last year. The World Economic Outlook just published by the International Monetary Fund (IMF) estimates that the global economy will grow
by 3.7% this year, up from 3% of last year. It will be the fastest growth rate recorded since 2011.

Hong Kong enjoys a wide trading network, with trading partners spanning all over the world. As the global economy is expected to see improvement, our foreign-trade prospect this year will look slightly brighter than that of last year.

Our domestic economy should be able to maintain stability, even though the growth rate may not be stronger than that of the past few years. The current employment and income situations are still desirable. Also, the tourism industry is booming. Therefore, the local consumer market will look set to continue growing. With a positive business confidence in the local market and the full-swing progress of major infrastructure projects, investment activities will be boosted in some measure.

As for consumer prices, the underlying consumer price inflation remained largely stable last year, down from an annual average rate of 4.7% in 2012 to 4%. That was attributable to the diminishing imported inflationary pressure and the slow economic growth.

The inflationary pressure in Hong Kong should probably stay moderate in the short run. At present, the global food and commodity prices are stable. This, coupled with the moderate inflation in our major sources of imports and the weak Japanese Yen, will probably lead to a low imported inflationary pressure. Locally, the rise in residential and commercial rents has moderated significantly, while wages have increased steadily. As such, the local inflationary pressure this year should probably be lower than that of last year.

I am concerned about the global phenomenon of liquidity flooding having seen no fundamental changes. The international food and commodity prices may still rise again. As these external factors will have a bearing on inflation, I will keep a close eye on them.

When announcing the Budget late this month, I will also present the annual economic growth and inflation estimates for this year.

As regards economic development, a number of measures were proposed in the Policy Address to strengthen traditional industries with competitive edge and develop high value-added emerging industries where Hong Kong enjoys clear advantages. The Government will continue to work on the supply front by
investing in infrastructure construction, nurturing talents, broadening the base of our economy, so as to enhance Hong Kong's long-term competitiveness.

We have all along adopted a multi-pronged approach to facilitate the development of Hong Kong's diversified industrial economy into one of knowledge-based and higher value-added, while maintaining a stable economic growth. We strive to ensure that all strata of the community can stand on their own feet, realize their potential, and share the fruits of economic development.

The Secretary for Commerce and Economic Development will later on explain the Government's work in promoting the development of industries. The Secretary for Transport and Housing, and the Secretary for Financial Services and the Treasury, will give a response on the shipping and logistics industries and the financial industry respectively.

Over 160 measures were announced in the Policy Address. I will explain in detail the relevant expenditures in the Budget. Given its current financial position, the Government is able to finance these expenditures.

I announced in last year's Budget the formation of a working group to explore ways to make more comprehensive planning for Hong Kong's public finances to cope with the ageing population and other long-term commitments. Based on the changes in our future population structure, the development pace of our economy, and the trend of government expenditure growth, the Working Group on Long-Term Fiscal Planning examined the long-term financial estimates for as far as the year 2041. The Working Group has already submitted its report and is now updating its contents in response to the measures raised in the Policy Address. When announcing the Budget, I will introduce the report's key findings to Members.

As the public officer responsible for financial management, I am concerned about the sustainability of public finances. We must strictly observe the discipline of keeping expenditure within the limits of revenues and avoid incurring structural deficits as a result of expenditure persistently outgrowing revenue.

With these remarks, President, I urge Members to support the Policy Address this year.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, my response is mainly about the major areas of work of the Commerce and Economic Development Bureau.

As regards the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), in order to reach the goal of basically achieving liberalization of trade in services between the Mainland and Hong Kong by the end of the National 12th Five Year Plan period, the SAR Government has actively sought liberalization measures from the Central Government to expand CEPA in terms of both its breadth and depth. Over the past two years or so, a total of three new supplements to CEPA were signed between the Mainland and Hong Kong. We will continue to closely co-operate with the relevant Mainland authorities and seize the time to work on achieving liberalization of trade.

Guangdong authorities plan to effect early liberalization of trade in services between Hong Kong and Guangdong in 2014. The SAR Government will provide active support in this regard. We are now planning with the Guangdong Provincial Government to seek the Central Government's endorsement for more pilot measures to be taken in Guangdong through the negotiation mechanism of CEPA for mutual benefits.

As for free trade agreements (FTAs) and investment protection agreements (IPAs), we will actively seek to reach free trade agreements with our trading partners. Hong Kong will commence formal negotiations for a FTA with the Association of Southeast Asian Nations (ASEAN) later this year. The 10 member states of ASEAN collectively are Hong Kong's second largest partner in terms of goods trade. It is also one of the regions with the most vibrant economic growth in the world. The bilateral FTA can help Hong Kong strengthen economic partnership with ASEAN and allow Hong Kong goods and services to access the ASEAN market on favourable terms.

We are also committed to reaching bilateral IPAs with overseas countries, so as to attract overseas investments into Hong Kong and protect Hong Kong enterprises' investments overseas.

In 2013, Hong Kong concluded IPA negotiations with Bahrain and Myanmar respectively. Agreements will be formally signed after completion of the relevant internal procedures.
This year, Hong Kong will continue negotiating an investment agreement with Russia. It is also expected to start negotiating an investment agreement with Chile later.

In relation to the strengthening of Hong Kong's external ties, as the Chief Executive indicated in his Policy Address, external trade links are crucial to Hong Kong. Currently, we have 11 overseas Hong Kong Economic and Trade Offices (ETOs), which have all along striven to promote Hong Kong as an international financial centre and a business hub and attract overseas enterprises to invest in Hong Kong.

Under the trend of globalization, we not only have to maintain a broad international network, but also have to build up new trade links. Therefore, we have to actively explore emerging markets, especially consideration will be given to increasing the number of ETOs in Asia to help Hong Kong enterprises tap into the Asian market and create business opportunities.

We will also strengthen our trade ties with emerging economies and promote Hong Kong's competitive edges through the Trade and Industry Department, the Hong Kong Trade Development Council (HKTDC) and local consultancies.

As for industrial policies, the Chief Executive announced in his last Policy Address the setting up of the Economic Development Commission (EDC), which is a high-level, cross-departmental and cross-sectoral body. The EDC is currently exploring how to broaden Hong Kong's economic base and promote the growth and development of Hong Kong economy.

Since its inception in January last year, the EDC has held three meetings. Its four working groups, which oversee the transportation industry; the convention and exhibition industries and tourism; the manufacturing industries, innovative technology, and cultural and creative industries; as well as the professional services respectively, are also engaging in active discussions now.

Currently, the EDC and its working groups are progressing well with their work. The relevant Policy Bureaux are also working in close co-operation with the working groups. We look forward to the EDC's formal submission of recommendations to the Government, such that the recommended policies and
measures can be given expeditions consideration and implemented according to procedures.

On the support for Hong Kong enterprises (in particular small and medium enterprises (SMEs)), SMEs are Hong Kong's economic pillar. We will continue to provide various support initiatives for SMEs, such as different SME funding schemes, to assist SMEs in securing finance, exploring market opportunities and enhancing their overall competitiveness.

Also, we will closely monitor the external market situation to ensure the provision of appropriate support to SMEs.

The Government has all along supported Hong Kong enterprises operating in the Mainland. We will continue implementing the $1 billion Dedicated Fund to provide funding support to Hong Kong enterprises and non-profit-distributing organizations and help Hong Kong enterprises capitalize on the opportunities arising from the National 12th Five-Year Plan to tap into the Mainland market through developing brands, upgrading and restructuring their operations and promoting domestic sales in the Mainland.

