OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 23 October 2013

The Council met at Eleven o'clock

MEMBERS PRESENT:

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, B.B.S., M.H.
PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P., Ph.D., R.N.

THE HONOURABLE JEFFREY LAM KIN-FUNG, G.B.S., J.P.

THE HONOURABLE ANDREW LEUNG KWAN-YUEN, G.B.S., J.P.

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

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

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

THE HONOURABLE CHAN KIN-POR, B.B.S., J.P.

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

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP
THE HONOURABLE WONG YUK-MAN

THE HONOURABLE CLAUDIA MO

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

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

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

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE CHARLES PETER MOK

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN

DR THE HONOURABLE KENNETH CHAN KA-LOK

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

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG
THE HONOURABLE DENNIS KWOK

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

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:

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

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

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

DR THE HONOURABLE ELIZABETH QUAT, J.P.
PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

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

THE HONOURABLE PAUL TANG KWOK-WAI, J.P.
SECRETARY FOR THE CIVIL SERVICE

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

MR GODFREY LEUNG KING-KWOK
UNDER SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT
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 ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL
TABBING OF PAPERS

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

Subsidiary Legislation/Instrument

<table>
<thead>
<tr>
<th>Instrument</th>
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<td>Electronic Transactions (Exclusion) (Amendment) Order 2013</td>
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Other Papers

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<th>Title</th>
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<tr>
<td>10</td>
<td>Customs and Excise Service Children's Education Trust Fund Report by the Trustee for the year 1 April 2012 to 31 March 2013</td>
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<td>11</td>
<td>Traffic Accident Victims Assistance Fund Annual Report for the year from 1 April 2012 to 31 March 2013</td>
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<td>12</td>
<td>The Land Registry Trading Fund Hong Kong Annual Report 2012-13</td>
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<td>13</td>
<td>The Government Minute in response to the Report of the Public Accounts Committee No. 60 of July 2013</td>
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ADDRESSES

PRESIDENT (in Cantonese): Address. The Chief Secretary for Administration will address the Council on "The Government Minute in response to the Report of the Public Accounts Committee No. 60".
The Government Minute in response to the Report of the Public Accounts Committee No. 60 of July 2013

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, laid on the table today is the Government Minute (Minute) responding to Report No. 60 of the Public Accounts Committee (PAC).

When presenting Report No. 60 on July 10 to the Legislative Council, the Chairman of the PAC gave comments on two chapters in the Director of Audit's Reports, namely: Administration of road safety measures; and Pre-primary Education Voucher Scheme.

We are grateful for the time and efforts that the PAC has devoted to investigating these subjects. We accept the PAC's various recommendations and have set out in detail the specific responses of the relevant bureaux/departments in the Minute. Now, I would like to highlight the key measures that we have taken in these policy areas and the progress.

The Government has all along been committed to improving the administration of road safety measures. On measures to tackle drink driving, the police plan to equip all land region police stations with evidential breath test devices by the end of 2013. With effect from 1 August, 2013, the time interval target between taking screening and evidential breath tests has been reduced from 90 minutes to 75 minutes. The police also plan to modify a police vehicle as a Mobile Breath Test Centre for trial in December 2013.

In April 2012, the Road Traffic Ordinance (Cap. 374) was amended to introduce measures to deter speeding by public light bus (PLB) drivers and enhance safe operation of PLBs. Since then, the police have conducted a number of territory-wide enforcement operations intended to enhance PLB safety, including detection of speeding PLBs and checking whether PLBs are equipped with speed limiters as required, while the Transport Department (TD) has continued to conduct surveys to check PLB operations. Since January 2013, the police have been submitting Defective Vehicle Reports to the TD for the latter to arrange vehicle examinations for those PLBs found speeding in excess of the speed limit set by the speed limiter. Furthermore, with the Government's
implementation of the new initiative to phase out pre-Euro IV diesel commercial vehicles, the number of PLBs with passenger seat belts will increase as PLBs registered on or after 1 August 2004 are required by law to be equipped with passenger seat belts.

Regarding the safe operation of taxis, the Government has, apart from enforcement efforts, implemented a series of publicity and education programmes to tackle the speeding problem of taxis.

On franchised buses, the TD and the franchised bus companies have completed a review of the health check arrangements of franchised bus captains. All franchised bus companies have implemented additional measures to further improve the health check arrangements since August 2013, such as requiring bus captains, irrespective of their age, who have suffered from certain illnesses to be subject to annual health checks and an electrocardiogram.

Next, I would like to talk about the Pre-primary Education Voucher Scheme (PEVS).

In response to the PAC's concerns and recommendations regarding the PEVS, the Education Bureau has implemented improvement measures to step up the regulation of the trading activities and charging of miscellaneous fees by kindergartens under the PEVS. We have issued a new circular to consolidate all prevailing guidelines and provide clearer guidance on trading activities of kindergartens. Kindergartens will also be reminded to properly account for their incomes from trading operation and report them properly in their audited accounts in accordance with the guidelines. Moreover, to enhance transparency, kindergartens under the PEVS have been required to publish additional items of miscellaneous fees in the Kindergarten Profile, to which parents make reference when choosing suitable kindergartens for their children. Kindergartens have been reminded of the list of items to be covered by school fees, for which parents should not be charged separately.

To provide further support for the professional upgrading of kindergarten principals and teachers, the Education Bureau will offer course fee reimbursement to principals and teachers who are serving in kindergartens under the PEVS and
pursuing the relevant approved courses in the 2012-2013 and 2013-2014 school years. To help kindergartens under the PEVS improve their learning environment and resources, a one-off school development grant up to $250,000 per kindergarten will be disbursed to kindergartens under the PEVS in the 2013-2014 school year.

The Committee on Free Kindergarten Education is now examining various issues with a view to making recommendations on the practicable implementation of free kindergarten education, including ways to address the challenges faced by kindergartens under the PEVS and affordability of parents. The Committee will gauge views of stakeholders on the current policy and practice of kindergarten education, including the PEVS, identify issues for possible improvements, consider various options, and make recommendations to the Education Bureau on the way forward, taking into account the recommendations of the PAC as well as those made in the Audit Report. In view of the intricacies of the issues involved and the possible far-reaching implications of any policy changes, the Committee will take about two years to complete its tasks and make recommendations to the Government. During this period, the Committee will maintain communication with the kindergarten sector and explore short- and medium-term measures which could help kindergartens meet the challenges. In this regard, the Government will actively consider providing support accordingly. The work progress of the Committee will be reported to the Legislative Council Panel on Education from time to time.

Thank you, President

ORAL ANSWERS TO QUESTIONS


Legal Education and Qualifying Requirements for Lawyers

1. **MR ABRAHAM SHEK**: The report of the Steering Committee on the Review of Legal Education and Training released in August 2001 recommended that the postgraduate qualification programme, namely the Post Graduate
Certificate in Laws (PCLL), be discontinued and a free-standing institution be established, preferably in its own premises, to conduct a course of practical vocational preparation for law graduates seeking to be admitted as barristers or solicitors in Hong Kong. Meanwhile, The Law Society of Hong Kong proposed a new qualifying examination for solicitors to replace the examinations conducted by the three universities running the Bachelor of Laws (LLB) and the PCLL programmes, namely the University of Hong Kong (HKU), The Chinese University of Hong Kong (CUHK) and the City University of Hong Kong (CityU). In this connection, will the Government inform this Council:

(a) whether it knows, in the past three years, the respective numbers of LLB or Juris Doctor (JD) graduates from the three universities, the respective numbers of LLB and JD graduates from local and overseas universities applying for and being admitted or not admitted to the PCLL programmes run by the three universities, their success rates, and the admission criteria of such programmes;

(b) of the basis and authority on which the Government has granted the three universities, which are institutions providing tertiary education, the power to determine who shall be qualified to be a lawyer by running the PCLL programmes, as completion of such programmes was a prerequisite for law-degree holders to become lawyers; and