Mr CHUNG Kwok-pan indicated that SMEs have not benefited from the Dedicated Fund. I would like to point out here that, since the establishment of the Dedicated Fund till late 2013, 208 applications have been approved under the Enterprise Support Programme of the fund, among which 96% of the applications were made by SMEs. It is absolutely not as Mr CHUNG Kwok-pan claimed earlier that approved applications mostly come from the Organization Support Programme. In fact, the Enterprise Support Programme has also been very successful in helping SMEs.

Moreover, the SAR Government's offices in the Mainland will continue organizing the Hong Kong Week events in the Mainland to promote Hong Kong products and services. The HKTDC will also continue expanding the network of "Design Gallery" in the Mainland to provide an exhibition platform for Hong Kong enterprises.

Today, a number of Members have raised many valuable suggestions regarding tourism. Members have also recognized that the increase in the number of inbound visitors will boost the tourism industry and the overall economic development. That is a very important point.
We will enhance our capacity to receive visitors on various fronts, such as improving the facilities of immigration control points, making good use of information technology, and flexibly deploying manpower, to enhance the handling capacity of border control points. We will also continue to make vigorous investment in tourism infrastructure, such as the two theme parks' major expansion projects, the development of "Kai Tak Fantasy" project, and the development of Lantau Island into featured clusters of tourism facilities. In addition, the Government will continue proactively expanding the railway network to enhance the service capacity of public transport. We will also continue to increase the supply of hotel rooms on various fronts. The two major theme parks are also actively planning for the construction of new hotels.

We have noted that members of the public and Members are concerned about the impact of increasing visitors on people's living. The SAR Government cares about any situation that affect people's living in society and will take targeted measures in a timely manner. For example, in response to the problem of parallel trading, law-enforcement departments have taken many measures since September 2012 to improve the public order situation at train stations and control points. In February 2013, the Government also introduced the "powdered formula restriction order" to combat the problem of parallel traders siphoning large quantities of powdered formula away from the supply chain in Hong Kong. The law-enforcement authorities in Hong Kong and Shenzhen will continue working together to combat parallel trading activities.

On the other hand, visitors now often flock to traditional popular tourist areas such as Mong Kok, Tsim Sha Tsui and Causeway Bay. It has really caused inconveniences to the public. Hong Kong offers a wide spectrum of tourism attractions. We will strengthen our publicity and promotional effort. The Hong Kong Tourism Board will introduce a dedicated webpage to promote various tourism offerings in the 18 districts in stages starting from 2014, so as to provide more choices to visitors.

Also, some Members earlier suggested developing a business and shopping centre near the Lok Ma Chau border control point. We think that the relevant proposal is worth considering. If it comes into reality, visitors can be diverted in the short run and residents of the existing and planned new towns in the New Territories can even have job opportunities in the long run. As most of the sites involved in the proposal are private lands, it will take quite a long process and cost enormous public coffers if the Government were to engage in land
resumption for such development. We believe that it will be more efficient for land owners and market forces to drive the development of that area according to its commercial potential. From the tourism perspective, we are happy to see the early realization of the relevant idea. The Tourism Commission is pleased to co-ordinate with relevant government departments to provide necessary information and assistance to the project proponents.

As regards intellectual property rights, the protection and application of intellectual property rights is crucial to Hong Kong's economic development. In order to tie in with our efforts to develop Hong Kong into a regional innovation and technology hub, the Government is now working to develop an "original grant" patent (OGP) system. Subject to the progress of implementation work and preparation of new legislation, we tentatively aim at launching the OGP system in 2016-2017 at the earliest.

The development of intellectual property trading is a global trend. In late 2013, the working group under my leadership endorsed the overall strategies to promote Hong Kong as an intellectual property trading hub. They include enhancing the intellectual property rights protection regime, supporting intellectual property creation and exploitation, fostering intellectual property intermediary services and manpower capacity, and pursuing promotion, education and external collaboration efforts. The Working Group's work focus this year will be conducting an in-depth study on specific policies and recommending concrete support measures.

As for trading and logistics, the Hong Kong Customs and Excise Department's clearance service is efficient and reliable. It is a competitive edge of the trading and logistics industry in Hong Kong. Last year, we reached an agreement with the Mainland on mutual recognition of Authorized Economic Operator programmes, so as to allow Hong Kong's eligible trading and logistics companies to enjoy clearance facilitation. Looking ahead, we will step up our effort to encourage participation from members of the industry and seek to conclude relevant mutual recognition arrangements with other overseas regions.

On broadcasting, we will continue to promote the development of digital terrestrial television (DTT) and digital audio broadcasting (DAB) in Hong Kong. We will further boost the DTT take-up rate as well as promoting the DAB service.
Today, several Members have talked about the latest development of the personnel arrangement of Commercial Radio. I would like to briefly talk about it here. The Government and the Communications Authority have all along respected broadcasters' editorial independence and freedom of speech. We would not interfere with broadcasters' editorial practices and daily operation, including programme contents and schedules, as well as hosting arrangements. There is one certainly, that is, Hong Kong enjoys freedom of speech and broadcasters in Hong Kong also enjoy editorial independence. As such, it is not appropriate for the Government to comment on the personnel arrangements of Commercial Radio or other broadcasters.

As regards the creative industry, the Government is determined to support the creative industry's development in Hong Kong. We are reviewing the Film Development Fund to decide on the ways to optimize the Government's support for the creative industry. The review is expected to be completed in the middle of this year. We will then consult the views of the Hong Kong Film Development Council and relevant organizations.

As for other sectors of the creative industry, we injected $300 million into the CreateSmart Initiative last year. We have also incorporated the Design-Business Collaboration Scheme, a scheme providing support for SMEs to use local design services, into the CreateSmart Initiative. The Government will continue its close co-operation with members of the industry to help them nurture talents and support newly established enterprises, with a view to promoting Hong Kong's creative industry in the Mainland and overseas and helping members of the industry organize creative events of different scales.

As for telecommunications, we will table the subsidiary legislation on the frequency re-assignments for 3G Mobile Services upon its expiry to the Legislative Council in the first half of this year, so that the relevant spectrum auction can be conducted in the fourth quarter of this year. We will also continue to monitor the Customer Complaint Settlement Scheme and the effectiveness of other regulatory and promotional measures related to the telecommunications industry, so as to protect consumers' rights and interests.

As for the work of setting up an Innovation and Technology Bureau, as the Chief Executive mentioned in his Policy Address, we will re-initiate the setting up of an Innovation and Technology Bureau.
Innovation and technology is a key economic driving force that can also support the development of other industries. Setting up a designated Policy Bureau can provide more a dedicated and strategic focus to champion the promotion of innovation and technology in Hong Kong. The proposal to set up an Innovation and Technology Bureau will address the calls from the relevant sectors.

Under our proposal, the innovation and technology and the information technology policy portfolios of the existing Commerce and Economic Development Bureau will be transferred to the proposed Innovation and Technology Bureau. The new Bureau will be responsible for working with various sectors to formulate the objectives and policies for spearheading the development of innovation and technology. It will also focus on promoting technological research and application, so as to further boost the economy of Hong Kong.

We are now finalizing the details of the plan and will consult the relevant panel of the Legislative Council as soon as possible.

On the information and communications technology (ICT) front, especially the new Digital 21 Strategy, we fully reviewed the Digital 21 Strategy last year to keep pace with the ever-changing development of ICT. The relevant public consultation was also completed late last year. At present, we are refining the strategy in the light of the views collected. We aim to launch the new strategy in the middle of this year and implement various measures in phases in the next few years.

On the innovation and technology front, innovation and technology is a key impetus for economic and social development. We will continue to actively facilitate the provision of hardware and software support, promote collaboration among the Government, industry, academia and research sectors, strengthen the support for R&D in private sector, and encourage the commercialization of more R&D results.

As the Hong Kong Science and Technology Parks Corporation has been established for over a decade, we are reviewing jointly with the Corporation the current use and future development directions of the Hong Kong Science Park and Industrial Estates. Our aim is to ensure that the infrastructure and services
provided are fully utilized, up-to-date and aligned with the global technology development trends and the local demand.

With these remarks, President, I urge Members to support the Policy Address this year.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, a number of Members proposed in their speeches placing emphasis on economic development and revitalization of industries like shipping and aviation. I am very grateful for several Members' unequivocal support for the construction of the third runway at the airport.

As the international air cargo handling centre in Asia, Hong Kong no doubt has to face fierce competition from other airports and ports in the region. As reminded by Members in their remarks, the Government should be vigilant in peacetime. Under the general trend of globalization, regional competition has become a norm. As far as Hong Kong is concerned, we cannot let the past competitive edges go to our heads and ignore the challenges before us now. While addressing the threat of competition, we also have to grasp the opportunities that lie ahead.

We must fully maintain and utilize the institutional advantages and strengths of Hong Kong, including the rule of law, free flow of information and management quality, to develop the aviation and shipping industries. According to the direction set out in the Policy Address, the Government will strengthen the competitiveness of our infrastructure on the one hand, while promoting the further development of high value-added shipping service industry on the other.

To optimize Hong Kong's infrastructure facilities and business environment, the Government will strengthen all the air, land and sea transport facilities and their interconnection, so as to enhance the cargo handling capacity and efficiency of the Hong Kong International Airport (HKIA) and ports, and provide excellent ancillary support for Hong Kong's aviation, shipping and logistics industries. When the construction of the Hong Kong-Zhuhai-Macao Bridge is completed in 2016, as expected, the land-route link between Hong Kong and the western Pearl River Delta (PRD) will be greatly strengthened. It will facilitate the development of the logistics industry and further expand the economic hinterland of Hong Kong. In 2012, the four major cities in the
western PRD had a total resident population of 13.2 million with the Gross Domestic Product (GDP) amounting to US$115.6 billion, equivalent to 44% of Hong Kong’s GDP of that year.

On the air transport side, the third air cargo terminal came into full operation last October, raising the overall cargo handling capacity of the airport by 50% approximately. To cope with both short- and medium-term air traffic demands, the Airport Authority (AA) is implementing Phase 1 of its midfield expansion project to provide 20 additional aircraft stands. The project is expected to be completed in phases in 2015. Also, the AA will construct 28 new aircraft parking stands on the western part of the midfield area and complete them in phases this year. We will also strengthen co-ordination with other airports in the PRD Region, including such aspects as airspace usage and management.

The Government is now working at full steam to help push ahead with the planning work for the three-runway system of the airport. It will also strengthen communication and co-operation with all stakeholders. The AA is currently conducting environmental impact assessment (EIA) for the three-runway system in a professional and serious manner. The whole EIA process is expected to be completed in the third quarter of this year. We hope that the EIA, other necessary statutory procedures and relevant financing arrangement will be completed smoothly, so that the construction works of the three-runway system can commence as soon as possible. We seek to complete the project by 2023, so as to cope with the air traffic demands of the airport up to the year 2030. At that time, we expect the HKIA will be able to handle an annual passenger and cargo traffic of over 97 million passenger trips and 8.9 million tonnes respectively, up from over 59 million passenger trips and 4.1 million tonnes recorded last year. It represents an increase of about 60% and more than double respectively from the present level.

Looking ahead, the Government will dial up the vigour of developing quality and international maritime services. As mentioned by the Chief Executive in his Policy Address, Hong Kong has a competitive edge and solid foundation for development in ship registration, management and broking, shipping agency, ship finance, maritime insurance, legal and arbitration services. At present, there are already more than 700 shipping-related companies operating in Hong Kong. They form a maritime industry cluster which covers vessel classification societies, ship broking, maritime insurance companies and inland
The Government has just completed the consultancy study on Hong Kong's Position as an International Maritime Centre in the context of its future direction of development. The study confirmed that Hong Kong is well positioned to develop high value-added maritime services, and can further attract industry players from all parts of the world to choose Hong Kong as their preferred business location in Asia. The consultancy study proposed setting up a new statutory maritime body in Hong Kong to strengthen liaison with the industry and step up research and publicity effort, so that the maritime services industry's development can be taken to a new level with the concerted effort of the Government and industry players under an optimized outward-looking framework.

The Transport and Housing Bureau will follow up on the consultancy study's recommendations and study in detail the structure, functions and funding of the new statutory maritime body. We will also consult the industry and the Legislative Council. Prior to the establishment of the statutory maritime body, we will certainly strengthen co-operation with the industry and take forward the relevant work under the existing Hong Kong Maritime Industry Council.

President, excellent talents and management quality are prerequisites to the sustainable development of the maritime and aviation industries. To support the long-term development of the maritime industries towards the direction of providing high value-added services, the Government has already established a training fund for maritime and aviation transport. The Legislative Council has also approved designating $100 million to the fund. It aims to attract more young people to receive relevant training and to study relevant professional degree courses, so that they can join the aviation and shipping industries. Meanwhile, it also aims to nurture talents in different professional fields, so as to enhance the overall capacity and professional level of the industries and strengthen Hong Kong's competitiveness as an international maritime centre.

Hong Kong's aviation services are highly efficient, professional and comprehensive. It is especially so for the aircraft maintenance industry, which enjoys a considerable competitive edge internationally. With the support of the Working Group on Transportation under the Economic Development
Commission, we will consider setting up a civil aviation training institute to further enhance the knowledge and skills of Hong Kong and regional aviation personnel, as well as their professional quality. It is also aimed at nurturing multi-faceted talents for the aviation industry, so as to enhance the safety level and management efficiency of the air transport industry.

On the port front, we are now carrying out dredging works on waterways so that the new generation of ultra large container ships (ships of 12 500 TEUs) can be berthed in the Kwai Tsing basin at any time. There was a labour dispute at the container terminal during the period from late March to early May last year, while Hong Kong continues to face a volatile external economic environment. Nevertheless, the annual throughput of Hong Kong’s port still reached 22.3 million TEUs last year, comparable to the average throughput of the past decade. It indicates that Hong Kong’s port still maintains stable development in general.

Mr Frankie YICK expressed particular concern about land for logistics use and port back-up land and wondered whether there are adequate facilities. To support the logistics industry in continuing to move in the high value-added direction, the Government has already set aside 10 hectares of land in Tuen Mun West for logistics development and building modernized logistics facilities. We are now conducting traffic impact assessment and will consult the District Council on the project later. The project will be rolled out in phases after finalization. Meanwhile, the Government will continue to identify suitable sites and will, in particular, consider setting aside part of the land in new development and reclamation areas for logistics development. We will conduct relevant feasibility studies in due course.

Last year, the Government launched the Stage 2 Public Engagement Exercise on "Enhancing Land Supply Strategy: Reclamation outside Victoria Harbour and Rock Cavern Development". The issues under consultation include the proposed reclamation project at Siu Ho Wan on Lantau and several other locations. The relevant sites can be considered for logistics development. The Government has long provided port backup land near Kwai Tsing Container Terminals for such uses as container storage, cargo handling and container vehicle parking to support the operation of container terminals. To date, we have approved over 100 hectares of short-term tenancy (STT) land as port backup sites in Kwai Chung and Kwai Tsing.
Earlier on, we received opinions from members of the industry (including operators of container terminals and tenants of individual sites) on matters including land grant, lease period and rental of port backup sites. After initially considering the relevant views, the Government has decided to conduct a review of the allocation and management of port backup sites in the Kwai Tsing District. The relevant issues are related to land, transportation and planning policies, among others. According to our initial estimation, the review can be completed in the second half of this year.