(c) given that the PCLL programmes run by the three universities have different curricula and examinations, whether the Government will consider making reference to the practice of the United States and Australia and introducing a common qualifying examination for law graduates, in order to uphold the principles of fairness and openness, and to ensure that the entrants to the legal profession are well qualified; whether the Government will actively consider introducing amendments to the Legal Practitioner Ordinance to abolish all PCLL programmes; if it will, of the details; if not, the reasons for that; and whether it will adopt measures to increase the number of legal practitioners in Hong Kong and enhance their professional standards?
SECRETARY FOR EDUCATION: President, as the present question is concerned with policy matters under the purview of both the Department of Justice and the Education Bureau, I represent both parties to give a joint response, as follows:

(a) From the 2010-2011 to 2012-2013 academic years, the total number of students graduating each year from the LLB programmes (including double law degree programmes) offered by the HKU, CUHK and the CityU ranged from 310 to 343. As for the JD programmes, which are offered by the three universities on a self-financing basis, the total number of students graduating each year ranged from 294 to 341. Over the past three academic years, the total number of applications for the PCLL programmes received by the three universities each year ranged from 1,203 to 1,522, including between 836 and 1,196 applications lodged by graduates with local law qualifications, and between 326 and 405 lodged by graduates with non-local law qualifications. It should be noted that a law graduate can submit applications for PCLL admission to more than one university. The total number of admitted PCLL students as a percentage to the total number of PCLL applications received by the three universities has been quite stable over the past three academic years, ranging from 41% to 46% in respect of students with local qualifications, and 42% to 43% in respect of students with non-local qualifications. Given that law graduates can lodge multiple applications for PCLL admission, the actual "success rate" of applicants should be even higher.

Further details, including breakdown figures by institution, are set out at Annex 1. For the sake of time, I will not repeat here.

Pursuant to section 74A(1) of the Legal Practitioners Ordinance (Cap. 159) (LPO), the Standing Committee on Legal Education and Training (SCLET) has been established since 2004. Among other things, the SCLET is empowered under section 74A(2)(a)(ii) of the LPO to keep under review, evaluate and assess the academic requirements and standards for PCLL admission. The SCLET has prescribed the entry requirements to PCLL applicable to all students
seeking admission from September 2008 onwards. A copy of the relevant statement by the SCLET on the entry requirements is at Annex 2. All three universities have confirmed that, for applicants who have fulfilled these stipulated entry requirements, selection for PCLL admission is solely based on merit, taking into account a number of factors, such as academic excellence and interview performance.

(b) Empowered by their respective governing ordinances to offer degree programmes, the CityU, CUHK and the HKU currently provide a variety of law-related degree programmes at various levels for those who wish to pursue legal education and training, for example, LLB (including double law degree), JD, PCLL as well as other law-related taught and research postgraduate programmes.

Insofar as the eligibility requirements for admission as solicitors or barristers in Hong Kong are concerned, they are set out in the LPO and its subsidiary legislation. According to sections 4 and 27 of the LPO, the Court may admit a person whom the Court considers to be fit and proper as a solicitor or a barrister of the High Court provided that such a person has complied with the relevant requirements prescribed by the two legal professional bodies, namely The Law Society of Hong Kong (Law Society) and the Hong Kong Bar Association (Bar Association). The Council of the Law Society and the Council of the Bar Association have for this purpose prescribed requirements with respect to residency, the passing of examinations and the completion of vocational training for prospective lawyers. Completion of the PCLL programmes offered by any of the three universities is currently stipulated in the subsidiary legislation made by the two legal professional bodies as a prerequisite for entering into a trainee solicitor contract or for admission as a barrister. The relevant provisions can be found in section 7 of the Trainee Solicitors Rules (Cap. 159J) and section 4 of the Barristers (Qualification for Admission and Pupillage) Rules (Cap. 159AC).
(c) Apart from prescribing the entry requirements for PCLL admission and among other things, the SCLET is also empowered by the LPO to keep under review, evaluate and assess the system and provision of legal education and training in Hong Kong. The SCLET is now chaired by the Honourable Justice Patrick CHAN, NPJ and consists of members representing the Judiciary, the Department of Justice, the Education Bureau, Law Society, the Bar Association, the three universities, the Federation for Self-financing Tertiary Education, as well as members of the public.

The Administration understands that the SCLET will conduct a large-scale review of the present system of legal education and training in Hong Kong with a view to enhancing the system to meet the challenges of legal practice and the needs of Hong Kong. The question of a common qualifying examination for entry into the legal profession is likely to be one of the issues to be studied by the SCLET in the review. The Administration takes the view that the SCLET is an appropriate forum to consider the issue given its terms of reference and its membership which includes representatives from the two legal professional bodies, the three universities and the Judiciary. The Administration further notes that Law Society has recently informed the Legislative Council Panel on Administration of Justice and Legal Services that Law Society would conduct a consultation on the feasibility of a common qualifying examination for solicitors.

The Administration will give due consideration to the results of the review to be carried out by the SCLET and the consultation to be conducted by Law Society. It will also listen carefully to the views of all stakeholders with a view to enhancing the professional standards of our legal practitioners and the development of the legal profession.
LLB graduates, JD graduates and PCLL admission, 2010-2011 to 2012-2013 academic years

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<th>Programme</th>
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<tr>
<td></td>
<td>Juris Doctor (JD) programmes</td>
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<td>HKU</td>
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<td></td>
<td>Number of graduates</td>
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<td></td>
<td>Postgraduate Certificate in Laws (PCLL) Programmes</td>
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<td>Lodged by graduates with local law qualifications</td>
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<td>262</td>
<td>281</td>
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<tr>
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<td>Lodged by graduates with non-local law qualifications</td>
<td>47</td>
<td>23</td>
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<td>Number of admitted students</td>
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<td>149</td>
<td>318</td>
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<td>With local law qualifications</td>
<td>141</td>
<td>138</td>
<td>211</td>
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<td></td>
<td>With non-local law qualifications</td>
<td>20</td>
<td>11</td>
<td>107</td>
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<td>Number of admitted students as a percentage to number of applications</td>
<td>23%</td>
<td>52%</td>
<td>59%</td>
<td>41%</td>
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<td>In respect of students with/applications based on local law qualifications</td>
<td>22%</td>
<td>53%</td>
<td>75%</td>
<td>41%</td>
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<td>In respect of students with/applications based on non-local law qualifications</td>
<td>43%</td>
<td>48%</td>
<td>42%</td>
<td>42%</td>
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</tr>
</tbody>
</table>

Notes:

(1) The figures for LLB programmes are inclusive of graduates pursuing double law degree programmes.

(2) It should be noted that law graduates can apply for PCLL admission to more than one university.

(3) Abbreviations for Institutions are as follows:
CityU  City University of Hong Kong
CUHK The Chinese University of Hong Kong
HKU  University of Hong Kong
Statement by the Standing Committee on Legal Education and Training
Entry Requirements for the Postgraduate Certificate in Laws (PCLL)

Core Subjects

To be eligible for admission to the PCLL in Hong Kong from September 2008 onwards, all students will have to demonstrate competence in 11 Core Subjects. These are:

- Contract
- Tort
- Constitutional Law
- Criminal Law
- Land Law
- Equity
- Civil Procedure
- Criminal Procedure
- Evidence
- Business Associations
- Commercial Law

Graduates who hold a Bachelor of Laws degree from a university, other than one of the three universities offering such degrees in Hong Kong, or other recognized law qualification, acceptable to the PCLL providers may be able to demonstrate
competence in these 11 Core Subjects when such have been completed as follows:

- as part of their non-Hong Kong common law qualification; and/or

- as a visiting "internal" student in one of the three universities awarding LLB and/or JD degrees in Hong Kong and passing the requisite examination; and/or

- by passing the relevant subject in the Hong Kong Conversion Examination for PCLL Admission.