The preliminary feasibility study on the Container Terminal 10 Development at Southwest Tsing Yi and the Study on the Strategic Development Plan for Hong Kong Port 2030 are expected to be completed in several months. We will take a holistic view when considering the long-term port development, taking into account the study findings, local community’s needs and the external economic trends.

As the Chairman of the Hong Kong Logistics Development Council, I will continue striving to forge stronger communication between the Government and members of the industry, and joins hands with the industry in making concerted efforts to promote Hong Kong's logistics services to other places.

Mr James TO asked earlier about the Lamma Island ferry collision. The police are now conducting a full criminal investigation into the incident from various aspects. I am sorry that I cannot make any disclosure here. As for the Marine Department’s internal investigation into whether its serving and retired officers have any misconduct or acts of maladministration in handling the "Lamma IV", the investigation team will submit a report to me next month.

President, the Central Authorities have clearly indicated in the National 12th Five-Year Plan their support for reinforcing and enhancing Hong Kong's status as an international aviation and maritime centre, and development into a high-value goods inventory management and regional distribution centre. The Government will collaborate with the industry to capitalize on the Mainland's growing demand for maritime services and grasp the opportunities arising from the shifting of the global freight centre from Europe to Asia. At the same time, the Government has already carried out preliminary studies with a view to aligning with the National 13th Five-Year Plan to strengthen Hong Kong as a platform for the Mainland maritime industry to go global, while providing services for overseas enterprises to tap into the Mainland market, so as to
facilitate the aviation and maritime industry's long-term development of high value-added services. In so doing, Hong Kong will not only maintain its role as a global hub, but also play a part in the opening up and development of our country.

Thank you, President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, first of all, I would like to thank Members for expressing the many valuable views. In the time to follow, I will give a response in respect of some of the key development areas of the finance industry.

Being a Renminbi (RMB) business centre, Hong Kong's offshore RMB businesses have seen rapid growth in recent years. It has developed into the world's largest offshore RMB business hub, with the world's largest offshore pool of RMB funds. As at the end of last year, the total RMB deposits and outstanding RMB certificates of deposits in Hong Kong amounted to more than RMB 1,000 billion yuan, representing about 70% of the offshore pool of funds.

Hong Kong provides financial services such as RMB payment, financing and investment to enterprises around the world. In March last year, the RMB Qualified Foreign Institutional Investors (RQFII) Scheme was further expanded, with the investment restriction of RQFII funds relaxed. Also, since the CNH Hong Kong Interbank Offered Rate fixing was launched in June last year, it has provided a reliable benchmark for the pricing of loan facilities. All these developments have further enhanced and strengthened Hong Kong's status as our country's offshore RMB business centre. We will continue our dialogue with the relevant Mainland authorities to further deepen the circulation of RMB funds between the two places, complementing the country's target in realizing the convertibility of the RMB capital account. Also, we will continue to leverage on the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and other regional co-operative platforms (such as those for Guangdong-Hong Kong, Shanghai-Hong Kong, and Shenzhen-Hong Kong (including Qianhai) co-operation) to deepen our exchanges and collaboration with the Mainland in respect of financial institutions, financial products, capital and talent for mutual benefits.
Being an asset management centre, the total value of fund assets under management in Hong Kong was more than $12,000 billion as at the end of 2012, among which about 65% of the assets came from non-Hong Kong investors. It affirms that Hong Kong remains very attractive to foreign investment funds.

To implement the proposals made by the Financial Secretary in last year's Budget, we have joined hands with the Securities and Futures Commission (SFC) and relevant government departments to formulate legislative proposals for the regulatory framework under which the fund industry can use open-ended investment companies as a vehicle for setting up investment funds. This additional market choice will help attract more funds to use Hong Kong as their investment platform radiating over Asia. We will shortly launch a public consultation on this issue. Meanwhile, we are working on legislative amendments to extend the profits tax exemption for offshore funds, and are consulting the industry in this regard. The proposed amendments seek to expand the existing scope of investment to cover transactions in private companies which are incorporated or registered outside Hong Kong and do not hold Hong Kong properties nor carry on any business in Hong Kong. It will allow private equity funds to enjoy the same tax exemption as offshore funds, attracting them to domicile in Hong Kong.

Also, the new trust law came into effect in December last year. All the reform measures can help strengthen the competitiveness of Hong Kong's trust industry and enhance Hong Kong's status as an international asset management centre.

Being a fund-raising centre, the total amount of funds raised in Hong Kong through initial public offering was HK$166.5 billion in 2013, ranking second worldwide. As at the end of last year, Hong Kong's stock market had a market capitalization of about HK$3,100 billion, ranking second in Asia and sixth worldwide. The Stock Exchange of Hong Kong is planning to accept more companies from overseas jurisdictions to apply for listing.

We will also proceed with the legislative work to take forward the gradual implementation of an uncertificated securities regime. This regime will help enhance the overall efficiency of our securities market, strengthen corporate governance, improve investor protection and maintain our market competitiveness. We are drafting an amendment bill to provide for the broad
regulatory framework for enabling the introduction of an uncertificated securities market. We briefed the Legislative Council Panel on Financial Affairs on the legislative proposals last month and plan to introduce the bill into the Legislative Council in the second quarter of this year.

As for the promotion of development of Islamic finance, the taxation framework for Islamic bonds (sukuk) is now comparable to that for conventional bonds. Also, we have just tabled a bill to accommodate the issuance of sukuk under the Government Bond Programme. The Government will actively collaborate with the Legislative Council in its deliberation on the bill, so that it can be passed into law as soon as possible.

On enhancing market quality, I would first like to talk about ways to meet international regulatory requirements. We are committed to establishing a regulatory framework for the over-the-counter (OTC) derivative market in Hong Kong, and introduced an amendment bill into the Legislative Council in July last year. The relevant Bills Committee of the Legislative Council is now deliberating on the bill. We hope that the regulatory regime will become effective within this year. The amendment bill will enable Hong Kong to put in place an appropriate and effective regulatory regime which meets the requirements of the G20 and bring it on par with other international financial centres.

Another ongoing initiative concerning the international financial reform is the setting up of an effective resolution regime for financial institutions which are deemed systemically significant or critical if they fail. We launched the first stage of a three-month public consultation early last month, with a view to collecting views from the public and the financial services sectors in bridging the gaps which exist in our current resolution regimes for different types of financial institutions relative to the regulations as proposed by the Financial Stability Board. We will carefully analyse the views collected, and will launch the second stage of public consultation later this year. Our target is to introduce the relevant bill into the Legislative Council in 2015.

As regards the international standards for banking supervision, Hong Kong has, since last year, implemented the first phase of Basel III capital standards and related disclosure requirements in accordance with the Basel Committee's timetable. We will introduce the subsidiary legislation on the relevant liquidity and capital buffer requirements into the Legislative Council this year. The Hong
Kong Monetary Authority is now drawing up a corresponding implementation plan and consulting the industry on the relevant proposals. We shall devise regulatory rules that suit our financial markets and business environment to promote the stability of our banking system.

On the optimization of the local regulatory measures, we propose to establish an independent Insurance Authority (IA) to ensure that the insurance industry's regulatory regime can keep abreast of the times, so as to promote the healthy development of the insurance industry, provide better protection for policyholders, and align with the international practice of requiring financial regulatory bodies to be financially and operationally independent of the Government. It will help consolidate Hong Kong's status as an international financial centre.

We are drafting the bill for the establishment of the IA, and plan to submit it to the Legislative Council in the first half of this year. When preparing the legislative proposals and drafting the bill, we have maintained close contact with the industry. In addition, we have also set up a Working Group to discuss transitional issues related to the establishment of the IA with the industry.

In view of the international trend that the oversight of the regulation of auditors is to be independent of the profession itself, we are discussing with the Financial Reporting Council and the Hong Kong Institute of Certified Public Accountants ways to enhance the independence of Hong Kong's regulatory regime governing auditors of listed companies and raise the international recognition of local auditors. By doing so, it will help enhance Hong Kong's competitiveness and consolidate its status as an international financial centre and capital market. We currently plan to launch a public consultation on this in the middle of this year.

The Mandatory Provident Fund (MPF) System is an integral part of Hong Kong's retirement protection system. Over the past few years, the Government and the Mandatory Provident Fund Schemes Authority (MPFA) have rolled out many measures to refine the system, so as to raise scheme members' savings under the MPF System and ease the pressure of an ageing population on the overall community in the future. We know that the general public are concerned about the fees of MPF funds. We are actively following up with the MPFA on different measures to improve the System, so that there will be significant
reduction of the fees. Key initiatives of this year include drafting proposals to introduce core funds as default funds of all MPF schemes. The relevant public consultation will be launched in the first half of the year. The core funds under consideration would have a fee control element and would be designed with a long-term investment strategy to balance investment risk and return. Meanwhile, the MPFA is actively studying ways to implement MPF full-portability arrangement. It targets to submit a proposal to the Government by late 2015.

Some Members have talked about the offsetting arrangement of the MPF contributions against severance and long service payments. As pointed out by the Chief Executive, this is an issue of social concern which involves interests of different stakeholders. It has implications on both employees' retirement protection and employers' operating cost. The Government needs to hear the views of different sectors, and to engage in holistic consideration and careful study of this issue.

With years of effort and the support of the Legislative Council, the new Companies Ordinance will finally come into effect on 3 March. The implementation of the new ordinance will enhance corporate governance, ensure better regulation, facilitate business operation, and modernize the law. The new Ordinance marks a new era of Hong Kong's company law. It also enhance Hong Kong's status as an international business and financial centre. We are now working on various publicity and promotional initiatives to prepare for the implementation of the new Ordinance.

In addition, we have launched an exercise to improve the corporate insolvency laws. With reference to international experience, we seek to streamline and rationalize the company winding-up procedures and enhance regulation of the winding-up process, with a view to effecting more effective administration of the winding-up process and increasing protection of creditors. A public consultation on a package of legislative proposals was completed in July last year. Most of the respondents agreed to this legislative exercise and the proposals. At present, we are drafting the detailed legislative proposals. Our plan is to report the consultation result to the Panel on Financial Affairs of the Legislative Council in the middle of this year, and introduce an amendment bill into the Legislative Council in the next Legislative Session.
In parallel, we are also actively developing further the proposal to introduce a new statutory corporate rescue procedure for Hong Kong. We plan to further consult stakeholders on the substantive proposals this year.

With these remarks, President, I urge Members to support the Policy Address this year. Thank you.

PRESIDENT (in Cantonese): The first debate session ends. We now proceed to the second debate session on the theme of "Land, Housing, Transportation, Environment and Conservation". This session covers seven policy areas, namely Housing, Development (planning, lands 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 LEUNG CHE-CHEUNG (in Cantonese): President, the focus of this Policy Address is not on housing. Yet, housing is still an extremely important policy area. Rather than simply an issue of whether people have "a roof over their heads", it also has to do with people's upward mobility, family formation, social stability, and their sense of belonging to Hong Kong. As far as housing policies are concerned, it is necessary to have long-term planning, continuous evaluation, timely adjustment and gradual implementation. Therefore, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has been calling on the SAR Government to expeditiously roll out a new long-term housing strategy, following the one formulated in 1998.

Although the Policy Address this year made no mention of a new long-term housing strategy, it did accept the recommendation of the Long Term Housing Strategy Steering Committee (Steering Committee) to increase housing supply with the new target of providing a total of 470 000 units in the coming 10 years.

The DAB welcomes the increase of the housing construction target as proposed in the Policy Address. However, we think that the target of providing 470 000 units is too consecutive and may have even underestimated the demand.
First, the figure of 470,000 units was arrived from the "demand" projection of the Steering Committee's consultation paper. However, this projection has not taken into account the housing demand generated by "investment". We understand that the "investment" demand is prone to external influence and is difficult to be evaluate. Yet, if the authorities have not put in place any demand control measures such as "Hong Kong property for Hong Kong residents", "Buyer's Stamp Duty" or the mortgage limit for non-owner-occupied property, people with genuine need of home purchase will unavoidably have to compete with investors for the supply of housing. Frankly speaking, if "quantitative easing" continues in the external environment, genuine home-buyers in general can hardly compete with investors. Therefore, we hope that the Government will pay attention to the relevant problem and introduce timely measures to protect the interests of people with genuine housing needs.

Besides, as the Steering Committee assumed that the existing demand for and supply of housing are roughly in equilibrium, it only set its sight on projecting the new housing demand in the future. Yet, the DAB believes that the persistently high property prices and record-low vacancy rate now are exactly caused by housing supply falling far short of the demand in the past. Therefore, when projecting the aggregate housing demand, the authorities have to take into account the shortfall of supply in the past. Otherwise, the new supply in the future will be digested or diluted by the pent-up demand, causing the problem of supply shortage to persist. For example, the Government once mentioned in the 2010-2011 Policy Address that "the average annual take-up rate of first-hand private residential flats was 18,500 units over the past 10 years". In other words, an annual supply of 18,500 units should just meet the fundamental demand. However, the number of newly completed flats during the three years between 2010 and 2011 was just 32,900. With a fundamental demand of 55,500 flats during that period, there was a shortfall of 22,600 flats. If those demands in the past still exist — only suppressed by factors like high property prices or supply shortage — the Steering Committee's calculation without taking into account the pent-up demand might have underestimated the overall housing demand.

Third, as for private housing, the Government once set a target of supplying 20,000 flats annually through land supply. However, the Steering Committee has insisted on proposing an annual average supply of 18,800 private housing units only, fewer than the supply of 20,000 units in the past. As our population is expected to grow and the economy more or less maintains its previous growth momentum, the housing demand of the public will continue
rising instead of falling. Setting a housing supply target that is lower than the previous supply level is obviously too conservative and may even fall short of the demand.

Lastly, I notice that the Steering Committee has adopted different approaches to project the numbers of households affected by redevelopment for public and private housing respectively. The former is only based on the number of planned redevelopment projects, while the latter is based on the past trend to project the number of affected households in the coming decade. As their methods of calculation are different, the estimated number of affected households for public housing is only 6,700 while that for private housing is 39,600. That is a difference of six times between the two. As the Hong Kong Housing Authority is going to conduct a study on redeveloping 22 public housing estates, the number of public housing tenants affected by redevelopment in the coming decade will far exceed 6,700. These factors may also affect the accuracy of the demand estimates.

Although the DAB is worried that the overall target of 470,000 may be overly conservative, we can only "cook limited meals with limited amount of rice" given the current shortage of land supply.

The DAB supports the "supply-led" principle raised by the Steering Committee. Although the Policy Address did not clearly indicate the adoption of this principle, the cancellation of the Application List System by the Government shows that it is determined to take control of the supply. However, from a practical point of view, the Government can adjust the supply and completion schedule of public housing, but it cannot do much with private housing. When it comes to private housing, the Government actually cannot do much apart from proactively selling Government land and introducing a Pilot Scheme for Arbitration on Land Premium. It is because the authorities can hardly control the time when property developers develop their land, start housing construction and sell their flats. They even cannot control whether property developers will participate in the arbitration on land premium.