**Top-up Subjects**

Students who have not passed all of the following three subjects at a university LLB/LLB double degrees/JD course in Hong Kong must also demonstrate competence in the following three Top-up Subjects:

- Hong Kong Constitutional Law
- Hong Kong Legal System
- Hong Kong Land Law

Such students can demonstrate competence in the three Top-up Subjects in any one of the following ways:

a. as a visiting "internal" student in one of the three universities awarding LLB or JD degrees in Hong Kong and passing the requisite examination; and/or

b. as part of the Graduate Diploma in English and Hong Kong Law taught and awarded in Hong Kong; and/or

c. by passing the relevant subject in the Hong Kong Conversion Examination for PCLL Admission.

**Transitional Arrangements**

Students who, on or before 1 September 2006, have successfully completed courses in Business Associations and/or Evidence which are currently recognized
for admission to the PCLL will be exempted from the above requirements in respect of these two Core Subjects.

*The Hong Kong Conversion Examinations for PCLL Admission*

Students who do not meet the above eligibility requirement for PCLL admission are not required to attend any conversion courses. There will not be any mandatory Conversion Courses. Students may prepare for the Hong Kong Conversion Examinations for PCLL Admission through self-study or attend courses to prepare themselves for the Conversion Examinations. The attendance at such courses is in itself insufficient to demonstrate competence in the Core Subjects or Top-up Subjects.

Conversion Examinations will be offered twice a year in the following subjects:

**Core Subjects:**
- Civil Procedure
- Criminal Procedure
- Commercial Law
- Evidence
- Business Associations

**Top-up Subjects:**
- Hong Kong Constitutional Law
- Hong Kong Legal System
- Hong Kong Land Law

All other Core Subjects must be completed as part of a student's main law qualification.

**MR ABRAHAM SHEK:** *I thank the Secretary for giving a comprehensive reply to my question. The reply has actually highlighted the failure of the present system of the PCLL in meeting the popularity of legal studies in Hong Kong. The aim of education of the universities is to transfer knowledge and provide vocational training, instead of playing God to decide who can enter the kingdom of the legal profession. If we take a look at Annex 1 of the main reply given by the Secretary, of the local graduates who can qualify to be admitted to the legal profession, only around 45% are admitted to the PCLL programme, for the other 55%, after three or four years of training, even if they want to be lawyers, they would not even be given a chance to sit for the examination to become qualifying*
legal professionals. So, I would like to know from the Secretary what views the Administration holds in giving the universities the right to decide who should or should not be lawyers among the qualifying students.

SECRETARY FOR EDUCATION: President, thank you very much for the Member's question. If you look at the future development, the SCLET will conduct a comprehensive review of the whole provision and qualification, particularly having regard to Law Society's intent to have an overview of issues such as the proposed centralized qualifying examination. These all pointed to the need of another good overall review. This is the first point I would like to make.

The second point is, the universities have a pretty high level of autonomy working together with the UGC, and can also make plans, outside the scope of the triennial funding from the UGC, as to how many places to offer and what content to include in the curriculum. The good news would be that the universities, when doing all these, also work very closely with the relevant stakeholder groups, including the professional bodies.

Last but not the least, as far as I understand, President, as the needs of the community are getting a lot more diversified, many law degree graduates may be joining the commercial sector and other sectors, where there is a very ample need for legal professional services as well. These are the three points I would like to mention in my response.

MR DENNIS KWOK (in Cantonese): President, I thank Mr Abraham SHEK for asking this question today. I know that Mr Abraham SHEK is also pursuing a legal course. Given his intelligence, I believe it is absolutely no difficulty for him to be admitted to the PCLL programme. However, the issue raised by Mr Abraham SHEK today is indeed a problem faced by many law students.

Let us take a look at the figures provided by the Bureau today. The number of graduates with local law qualifications and non-local qualifications are almost 700 and 1,400-odd respectively every year. However, the number of students admitted to the PCLL programme is only 600 annually. In other words, a majority of law graduates are denied access to the PCLL programme. Thus, their development in the legal profession is stifled in disguise. Does this mean that the majority of them, around 700 to 800 students, should not become lawyers
or do not possess such ability? I strongly believe the answer is in the negative. Many of these students are graduates with at least second-class honours from some prestigious colleges in foreign countries.

PRESIDENT (in Cantonese): Mr KWOK, please ask your supplementary question.

MR DENNIS KWOK (in Cantonese): President, the importance of the PCLL programme is affirmative, but the number of places is insufficient. What would the Education Bureau do to allocate more resources for increasing the PCLL places in response to demand in order to improve the quality of education?

SECRETARY FOR EDUCATION (in Cantonese): President, I thank the Honourable Member for his supplementary question. The law-related programmes offered by the three institutions under the UGC are run with a high level of autonomy. These institutions also offer self-financing programmes. Hence we have to look at not merely the number of places of UGC-funded programmes. This is crucial. Moreover, as I also mentioned just now, the SCLET also understands that it is necessary to conduct an overall review, which is one of the issues being considered by it.

MR MARTIN LIAO (in Cantonese): President, I would like to declare that I am a member of the Council of the HKU. To pursue the PCLL programme is the major route, if not the only way, for a person to be qualified for admission as solicitors or barristers in Hong Kong. However, since the launch of the PCLL programme in 1972, a study was conducted by a consultancy REDMOND & ROPER commissioned by the Steering Committee on the Review of Legal Education and Training in Hong Kong only in 2001. Although the consultancy recommended that this professional programme be discontinued and a free-standing institution be established to conduct a course of practical vocational preparation for law graduates, the Steering Committee has only introduced changes to the curriculum and assessment methods instead of accepting the reform proposal. After the passage of 10 years, JD and double law degree programmes are continuously developing and expanding, while the Mainland market is opened on a continued basis to the legal services trade in Hong Kong under CEPA. May I ask the authorities whether a comprehensive
review of the assessment mechanism of the PCLL will be conducted again, instead of conducting reviews of different parts of the programme? If not, why not?

SECRETARY FOR EDUCATION (in Cantonese): I thank the Honourable Member for his question. This is precisely the crux of the issue. We hope that the situation and recommendation can be considered in a comprehensive manner through the SCLET's review before making a further analysis.

MR SIN CHUNG-KAI (in Cantonese): President, may I ask the Bureau whether, before completion of the review by the SCLET, there are any incentives or measures to enhance the law graduates' chance of admission to the PCLL on the premise of giving due respect to the autonomy of institutions? The current figures seem to be disappointing, not to mention the fact that resources are wasted on training talents who are unable to obtain legal qualifications despite possessing legal knowledge. Does the Government have any incentives, such as setting up a special fund, special project, or the offer of more places by institutions, so that law graduates can stand a greater chance of admission to the PCLL? Has the Bureau set any targets such as raising the percentage to 70% or 60%?

SECRETARY FOR EDUCATION (in Cantonese): President, the timetable of conducting a review triennially under the mechanism of the UGC will continue to apply. I will also discuss the issue with the UGC if there is a need to strengthen the efforts in this aspect.

Besides, President, I wish to emphasize again that learning opportunities are provided at various levels. A lot of places are offered even at the level of self-financing programmes. When I mentioned the PCLL earlier, if my data are correct, the number of publicly-funded PCLL places was increased from 170 to 206 in 2007-2008, thus reflecting that a review has been conducted in a timely manner on a need basis.

As a Member mentioned earlier, I also look forward keenly to an overview of the programmes and curriculum when a large-scale review is conducted by the SCLET.
MR RONNY TONG (in Cantonese): President, according to my understanding, the only way for a person, in his capacity as a student, to enter the legal profession is to pursue the PCLL programme in order to become a qualified lawyer. So, the number of graduates will directly affect the number of new entrants to the legal profession each year. I have noticed from the figures that the number of graduates with non-local law qualifications accounts for nearly one third of the total number of admitted students, which is a very high percentage.

May I ask the Secretary whether the authorities have conducted any studies or surveys to ascertain how many of those graduates with non-local law qualifications are Hong Kong people, and whether they will stay in Hong Kong for practice? As far as I understand it, many students from other places, including the Mainland, also prefer to come here to study the laws of Hong Kong. Although I do not quite understand the reasons, such a situation does exist. Has the Bureau studied how many of them will stay in Hong Kong for practice after having acquired the qualifications? If many of them do not open practice in Hong Kong, is it necessary to review the percentage? Would the Secretary please answer this question?

SECRETARY FOR EDUCATION (in Cantonese): President, we do not have any data in this aspect. However, I can promise the Honourable Member that I will check it out from all the information available to see whether there are any relevant figures after the meeting and share them with Members later.

MR RONNY TONG (in Cantonese): Does the Secretary mean that a reply in writing will be provided?

PRESIDENT (in Cantonese): Secretary, could you provide a reply in writing to Members?

SECRETARY FOR EDUCATION (in Cantonese): Yes. I will provide a reply in writing after the meeting. (Appendix I)

PRESIDENT (in Cantonese): We have spent more than 22 minutes on this question. Second question.
Regulation of Officials' Handling of Private Affairs in Their Official Capacity and Transfer of Evidence of Cases to Overseas Prosecution Departments

2. **MR RONNY TONG** (in Cantonese): President, earlier, the local media reported on an Italian court case in which the accused, a former Italian senator (the ex-senator), revealed when giving evidence that the Chief Executive of the last term, being a Catholic, had requested the ex-senator in 2008 to arrange for him a private audience with the then Pope Benedict XVI through the Special Representative for Hong Kong Economic and Trade Affairs to the European Communities, Brussels (the Special Representative) at that time, who is the incumbent Permanent Secretary for Transport and Housing (Housing). The ex-senator also said that he had agreed to make the arrangement, but had demanded as an exchange condition the Hong Kong Government's refusal to transfer to the Italian prosecuting authority evidence of a corruption and money laundering case involving the former Italian Prime Minister, and that the Special Representative had indicated in a written reply to him that the former had discussed the matter with the then Secretary for Justice and was following up his request. Regarding the regulation of the Chief Executive and government officials' handling of private affairs in their official capacity and the authorities' transfer of evidence of cases to overseas prosecution departments, will the Government inform this Council:

(a) which officials of the HKSAR Government had handled the aforesaid incident, and whether the audience took place; if it did, of the details, including the date of the audience and whether it was official;

(b) whether the Chief Executive has the power under the existing regulations to instruct officials to handle private affairs for him; if so, of the relevant criteria and the monitoring mechanism in place to prevent abuse of such power; whether the scope of such private affairs covers those involving personal religious belief; if it does not, whether the Government will investigate if anyone had abused the power for personal gains or committed acts of misconduct in the aforesaid incident; if it will, of the details; if not, the reasons for that; and
(c) whether the Chief Executive has the power under the existing regulations to instruct the Department of Justice and the Judiciary to refuse the transfer of evidence of criminal cases to overseas prosecution departments; if so, of the legal basis and source of the power; whether the Government will investigate if anyone had committed acts of misconduct or unlawful acts such as perverting the course of justice, and so on, in the aforesaid incident; if it will, of the details; if not, the reasons for that?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, my reply to the three parts of the question is as follows:

(a) According to records, the Chief Executive of the last term did not visit Europe in 2008, or meet with the Pope. (Appendix 1) Moreover, the Chief Executive of the last term did not request a former Italian senator through the then Special Representative to arrange for him a private audience with the then Pope Benedict XVI in 2008.

(b) Article 48 of the Basic Law prescribes the powers of the Chief Executive, including to lead the government of the Hong Kong Special Administrative Region (Government) as its head. The Chief Executive and the Government he leads have all along been ruling according to, and abiding by, the law.

The relevant government economic and trade offices (ETOs) and the Information Services Department have all along been providing support for the Chief Executive's duty visits. As the official programmes of such visits are mostly very packed, where necessary, the ETOs will assist appropriately with regard to the non-official activities during a visit, in order to ensure the smooth conduct of the entire visit. That said, official activities must take priority in the overall visit arrangements, as well as the work of the ETOs.

(c) On legal assistance in criminal matters, the Mutual Legal Assistance in Criminal Matters Ordinance (Cap. 525) (MLAO) has set out clearly the relevant provisions on the arrangement for Hong Kong's handling of requests for assistance in criminal matters from other jurisdictions.
On the media reports mentioned in Mr Ronny TONG's question, the Department of Justice (DoJ) issued a press release on 3 October 2013 (the text of which is at Annex), to set out in detail the relevant findings. As stated in that press release, the DoJ received in September 2006 a Letter of Request issued by the Italian authorities asking for assistance in respect of, among others, the production of bank documents, as well as the documentary evidence by way of search and seizure at identified office and residential premises, in respect of the criminal proceedings and investigation of a case in Italy. On 16 January 2007, four search warrants were issued by a Magistrate in Hong Kong authorizing the search of the relevant office and residential premises pursuant to the MLAO. These warrants were executed on 18 January 2007, yet due to numerous intervening court applications and hearings in respect of the matter, the relevant materials seized under such warrants were only sent to Italy in August 2013. Throughout the entire period, the DoJ had acted strictly in accordance with the laws of Hong Kong including the MLAO. The entire process in respect of the handling of the Letter of Request has never been compromised in any way, nor have any irrelevant considerations been taken into account.

As stated in the said press release, throughout the period from September 2006 to August 2013, the only communication between the then Special Representative and the DoJ regarding the abovementioned Letter of Request was his email exchange with the then Acting Law Officer (International Law) (Acting Law Officer) on 9 and 10 October 2007, which did not mention anything about any request to meet the Pope: the then Special Representative only informed the Acting Law Officer that the then Senator Gregorio (then the Chairman of the Italian Senate's Defence Committee and one of the then Special Representative's contacts in Rome) had approached him and enquired in respect of the progress concerning the execution of the Letter of Request in Hong Kong. The then Special Representative stated that he had told the then Senator Gregorio that if a case has been brought to the Court, then it would not be possible for the Government to comment. He asked the DoJ for advice as to what, if anything, could be said to the then Senator Gregorio. In her reply to the then Special Representative's email on 10 October 2007, the Acting Law Officer confirmed that the DoJ had
received the Letter of Request and informed the then Special Representative that the matter was subject to judicial review proceedings as the parties concerned challenged the validity of the search warrants and the legality of their execution. The Acting Law Officer concluded by advising the then Special Representative that he tell his contact in Rome that the legal issues arising out of the execution of that part of the mutual legal assistance request by the Italian Government were before the Court in Hong Kong. Other than the above, there was no communication between the then Special Representative and any person within the DoJ (including the Acting Law Officer and the then Secretary for Justice) in respect of the execution of the Letter of Request. The then Secretary for Justice confirmed that he had had no discussion or any other form of communication with the then Special Representative over the handling of this matter, nor was he copied the email exchange between the then Special Representative and the Acting Law Officer mentioned above. Accordingly, when handling the execution of the Letter of Request, the DoJ has not taken into account any factors irrelevant to the case, including any attempt to arrange a meeting with the Pope.

Annex

Department of Justice handles Italian MLA request strictly in accordance with the law

Recent media reports concerning a trial in an Italian court have raised concerns as to whether the handling of the relevant mutual legal assistance (MLA) requests made by the Italian prosecuting authority was delayed or otherwise compromised with a view to enabling the former Chief Executive, Mr Donald TSANG, to obtain an audience with Pope Benedict XVI. As the media reports raise significant questions concerning the rule of law in Hong Kong, the Secretary for Justice takes the view that it is in the public interest to disclose the following findings of the Department of Justice (DoJ) made following an enquiry into the matter:

1. On July 10, 2006, a Letter of Request was issued by the Public Prosecutor of the Court of Milan (Letter of Request) asking for assistance in respect of,
among others, the production of bank documents, documentary evidence by way of search and seizure at identified office and residential premises, in respect of criminal proceedings and investigation in Italy concerning various people including Mr BERLUSCONI.