As shown in previous figures, the government estimates of completed private flats for the period between 2005 and 2011 were all far lower than the actual numbers. According to the Hong Kong Property Review 2013, the numbers of private housing units forecast for completion in 2013 and 2014 are 13,500 and 15,800 respectively. Both figures are lower than the Steering
Committee's proposed target of supplying 18 800 private housing units every year. Even though the Policy Address mentioned the adoption of the Steering Committee's supply target, it is believed that the target of private housing supply will be very difficult to meet.

As the private housing shortage is expected to continue in the short run, the authorities, apart from setting a supply target, have to formulate demand control measures, especially those that restrict non-local residents from buying properties and satisfy local residents' housing needs.

Also, the authorities should allow for some flexibility in its housing supply plan. If the supply of private housing is far lower than expected, leading to a persistent rise in rent and property prices, the authorities should set aside enough land or change the land use of private residential sites for building public housing, especially the Home Ownership Scheme (HOS) flats, so as to show the Government's determination and capability in controlling housing supply.

On the last day of the Year of the Snake, the tender of the Tin Shui Wai Tin Wing Station site received no bid for the second time. It shows that even the Government is determined to increase supply, it will be in vain if there is no collaboration from the market. Therefore, I once again call on the authorities to consider changing the land use of the Tin Wing Station site to HOS development, so as to recover the control over housing supply.

At present, there are over 230 000 applications on the Waiting List for public rental housing (PRH). The Secretary earlier commented that the figure is "inflated". Yet, that over 100 000 households are waiting for PRH is a clear indication of the community's pressing demand for public housing. Therefore, the DAB believes that the new housing supply in the future should mostly be public housing. As such, we support raising the annual supply targets for PRH and HOS flats to 20 000 and 8 000 respectively, as mentioned in the Policy Address. However, the DAB thinks that the authorities should also consider the housing distribution among districts when planning the supply of public housing. PRH applicants are subject to regional restrictions. Unless there are special reasons, applicants normally can only choose one region, such as the New Territories. If there is no completion of PRH projects in that region during a particular year, it will seriously affect the waiting time of the applicants concerned. Besides, the past experience of new town development also indicates that uneven distribution of public and private housing will hinder the
balanced development of a district, while over-concentration of public housing is also prone to generating a "labelling effect" and creating community problems.

President, the DAB hopes that the authorities will, apart from meeting the supply target of 470 000 units, work hard to exceed that target. Apart from formation of more land, they should also work towards enhancing the proactiveness of various housing organizations.

In the past, private companies once actively took part in public housing development. Under the Private Sector Participation Scheme (PSPS) launched in 1979, the Government leveraged on private developers' expertise and resources to produce approximately 100 000 HOS units. The Long Term Housing Strategy formulated in 1998 also introduced a mixed mode of development to leverage on private developers' capacity to build subsidized home ownership flats. The DAB thinks that the authorities should relaunch the PSPS to increase the supply of HOS flats. In the meantime, based on the mixed development pilot scheme launched in 1998, the authorities should also consider relaunching the Sandwich Class Housing Scheme (SCHS) with a mixed mode of development.

Similarly, the Hong Kong Housing Society (HKHS) also actively helped the Government implement subsidized housing schemes, including PRH, SCHS and housing loan schemes, in the past. As the HKHS has flexibility in its operation and policies, we believe the authorities should invite or assist the HKHS in developing subsidized housing other than PRH and HOS, including the relaunch of the SCHS.

In addition, the DAB thinks that the Urban Renewal Authority (URA) has played an important role in revitalizing and redeveloping old areas, with a wealth of accumulated experience. In our opinion, the authorities should explore ways to leverage on the URA's expertise to promote the redevelopment of old private industrial buildings and buildings of the Civil Servants' Co-operative Building Society.

Lastly, President, as announced in the Policy Address, the Government will reinitiate the setting up of an Innovation and Technology Bureau. Its aim of course is to promote innovation and technology achievements. However, as regards the drive to meet the housing target of 470 000 units, should the authorities not reconsider integrating the work of the Transport and Housing
Bureau with that of the Development Bureau? If the authorities, after weighing the pros and cons, think that they should focus their efforts on housing, the DAB still hopes that the authorities will clearly define the responsibilities of the related Policy Bureaux and departments on the housing front. The Government should set up an effective mechanism to tackle problems related to housing construction and develop a checklist for monitoring, so as to ensure all housing projects can be implemented in accordance with the scheduled timetable.

I so submit.

MR STEVEN HO (in Cantonese): President, I originally did not intend to speak in the Policy Address debate on "Development". However, I noted that the Secretary for Development will not attend the third debate session. Therefore, I have to express my views to the Secretary in this session, as the development of the agriculture and fisheries industries are closely related to airport development and the North East New Territories New Development Areas (NDA) project, among others. I hope the President will excuse me.

President, following the proposals of reclamation on an appropriate scale outside the Victoria Harbour and various NDAs projects as raised in last year's policy address, the Government will keep developing new land to tackle housing problems, as set out in paragraphs 118 and 119 of the Policy Address this year. Meanwhile, to align with the development of the Pearl River Delta (PRD) Region, many marine works have been proposed in the waters off New Territory West. They include the Hong Kong-Zhuhai-Macao Bridge and the third runway at the airport. These proposals are certainly not all made by the current-term Government. Some of them might have already commenced during the previous term of the Government. When it comes to these housing-and economy-oriented projects, our agriculture and fisheries industries are — to put it bluntly — really "powerless" to fight against them. We definitely cannot win this fight. However, I cannot imagine how our fishermen and farmers can pursue development if these projects are to commence at the same time.

Members of the industries are not so overbearing that they do not allow the Government to resume any inch of farmland and carry out any reclamation from the sea. To give the matter its fair deal, members of the public really have housing needs and there actually have been many incidents of flight delays and cancellations at the airport. As such, many projects proposed by the
Government are not groundless or without reasons. Yet, is it necessary to carry out reclamation and resume land on such a large scale? I think the Government must give a clear explanation to the public and members of the industries in this regard. Even if all those projects have to be implemented, it does not mean that the interests of the industries can be sacrificed because of all those reasons and demands.

The projects I mentioned just now will not only cause a massive loss of farmland and fishing grounds. What is more terrifying is that they will cover almost all marine fairways. The western waters have already lost over 4 000 hectares of sea area, the size of more than 30 Victoria Parks. Both the industries as well as the community can hardly accept this kind of "quasi-destruction". Besides, I know that one of the Development Bureau's policy objectives is "to facilitate Hong Kong's continual development through effective land use planning as well as a steady and sufficient supply of land". May I ask if the agriculture and fisheries industries are one of its targets for sustainable development? Has the Secretary given consideration to it? It is certainly not that the Government has given no consideration to it. Only that the departments under the Secretary's purview may not be responsible for this work.

The Policy Address mentioned the need for the agriculture and fisheries industries to move towards "high-tech, diversified and sustainable" development. As such, I urge that the authorities must, while implementing the aforesaid projects, examine whether they can align with the Government's reviewed development direction of the agriculture and fisheries industries. As there are many reclamation and NDA projects in the pipeline, have they taken into consideration the need to balance or boost the development of the agriculture and fisheries industries? Has the Bureau communicated well with other departments, such as the Food and Health Bureau and the Environment Bureau? I hope that the Secretary, when he speaks later, will give a response in this regard.

Lastly, although it is not acceptable for members of the public to have no place to live, it is necessary to strike a balance among the development of different industries so that all industries — including the agriculture and fisheries industries — can flourish and all worries of the industries and the community can be dispelled. I hope that the Government will appreciate this. What I do not want to see most is that there is no land and sea available in Hong Kong for the development of the agriculture and fisheries industries by the time the Government finishes its review on the agricultural policy and plans to
re-invigorate the agriculture and fisheries industries. What then? Therefore, I hope that the Secretary will start conducting the review as soon as possible.

What I am going to talk about will touch on many policies related to our industries. Therefore, I would like to wrap up my speech here for this debate. I will speak again in the third session.

I so submit. Thank you, President.

MR FRANKIE YICK (in Cantonese): President, with population growth, economic development, the increase in the number of visitors to Hong Kong and cross-boundary passenger flow, as well as the development of new towns, and added to this the implementation of the $2 concessionary fare for the elderly in June 2012, the demand for public transport has risen and passengers' travelling pattern has also changed. However, Hong Kong has little land but a large population, so there is limited space for road construction. That is why the Government has made railway service, a mass transit mode, the backbone of the transport system in order to meet people's demand for transport services and reduce the number of vehicles on the roads. The community approves of this development direction. Five new railways will be completed successively over the next six years. If the seven local enhancement schemes proposed in the Stage 2 public engagement exercise of "Our Future Railway" conducted last year are fully implemented in future, the expanded railway service will cover areas housing 90% of Hong Kong's population, so this will have a huge impact on the operation of other modes of public transport. Thus, while actively expanding the railway network and service, the Government should also give consideration to the development of other modes of public transport.

Even though the Government has designated a supporting and connecting role for other modes of public transport, the roles of these modes are vaguely defined at present, resulting in unhealthy competition among them. Take franchised buses as an example. While they are another mass transport mode after the MTR, they often suffer from a shortage of patronage due to the overlapping of their routes with railways. This increases the pressure on bus companies to raise fares. Moreover, some routes with insufficient patronage can be operated by public light buses instead. Apart from rail services, the MTR also provides some feeder bus services, which have continued to increase and directly compete with other modes of public transport.
In order for each public transport mode to effectively play its role, we think the Government should expeditiously commence the Fourth Comprehensive Transport Study to carry out forward-looking planning for the development of the transport system over the next decade or so, and define more clearly the roles of different modes of public transport. It should also promote the healthy development of various modes of public transport in order to meet the growing demand for transport.

At present, the transport industry also faces the problem of a shortage of manpower and an insufficient number of parking spaces. Regarding the former, I hope the authorities can appropriately take advantage of the Supplementary Labour Scheme to solve the problem of inadequate supply of drivers. As for the lack of parking spaces, larger vehicles such as commercial vehicles, tour coaches, container trucks and other articulated vehicles also face the problem of inadequate parking spaces.

Regarding the lack of parking spaces for heavy commercial vehicles, I have discussed the problem in my speech in the first session, so I will not repeat it here. However, I wish to take this opportunity to remind the authorities concerned that as they begin to develop Kai Tak, they have to note the future parking arrangements for commercial vehicles, such as tour coaches, which make up a significant proportion of vehicles now parked in the temporary parking spaces in that area. I have suggested at different meetings that the Government should expeditiously commence a territory-wide Third Parking Demand Study to gain some understanding of the parking demand, especially that of commercial vehicles, in order to carry out good planning for parking facilities in the future.

Regarding the proposal to build an Elevated Rail-based Environmentally Friendly Linkage System to enhance linkages within Kowloon East, it involves the construction of a bay bridge. If the Government cannot solve the problem of the entry of barges with high masts into typhoon shelters, and does not consider the safety of offshore operations when typhoons approach, it will be hard for the marine transportation industry to support it. Moreover, in view of the future expansion capacity of the Elevated Rail-based Environmentally Friendly Linkage System, the difficulty of evacuating passengers, as well as its high maintenance costs, I hope the authorities will give careful consideration to the relevant operating systems.
To improve roadside air quality, the Liberal Party supports the Government's promotion of "zero emission" electric vehicles. Regarding the Government's support for the testing of electric taxis, allowing electric taxi suppliers to use quick chargers installed at car parks managed by the Transport Department would be one way to augment the existing charging network. Whether electric cars will become the mainstay depends on the development and convenience of charging facilities. Apart from establishing 100 additional semi-quick charging stations in different districts, the Government should also consider setting up charging stations at more feasible locations, such as transport interchanges with low utilization rates, in order to make charging more convenient and encourage people or the industries to switch to electric vehicles.

In view of the soon to be filled to capacity landfills and the persistently high volume of waste, Hong Kong certainly needs to find a solution to the disposal of solid waste in order to achieve sustainable development. The Liberal Party has all along stressed that to achieve effective waste reduction, reduction, recycling and reuse are indispensable. That is why we support the Government's earmarking of $1 billion for the launch of a Recycling Fund to support the recycling industry. However, I think it is unfair if the Government supports the recycling industry at the expense of the operators of public cargo working areas. These operators have told me that the berths in public cargo working areas are already insufficient, especially at more convenient locations. It is unfair to them if the existing berths are allocated to the recycling industry. That is why I hope the Government can engage in more communication with the cargo operators regarding the berthing facilities in order to reach a consensus.

President, I so submit.
President, I do not oppose development. I think most Hong Kong people think the same way. We also understand that if we do not create land suitably in Hong Kong, including by reclamation, we will not have enough land to use. However, whether it is for residential or industrial and commercial purposes, we have to set certain limits and strike a balance. It is not just the balance between conservation and development. We also need to answer some questions properly, such as whether the development should continue to be biased towards developers, whether the purpose of development is just to build homes for people, or whether one has considered industrial and commercial needs, as well as the needs of economic development and job creation. A city that fails to strike a balance among the economy, employment, recreation and conservation will become nothing more than a bedroom for sleep. It would be a dead city with a very low and poor quality of life.

We also need to strike a balance between supply and demand. We are facing an ever growing demand. While Hong Kong has no authority to vet the one-way permit holders entering the territory, there is a definite limit on land supply. The limited land has to be used for residential, industrial and commercial purposes, as well as building of schools. However, our policy only focuses on how to increase land supply, in disregard to the ever increasing demand. I do not have to tell Members that this kind of land and population policy will ultimately lead to "disasters".

Apart from the myth about land, there are also myths about the environment and the treatment of waste. It has been hard on the Secretary for the Environment over the past two years, who has made various stumbles. The only thing for which he has won praises is the "Big Waster" advertisement, which is quite popular. However, in other important matters, such as the proposal to expand the landfills, which was withdrawn, and the incinerator, whose construction is still a long way off, the Secretary is supposed to take these projects forward. However, people demand that he should deal with the issues of waste reduction at source, the waste levy and the recycling industry first. These questions are indeed interconnected. But if you have to do B before A, C before B, and A before C, we computer programmers call it an "infinite loop". It means that you can never accomplish anything. How come our society cannot do A, B, C and D all at the same time? We computer people call this "multi-core". We all know how fast the multi-core cell phones are. Otherwise, we will only fall into the trap of some interest groups with no hope of salvation.
Due to the time constraint, I will not discuss the details of these policies. I merely wish to point out the dilemma that Hong Kong faces, of which waste treatment is a very good example. Secretary, I hope you can use a "head shot" to break this infinite loop, so that Hong Kong can move forward.

President, I so submit.

MR TANG KA-PIU (in Cantonese): President, originally, I did not intend to talk about housing. However, Mr WONG Kwok-hing, my colleague at the Hong Kong Federation of Trade Unions (FTU), who is Chairman of the Panel on Housing, used up his speaking time discussing economic development. I know that Members will surely have a heated discussion on the stamp duty today. But I can assure Secretary Anthony CHEUNG that all six votes of the FTU will be cast in favour of the Government's original motion.