2. On September 11, 2006, the Letter of Request was received by the DoJ through the Consulate General of Italy in Hong Kong.

3. On January 16, 2007, four search warrants (Search Warrants) were issued by a Magistrate authorizing the search of the relevant office and residential premises pursuant to the Mutual Legal Assistance in Criminal Matters Ordinance (Cap. 525) (MLAO). These Search Warrants were executed on January 18, 2007.

4. The parties concerned, including Ms Paddy CHAN Mei Yiu and Ms Katherine HSU as well as certain companies (Parties Concerned), challenged the validity and the execution of the Search Warrants. On March 22, 2007, the Parties Concerned obtained leave to apply for judicial review of the decisions relating to the issue and execution of the Search Warrants. Since then and (as further explained below) until August 9, 2013, there had been numerous court applications and hearings in respect of the matter and the media in Hong Kong had on occasions made reports on the matter.

5. On October 9, 2007, Mr Duncan PESCOD (in his then capacity as the Special Representative for Hong Kong Economic and Trade Affairs to the European Communities) sent an email to Ms Amelia LUK (the then Acting Law Officer (International Law) of the DoJ). In this email, Mr PESCOD did not mention anything about any request to meet the Pope. Mr PESCOD only informed Ms LUK that Senator Gregorio (then the Chairman of the Italian Senate's Defence Committee and one of his senior contacts in Rome) approached him and made enquiry in respect of the progress concerning the execution of the Letter of Request in Hong Kong. Mr PESCOD stated that he had told Senator Gregorio that if a case has been brought to the courts, then it would not be possible for the Government to comment. Mr PESCOD asked for advice as to what, if anything, could be said to Senator Gregorio.

6. In an email sent on October 10, 2007, Ms LUK confirmed that the DoJ had received the Letter of Request and informed Mr PESCOD that the matter was subject to judicial review proceedings as the Parties Concerned challenged the
validity of the Search Warrants and the legality of their execution. Ms LUK concluded by advising Mr PESCOD that he tell his contact in Rome that the legal issues arising out of the execution of that part of the mutual legal assistance request by the Italian Government were before the Court in Hong Kong.

7. After various interlocutory applications, the abovementioned judicial review application was eventually heard during the period from March 22, 2010 to April 29, 2010 before Mr Justice SAUNDERS. On July 30, 2010, the application for judicial review was dismissed. The Parties Concerned lodged an appeal to the Court of Appeal and the appeal was dismissed on May 8, 2012. Their application for leave to appeal to the Court of Final Appeal was dismissed by the Court of Appeal on September 7, 2012. Their further application to appeal to the Court of Final Appeal was dismissed by the Appeal Committee of the Court of Final Appeal on November 19, 2012.

8. On April 15, 2013, the DoJ gave direction to the Hong Kong Police to pass the materials obtained in the course of the execution of the Search Warrants to the Italian prosecution authority. Upon being informed of this decision of the DoJ, the Parties Concerned filed a fresh application for leave to apply for judicial review on April 25, 2013 seeking to challenge the DoJ's decision to pass the materials to Italy.

9. This fresh set of judicial review application was heard by Mr Justice G LAM on May 31, 2013 and was dismissed on June 5, 2013. The Parties Concerned lodged an appeal to the Court of Appeal, which was heard on July 5, 2013 and was dismissed on July 9, 2013. Their application for leave to appeal to the Court of Final Appeal was dismissed by the Court of Appeal on the same day (9 July 2013), and their further application for leave to appeal to the Court of Final Appeal was dismissed by the Appeal Committee of the Court of Final Appeal on August 9, 2013.

10. Following the conclusion of all the legal proceedings in Hong Kong, the relevant materials seized under the Search Warrants were sent to Italy on August 12, 2013.

A spokesman for the DoJ said today (October 3) that from the time the DoJ received the Letter of Request up to the time delivery of the materials seized under the Search Warrants were delivered to Italy, the DoJ had acted strictly in accordance with the laws of Hong Kong including the MLAO. The entire
process in respect of the handling of the Letter of Request has never been compromised in any way, nor have any irrelevant considerations been taken into account.

Throughout this period from September 11, 2006 to August 12, 2013, the only communication between the DoJ and Mr PESCOD was the email exchange on October 9 and 10, 2007 referred to in paragraphs 5 and 6 above. Other than the said email exchange, there was no communication between Mr PESCOD and any person within the DoJ (including Ms LUK and the then Secretary for Justice, Mr WONG Yan Lung) in respect of the execution of the Letter of Request. As confirmed by Mr WONG Yan Lung, he has had no discussion or any other form of communication with Mr PESCOD over the handling of this matter. Besides, Mr WONG Yan Lung was not copied the email exchange mentioned in paragraphs 5 and 6 above. Accordingly, when handling the execution of the Letter of Request, the DoJ has not taken into account any attempt to arrange a meeting with the Pope.

Ends

Thursday, October 3, 2013
Issued at HKT 17:46

MR RONNY TONG (in Cantonese): President, I am very astonished by the authorities' reply. The question asked by me is related to the ethics and conduct of the former Chief Executive and what I found puzzling is: Firstly, why was the reply to this question given by the Secretary for Commerce and Economic Development instead of the Chief Secretary for Administration and the Secretary for Constitutional and Mainland Affairs and secondly, the Secretary did not reply to parts (b) and (c) of my main question at all. However, since I can ask only one supplementary question, I will ask the most important one.

In fact, when an ex-senator of an overseas country gave evidence in court proceedings, he asserted that he had proposed to the former Chief Executive as an exchange condition the refusal to transfer to the Italian Court certain evidence and according to this ex-senator, the former Chief Executive agreed to this request and instructed the then Special Representative to follow this up.
What I wish to ask now is not whether or not he actually did such a thing or if the Secretary for Justice was subjected to any interference. This is not the question that I wish to ask. What I wish to ask is: If the former Chief Executive really promised to an overseas senator that he would interfere with local judiciary proceedings, as claimed by this ex-senator, do such a process and promise constitute inappropriate behaviour? Second, if there is the likelihood that they constitute acts of misconduct, has the SAR Government ever conducted any thorough investigation into the conduct of the former Chief Executive; if it has, what is the outcome; if it has not, why not?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, actually, many of the comments made by Mr Ronny TONG just now are not facts, so I must clarify them here.

I have explained in detail in the main reply that concerning the relevant judicial proceedings, the ex-senator in question once made an enquiry and in view of the fact that judicial proceedings were involved, the then Special Representative also enquired about the relevant situation via email and learnt that the Court was dealing with the relevant matters. Therefore, he gave the ex-senator the reply that he could not give any comments on ongoing legal proceedings. That was it and the former Chief Executive was not involved, so there was no question of the former Chief Executive making any promise; this is all very clear. In the main reply, we have already given clear explanations on the facts as we understand them.

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

MR RONNY TONG (in Cantonese): Often, during question time, there is a breakdown in communication. President, my supplementary question is …

PRESIDENT (in Cantonese): Please repeat your supplementary question.
MR RONNY TONG (in Cantonese): President, my supplementary question is actually very simple. What the ex-senator said in the evidence given by him in the judicial proceedings in Italy was the fact. What he said was not an enquiry about the progress, rather, he gave very concrete evidence, saying that upon his request, the former Chief Executive promised to interfere with the judicial proceedings in Hong Kong. My supplementary question is: Since such an allegation was made, why did the SAR Government not investigate this matter thoroughly? Did the authorities request the former Chief Executive to give explanations? If they did not, why was a thorough investigation not carried out?

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

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I must reiterate that the two emails exchanged on 9 October and 10 October 2007 actually involved the enquiry made by the then Special Representative to a colleague in the DoJ, but the former Chief Executive was not involved in it. This does not accord with the so-called facts claimed by Mr Ronny TONG just now. This enquiry did not involve the former Chief Executive at all, so it is not a fact. In fact, I have already given a very clear explanation.