We find it hard to understand why the stamp duty bill can only be subject to positive vetting. Of course, the legislature and the executive both interact with and monitor each other. Each Member has the responsibility to scrutinize legislation. But we are puzzled about the demand for positive vetting. The first point is about marketing. As I have said before, the process of scrutiny is one of marketing by front-line agents. The second point is about accountability. If we adopted the approach of negative vetting, whether Members voted for or against it, if they found eventually that the policy was not in the interest of Hong Kong society and the economy after all, they could clearly take the Government to task and say that its decision was wrong. Of course, the Government's policy could also be right.

On the other hand, if we adopted the approach of positive vetting, we would not be able to assess the effect of the policy. During the process of vetting, the market would already be twisted by intervention as a result of marketing. Of course, despite this policy, we saw that the property market in 2013 had still risen without any reason. Even though there were offers but no take-up, it rose by 7.7%. I think many people are waiting to see whether the "double curbs" will be defeated, so that speculation on the market will start again. That is why these messages are very dangerous. I do not understand why they are making these amendments. I have to reiterate that all the six votes of the FTU will support the original motion on the "double curbs".
Actually, I wish to mainly talk about transport. Just now, a colleague mentioned that it is high time to carry out the Fourth Comprehensive Transport Study. I am the Deputy Secretary-General of the Motor Transport Workers General Union. Many members of the sector have told us that taxi drivers, minibus drivers and even franchised bus drivers feel that there is not much prospect in their professional career. Take taxis as an example. There are now many IVS visitors. Has this made the taxi trade more prosperous? Many drivers have told me that their income is not much different from that of more than 10 years ago, that is, ten thousand something, around $12,000 to $13,000, unless they give discounts. But now even discounts will not help, since fuel prices are so high.

Since both the Secretary for the Environment and the Secretary for Transport and Housing are here, I wish to urge the Government to expeditiously introduce a fuel surcharge that can be adjusted upward or downward. Even if taxis can apply for a fare hike after fuel prices are increased, it will take more than a year for the application to be processed. Moreover, once the metered fares increase, the insurance premium will rise in tandem. As for car rent, it is slightly better this year, since it will be increased three months later, not right away. However, since different factors are incorporated into the increase in taxi fares, the plight of drivers cannot be alleviated directly or immediately. However, when fuel prices rise to an alarming level, such as $5 per litre … Actually, the fuel surcharge is transparent and can directly relieve the burden of drivers to a small extent, such as $30 to $40. This will help them in meeting the additional cost of $80 to $100. Hence, I very much hope that the SAR Government can respond to the drivers' demand in the short term. When LPG taxis were first introduced in 2000, the fuel price at dedicated LPG filling stations was below $2 per litre. Today, the fuel price is $5 per litre, or even $6, so it has almost tripled over a decade or so. I hope the two Policy Bureaux can address this matter seriously.

I also hope that the Environmental Protection Department will account to us if they will continue to increase the number of dedicated LPG filling stations. At present, there are 12 such stations. But the relevant land premium waiver or concessions will expire before 2020. The Administration has refused to say whether it will extend the concessions, nor is it willing to establish additional dedicated filling stations. While there are not many taxis on Lantau Island, only 50 blue taxis, they are forced to fill their tanks with expensive fuel, since they have to use the three non-dedicated filling stations on Lantau. Recently, we
went with them to lodge a complaint with the Consumer Council, since the fuel price at these non-dedicated filling stations is even higher than the prices in the urban areas. We suspect there is a regional price bias. Since these 50 blue taxis will not pay $30 for no reason to cross the Tsing Ma Bridge to buy less expensive fuel, they have to buy expensive fuel on Lantau. As a result, their cost is even higher. I hope the Administration can take these issues seriously as well.

Moreover, as I have mentioned earlier, operators of all kinds of vehicles, be they bus drivers or minibus drivers, are facing a contracting business environment. Of course, this is a matter for the owners, or a responsibility of the owners. However, the uncertain prospects have caused many owners to act erratically. Simply put, to use the Kowloon Motor Bus (KMB) as an example, the KMB has many employees, about 8,000 to 9,000 bus conductors. In the past, the company was able to guarantee that staff living in Tuen Mun would be assigned to go to work in Tuen Mun. Why is this guarantee so important? Because they are responsible for driving the first bus of the day. If they live in Kowloon, it is not feasible for them to travel to Tuen Mun to drive the first bus, since it would constitute a heavy mental and economic burden. However, as the business environment deteriorates, the companies have acted erratically and even changed this important principle. This applies to the KMB, the New World First Bus and the Citybus. As a colleague said just now, in view of the increasing coverage and density of railway, what should the Administration do about the other modes of transport? This concerns the welfare of operators. I hope the Government will study this matter expeditiously.

On the other hand, this year's Policy Address focuses on how the Government monitors the present modes of transport, without addressing … Just now, I talked about the views of operators. As for the public, they think that the MTRCL should be criticized for its frequent incidents while making a profit of more than $10 billion a year. Can the Government exert more power to ensure that the MTRCL will sincerely try its best to serve the public? There are many theories about the incident on the Tseung Kwan O line. Our view and the view of the workers' union is that it had to do with outsourcing. Contractors are in charge of the cables, tracks and signals. There are only two reasons for contracting out the work. First, the corporation cannot handle the work and has to contract it out to someone with the skills to do it. The second reason is to save money. I think it must be because of the second reason. Since the
MTRCL is in charge of the relevant work on the other lines, there is no reason why it cannot do the same on the Tseung Kwan O line.

Moreover, the West Island and South Island lines will commence operation in 2014 and 2015. As far as I know, the MTRCL will also outsource all work related to maintenance and inspection. What exactly is the Government's role? I hope the Government will do one thing at once. According to the Railways Ordinance, the Chief Executive may appoint three people into the board of the MTRCL. At present, only two have been appointed. Can the Government appoint one more person? The Government said that when discussing fares with the MTRCL, it had to withdraw since it involved the interests of small shareholders. But does it have to withdraw from discussions on the safety of public service? Can it expand its authority? To cite the example of the lack of bids for the tenders for the Tin Wing Station project, can the Government request the MTRCL to donate the land for the construction of Home Ownership Scheme flats or public housing through reasonable means, or even as a way of repaying the community? Can this be done? If the Government cannot have any say despite its over 70% stake in the MTRCL, it makes us wonder whether it is "folding its arms" and letting the MTRCL exploit the people. Of course, there is also the question of fares. The MTRCL will increase its fares again by an expected 3% to 4%. Can the SAR Government play a role in this? The Policy Address is silent on this.

There is also the question of buses. Sometimes I also think that the bus companies deserve to be slammed. But at other times, I do not think we can blame them. The bus companies and their parent companies make a profit of several hundred million dollars a year, peanuts compared with the lucrative profits of the MTRCL. Hence, we can hardly blame them. However, the recent report published by the Office of The Ombudsman reveals the Administration's half-heartedness in its monitoring of bus services. It even overlooks the frequent delay of bus trips, since one in four buses is delayed. However, it seems that this year's Policy Address has failed to respond to questions about this public transport service. Nor has it any intention to do anything about it. That is why I have to express our views in this session.

Finally, since the Secretary for the Environment is here, and I understand that the Environment Bureau will carry out or publish its review of the fuel mix for power generation, and engage in negotiations with the two power companies, here I urge the Administration once again to look into the employment of workers
by the two power companies, in addition to focusing on the issues of emission and tariff as in the past. Some say that if we purchase power from the Mainland or effect grid interconnection, it might affect the job prospects of some 2,000 to 3,000 workers with the power companies and contractors in Hong Kong. I hope the Environment Bureau will take this into consideration when it carries out consultations.

I so submit.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until 9 am tomorrow.

Suspended accordingly at twenty-three minutes past Ten o'clock.