MR RONNY TONG (in Cantonese): I am not asking about those emails, rather, I am asking about the issues arising from the evidence given by the ex-senator in the judicial proceedings overseas, so why did he not answer my supplementary question?

PRESIDENT (in Cantonese): Secretary, does the SAR Government have to conduct and has the SAR Government ever conducted any investigation in relation to the Italian senator's evidence?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, as far as I know, the whole issue is just as I described in the main reply, that is, it was the ex-senator who made an enquiry with the then
Special Representative via email. As regards the details of the emails, they have also been fully disclosed and the former Chief Executive was not involved in this matter at all. Therefore, we cannot say categorically that something is the fact based on the one-sided information disclosed in the judicial proceedings in Italy. The facts as we understand them have been clearly spelt out in the main reply.

MR ALAN LEONG (in Cantonese): President, there is little wonder why the Ta Kung Pao also described Secretary Gregory SO as "clumsy". The question asked by Mr Ronny TONG now is actually very simple. Please refer to part (b) of the main question: "whether the Chief Executive has the power under the existing regulations to instruct officials to handle private affairs for him". The question asked in this part is about whether or not public servants can be tasked with private affairs, not whether any public servant has ever been tasked with private affairs. He does not even understand this, so if he is not "clumsy", what is it then? Now, I will give him another chance to get rid of the description of being "clumsy". Why did he not answer Mr Ronny TONG if the Chief Executive has the power under the existing regulations to instruct officials to handle private affairs for him?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, it has never occurred to me that Mr LEONG would pin this kind of label on officials. If he likes to do so, I cannot stop him, but I can answer his supplementary question. Our colleagues in ETOs are responsible for making the necessary arrangements for officers of the SAR Government in relation to their public duties but often, such official programmes are very packed, so as stated in the main reply, so long as the official programme is not affected and the resources permit, colleagues in ETOs will assist appropriately with regard to the non-official activities of principal officials, for example, to offer advice and make contacts. The purpose of this is to ensure the smooth conduct of all parts of the visit programme, so that they can proceed smoothly. This point is very clear.

MR PAUL TSE (in Cantonese): President, after a committee of this Council had conducted six or seven hearings, it was found that the Commissioner of the Independent Commission Against Corruption could instruct his colleagues to buy
fish balls, beef brisket and even many other private gifts. This is where the problem lies. Did the former Chief Executive actually do such a thing?

President, we have not yet developed to the state where, as is the case for the President of the United States, all verbal communications of leaders, be it communications using Blackberry mobile phones or telephones, are recorded and filed. There is still no such system in Hong Kong, so as the Chief Executive said in response to the issue of licensing related to HKTVN yesterday, there was no record of any conversation or promise involving any senior official. Of course, there cannot be any such record because in this world, there is still such a thing as a verbal promise. What we wish to ask now is whether or not this kind of incidents has ever occurred.

Concerning part (a) of the main question, the main reply says that according to records, no visit was made to Europe. Then, it goes on to say many things but it seems no enquiry whatsoever was made. In contrast, in part (c) of the main reply, many confirmations were made in relation to whether or not the Secretary for Justice was involved in this matter. In view of this, where did all the confirmations come from? Were they made by checking the records or through verbal enquiries? In this regard, did the authorities try to understand the actual situation by approaching the then Chief Executive or officials, or was the reply in the negative given based simply on the absence of such record?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, insofar as this incident is concerned, it seems the Member has confused two matters. The matter under discussion now is what happened in 2007, when an Italian ex-senator approached the then Special Representative to enquire about some judicial proceedings. The incident involved two emails issued on 9 October and 10 October of that year and both are related to the judicial proceedings. The colleagues in the DoJ have fully disclosed the details of the relevant emails. This is what happened in 2007, in relation to the judicial proceedings.

What happened in 2008 was another matter. At that time, the former Chief Executive originally planned to visit Europe and it was something that happened in 2008. It is another matter that is different from the issue mentioned earlier on. Subsequently, the former Chief Executive decided to cancel his trip
to Europe because of his busy official engagements. I think that linking these two matters together really does not accord with the facts. Therefore, today, it is based on my understanding and after enquiries made with the then Special Representative and the former Chief Executive that I gave the present reply.

**DR KWOK KA-KI** (in Cantonese): President, I wonder if it is because Secretary Gregory SO had endured a great deal of grievance that he almost shed tears in public because of the issue relating to free-to-air television licences, even though some people said that his acting had left much to be desired.

My supplementary question is: At present, there is the claim that the former Chief Executive once requested an audience with the Pope, but the Secretary said that nothing of the sort was on record. However, did the Secretary ever ask the former Chief Executive if he had requested an audience with the Pope? Would such a request for an audience with the Pope be put on record? Would the Government put on written record even this kind of private requests, for example, the special requests of the incumbent Chief Executive or the request of the former Commissioner of the Independent Commission Against Corruption to buy fish balls? Otherwise, why was an investigation not carried out or an enquiry made with the former Chief Executive?

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, let me explain a little what happened in 2008 because the main reply mainly talks about what happened in 2007. I am doing is to prevent Members from mixing up the two matters. Moreover, these matters all happened many years ago.

As far as we know, during the visit by the then Special Representative to Italy, he was invited to meet with ex-senator Gregorio on 27 April 2008. The ex-senator was also the ex-convener of the Italian Senate Financial Group in Hong Kong, so he had frequent contacts with the Hong Kong Economic and Trade Office, Brussels. This ex-senator knew at that time that the Hong Kong Economic and Trade Office, Brussels was making preparations for the possible visit by the Chief Executive to Europe in 2008, so he took the imitative to suggest that he could assist in arranging for a private audience with the Pope for the Chief Executive.
As far as we understand it, the then Special Representative personally relayed this message to the former Chief Executive and the former Chief Executive also asked the Special Representative to express on his behalf his gratitude. However, the former Chief Executive told the then the Special Representative that the representative of the Vatican in Hong Kong had already got in touch with him direct in relation to this matter. Therefore, the whole matter is actually very simple. We received an offer, an Italian ex-senator took the initiative to get in touch with us, saying that he could make the arrangement but we did not accept it.

MR RONNY TONG (in Cantonese): President, concerning part (b) of my main reply, the Secretary said in the main reply that they would assist appropriately with regard to non-official activities. May I ask the Secretary if there are any limitations in the scope of non-official activities? As an Honourable colleague asked just now, is buying fish balls and beef brisket considered a non-official activity? What about buying movie tickets? If this is also considered a non-official activity, would civil servants deal with such matters for the Chief Executive? I hope the Secretary can clarify and explain if there are any limitations in this regard.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, first, I will explain what is meant by non-official activities. Non-official activities refer to all activities other than official ones, including private meals or meetings but of course, as I said in the main reply, official activities must take priority. In this regard, so long as non-official activities can tie in smoothly with the official components as a whole and the entire programme can be conducted smoothly, colleagues in ETOs will provide assistance if the resources permit.

MR RONNY TONG (in Cantonese): I am at my wits' end. There is really a breakdown in communication. President, my question is: If the former Chief Executive were to request civil servants to buy beef brisket, fish balls and movie tickets for him, could he do so?
PRESIDENT (in Cantonese): Secretary, do you have anything to add?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I have already said that we will provide assistance if the official programme is not affected and the resources permit, so as to facilitate the smooth conduct of various components in the entire visit programme.

PRESIDENT (in Cantonese): Third question.

Funding Support for Conducting Public Examinations

3. DR KENNETH CHAN (in Cantonese): President, it has been reported that the government funding received by the Hong Kong Examinations and Assessment Authority (HKEAA) is not sufficient for meeting the expenses in conducting public examinations, and given that the HKEAA has to operate on a self-financing basis, it may not have enough resources to improve its software and hardware facilities. In this connection, will the Government inform this Council:

(a) of the total public funding received by the HKEAA, its income of examination fees from various kinds of public examinations and its total expenditure on conducting public examinations, in each of the past five years;

(b) whether it will consider reviewing the existing mechanism for funding the HKEAA and the level of funding; if it will, of the details; if not, the reasons for that; and

(c) whether it will consider meeting the expenses of all public examinations from public coffers so as to exempt candidates from paying examination fees, thereby alleviating their financial burden; if it will, of the details; if not, the reasons for that?
SECRETARY FOR EDUCATION (in Cantonese): President, my reply to the questions raised by Dr Kenneth CHAN is as follows:

The HKEAA was set up in 1977 under the Hong Kong Examinations and Assessment Authority Ordinance (HKEAAO) (Cap. 261). It is an independent statutory body. Its major function is to administer public examinations to cater for the needs of the local education system and society and assist in conducting professional and international examinations. According to Section 9 of the HKEAAO, the resources of the HKEAA consist of the fees paid by candidates sitting the public examinations or taking other examinations or assessments conducted by the HKEAA, payments received for services rendered by the HKEAA, subsidies provided by the Government to assist towards the cost of conducting public examinations, and so on. The income of the HKEAA is mainly derived from examination fees, followed by the sale of publications and provision of assessment services for individuals and organizations.

(a) As the HKEAA is the only statutory body responsible for administering the Hong Kong Diploma of Secondary Education (HKDSE) Examination and a strategic partner of the Government in providing quality education and support to the new senior secondary academic structure, the Government will provide non-recurrent grants to the HKEAA for launching special and non-recurrent initiatives related to the public examinations if there are sound justifications. Not only can this lower the cost of running the public examinations and maintaining the examination fees at a level affordable by the public, but can also ensure the income from the examination fees are largely sufficient to cover the recurrent expenses of the HKEAA.

As the one-off grants to the HKEAA approved by the Finance Committee of the Legislative Council and the income, expenditure and fees of the public examinations in the past five years (that is, 2009 to 2013) are already set out at the Annex, I will not repeat them here.

(b) The HKEAA utilizes its own income and assets to support its daily operation according to the HKEAAO. The Government will provide the HKEAA with non-recurrent grants if there are sound justifications so as to reduce the cost of conducting the public examinations. The existing mechanism is running smoothly and
the Government currently has no intention to change the mechanism. Nevertheless, the Government will continue to monitor the impact of the financial status of the HKEAA, the operational expenses of conducting the public examinations, the level of examination fees and the special and non-recurrent services that must be provided by the HKEAA so as to evaluate the need of the HKEAA for non-recurrent grants.

(c) Public money must be used properly. The "user pays" principle is an effective fee-charging mechanism normally used in different policy areas. Based on this principle, it is not appropriate for the Government to subsidize the examination fees for all candidates. Nevertheless, the Government understands that the public examinations play a vital role in determining the prospects and pathways of the candidates. Therefore, the Government has other policies to ensure that there will be no students who, because of financial difficulties, cannot enter the public examinations which are considered as appropriate by the schools.

In view of the financial burden of the needy students in paying examination fees when applying for the public examinations, the Student Financial Assistance Agency (SFAA) administers the Examination Fee Remission (EFR) Scheme to provide assistance to the eligible students with financial needs for entering public examinations conducted by the HKEAA. Eligible students can apply for either full grant or half grant. In the 2012-2013 school year, around 25,600 students were successful in applying for the EFR, representing around 34% of the school candidates. The total amount of grants provided was $52 million. In addition, the Social Welfare Department also provides students from families receiving Comprehensive Social Security Assistance with assistance to cover public examination fees. Therefore, there will be no eligible students who cannot enter the public examinations because of financial difficulties.

Apart from financially subsidizing the examination fees of the needy students, the Government will also provide the HKEAA with non-recurrent grants where justified so as to reduce the cost of public examinations. Furthermore, according to the HKEAAO, the public examination fees have to be approved by the Government. In
considering whether to approve the examination fees proposed by the HKEAA, the Government will take into consideration a number of related factors such as inflation, the economic conditions of Hong Kong and the financial status of the HKEAA. We consider the current mechanism reasonable and fair as it can ensure that there will be no eligible students who cannot enter the public examinations because of financial difficulties, and at the same time the examination fees can be maintained at a level affordable to the general public.

Annex

The one-off grants to HKEAA approved by the FC of the Legislative Council in the past five years (that is, 2009 to 2013)

<table>
<thead>
<tr>
<th>FC Approval Date</th>
<th>Grant</th>
<th>Approved Budget ($ million)</th>
<th>Actual amount of grant reimbursed as at October 2013 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2009</td>
<td>Development of HKDSE Examination system</td>
<td>152.30</td>
<td>135.10</td>
</tr>
<tr>
<td>December 2010</td>
<td>Grant to the HKEAA for the rental and related costs of an onscreen marking centre on Hong Kong Island</td>
<td>41.15</td>
<td>14.64</td>
</tr>
<tr>
<td>December 2010</td>
<td>Grant to cover the deficits for conducting the 2011 Hong Kong Certificate of Education Examination (HKCEE) and the 2013 Hong Kong Advanced Level Examination (HKALE) for private candidates</td>
<td>90.65</td>
<td>35.56</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>284.10</td>
<td>185.30</td>
</tr>
</tbody>
</table>
The examination fee income and expenditure of the HKEAA in conducting the public examinations in the past five years are listed below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Income from Examination Fees * ($ million)</th>
<th>Expenditure ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>HKCEE 114.7</td>
<td>140.4</td>
</tr>
<tr>
<td></td>
<td>HKALE 101.6</td>
<td>102.8</td>
</tr>
<tr>
<td>2010</td>
<td>HKCEE 122.7</td>
<td>144.3</td>
</tr>
<tr>
<td></td>
<td>HKDSE 214.0</td>
<td>201.7</td>
</tr>
<tr>
<td>2011</td>
<td>HKCEE 22.6</td>
<td>57.2</td>
</tr>
<tr>
<td></td>
<td>HKDSE ** 243.1</td>
<td>237.6</td>
</tr>
<tr>
<td>2012</td>
<td>HKDSE 214.0</td>
<td>201.7</td>
</tr>
<tr>
<td></td>
<td>HKALE 113.5</td>
<td>105.9</td>
</tr>
<tr>
<td>2013</td>
<td>HKDSE ** 243.1</td>
<td>237.6</td>
</tr>
<tr>
<td></td>
<td>HKALE ** 8.2</td>
<td>45.6</td>
</tr>
</tbody>
</table>

Notes:

* Including Supplementary Fees (such as those for change of subjects and late entry) and Rechecking & Remarking Fees

** Unaudited.

**DR KENNETH CHAN** (in Cantonese): First of all, President, I have to declare that I have been assisting the HKEAA in the assessment of one of its subjects since 1998 because I work in a university.

President, I believe Secretary Eddie NG knows better than I do because he was a member of the HKEAA as well as its Chairman before joining the Government. Although the HKEAA and the Secretary have gone separate ways, I am very dissatisfied with his reply. Regarding part (b) of the main reply, may I ask the Secretary, given that the HKEAA is a significant statutory body responsible for administering public examinations in Hong Kong, whether the existing modus operandi of the HKEAA can continue to support its work?
Actually, President, besides my oral question today, there are two more written questions. If they are examined together, we will know that if the HKEAA …

(Someone in the public gallery displayed a banner and shouted aloud in Putonghua)

PRESIDENT (in Cantonese): The person in the public gallery, keep quiet.

(The person continued shouting in Putonghua)

PRESIDENT (in Cantonese): The person in the public gallery, leave the public gallery at once.

(Security officers led the person away from the public gallery)

PRESIDENT (in Cantonese): Dr Kenneth CHAN, please continue.

DR KENNETH CHAN (in Cantonese): Actually, President, besides my oral question today, there are two more written questions. If they are examined together, we will know that, judging from the local examinations alone, the HKEAA posts an average loss in excess of $30 million per annum. As a result, it must rely on the extra income generated from some professional and overseas examinations as well as forcing its staff to meet quotas by conducting these non-local examinations.

Secretary, this modus operandi is simply not sustainable. May I ask the Secretary, given his previous capacity as Chairman of the HKEAA, whether he thinks that it is time to review the modus operandi and the mode of funding of the HKEAA to enable it to really attend to its proper duties rather than doing so much sideline?

SECRETARY FOR EDUCATION (in Cantonese): President, I thank the Honourable Member for his supplementary question and views.
If we review the previous situation of the HKEAA, we can see that some individual items had indeed posted losses. For instance, the loss posted by the HKEAA in administering the last HKCEE was quite substantial. Besides sending representatives to regularly attend meetings of the relevant committees regularly, the Education Bureau also maintains close contact and communication with the HKEAA. The financing mode of the HKEAA is also constantly reviewed by its committees, including its Finance Committee. At the present stage, it is generally held that, if other relevant services are taken into account, the HKEAA basically manages to break even. Given this premise, individual non-recurrent items are its only concern. Under the existing mode, the Education Bureau will therefore provide more support to its special and non-recurrent items.

Another important consideration is, as examinations are arranged for individuals and services can be provided for other professional examinations, the HKEAA is now adopting the model of providing a diversity of services in the hope of achieving fiscal balance.

Having been its Honorary Chairman for seven years and participated in many of its activities, I understand the HKEAA itself is convinced that this model is highly feasible and hopes the close communication and co-operation can bear fruit, so that it can have sufficient autonomy to continue to fine-tune its professional services.

DR KENNETH CHAN (in Cantonese): Excuse me …

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

DR KENNETH CHAN (in Cantonese): The part not answered by the Secretary concerns his remark that the HKEAA is satisfied with this approach but, if that is really the case, then the HKEAA will not ignore its proper work in order to meet quotas …
PRESIDENT (in Cantonese): Dr Kenneth CHAN, I cannot allow you to initiate a debate. Please repeat the part you think the Secretary has not answered.

DR KENNETH CHAN (in Cantonese): President, my supplementary question for Secretary Eddie NG is: Will you, as a former member of the HKEAA, begin discussion with the HKEAA this year during your term of office, with a view to reviewing its modus operandi?

PRESIDENT (in Cantonese): Secretary, will a review be conducted?

SECRETARY FOR EDUCATION (in Cantonese): President, my thanks go to the Honourable Member.

I will answer this question in my capacity as Secretary for Education today. My seven-year honorary service with the HKEAA already completed on 1 July 2012. Now I am looking at the entire incident from an objective perspective. Just now, I mentioned that representatives had been sent by me to attend meetings of the committees under the HKEAA for co-operation and regular reviews. Where necessary, we will examine in which areas support can be enhanced. This is the major premise. There is also regular communication between the Education Bureau and the Chairman and Secretary General of the HKEAA. Hence, as I mentioned in the main reply just now, we will continue to co-operate with the HKEAA as our strategic partner. Where necessary, we will provide support for individual items.

MR LEUNG YIU-CHUNG (in Cantonese): President, the spending of the $7 million-odd additional surplus derived from overseas examinations as bonuses awarded by the HKEAA to its staff has not only made it impossible to lower local examination fees, but also led to unfairness in many aspects. Although an incentive scheme has already been put in place to give additional bonuses to staff with good performance, the HKEAA is now offering even more bonuses and resorting to "fattening the top and thinning the bottom" this time around, why? While some senior management staff members are offered $80,000 in bonuses, low-ranking staff members are given several thousand dollars only. Worse still,
some contract staff are not offered any bonuses on the ground that their contracts are going to expire soon. This practice not only fails boost staff morale, but insofar as the future local examination fees are concerned, leaves no money for a fund to be set up to lower the cost …

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

MR LEUNG YIU-CHUNG (in Cantonese): May I ask the Secretary why he would allow this to happen? Why would he allow the HKEAA to share this sum of surplus money among its staff as extra bonuses? Will the HKEAA continue to award bonuses in this manner in future? Meanwhile, should a surplus be posted in the future, will it be used to lower the examination fees for local students?

SECRETARY FOR EDUCATION (in Cantonese): President, I thank the Honourable Member for his supplementary question. From the angle of facts, we have to understand that the spending of $7 million this time around on special bonuses for the staff is a one-off bonus scheme. It is mainly attributed to the whole arrangement made by the HKEAA in 2010 to 2011 to cope with the newly introduced HKDSE under the new senior secondary academic structure. I can personally feel the efforts made by the staff over the past two years. Not only could they not take any leave during the Lunar New Year holiday, they also had to work more than 18 hours a day on weekdays and work as usual on weekends, with the car park of the HKEAA completely full. Yet, they were not given any special allowances or compensation for their overtime work. During the past couple of years, the HKEAA as a whole had only one mission — "deliver DSE with pride". On this premise, we could see not only the wholehearted dedication and contribution of the HKEAA staff, but also their extremely high turnover rate. While the overall turnover rate was 13% to 14%, the turnover rate in individual divisions reached as high as 30% to 40%. There were very tight timetables for software development and thematic arrangements, too.

That was why the management of the HKEAA put forward a proposal and the Human Resources Committee and Finance Committee, after analysis and consideration according to all normal procedures, appreciated that it was not only
an effective proposal but also one of the significant proposals. After the HKEAA Council had endorsed and expressed support for the proposal in late 2011, it was implemented according to the actual developments. President, as a one-off arrangement, the "special one-off performance-based incentive" was paid in two installments. It was granted to the staff as some sort of nominal compensation purely from the angle of recognition and praise for the HKEAA in carrying out such a landmark reform for Hong Kong and accomplishing this mission.

The second key point is that the $7 million comes not from our funding. It actually comes from an additional surplus posted as a result of the special efforts made by the HKEAA in administering other professional examinations, and the surplus is partially used for this purpose as a one-off arrangement. I would like to reiterate that the other activities conducted by staff members of the HKEAA are not sideline, and I hope Members can respect their professionalism. In view of the internationally-recognized and highly professional standard of the HKEAA, many professional international examinations are not held in other places than Hong Kong. This demonstrates the recognition of the professionalism of the HKEAA. If these examinations are not conducted in Hong Kong, many local students who wish to sit these examinations will have to travel abroad for the examinations. At present, students from other places have to make a special trip to Hong Kong in order to sit these specially arranged professional examinations. Hence, there is a practical need for Hong Kong to conduct these examinations, and so the organization of these examinations is not a sideline.

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

MR LEUNG YIU-CHUNG (in Cantonese): President, the Secretary has not answered my question. President, I would like to …

PRESIDENT (in Cantonese): Please repeat your supplementary question.
MR LEUNG YIU-CHUNG (in Cantonese): Fine. We do not mean disrespect for the efforts made by colleagues in the HKEAA. I only wish to ask: If the HKEAA posted a surplus like this one in conducting examinations in future, will the surplus be used to ameliorate the costs of other examinations, so that the examination fees can be lowered?

PRESIDENT (in Cantonese): Secretary, will the surplus be used to lower fees?

SECRETARY FOR EDUCATION (in Cantonese): President, to my understanding, a decision has already been made by the HKEAA in this regard. According to its plan early this year, the examination fees would not be adjusted according to the inflation rate in the hope that the examination fee levels could be lowered by all means to assist the students in Hong Kong, so that they would not have to pay higher examination fees because of inflation. The HKEAA conducts an annual review, and I understand that the examination fees next year have been frozen.

MR MICHAEL TIEN (in Cantonese): President, I would also like to follow up the issue concerning the granting of $7 million in bonuses. Just now, the Secretary explained that, in view of the high turnover rate of staff in the past couple of years, bonuses were granted in the hope that something could be done to ameliorate the turnover rate. The turnover rate of the Independent Commission Against Corruption is high, too. Do they also need a bonus scheme? Many government departments have such a problem, too.

Hence, may I ask the Secretary to inform this Council, regarding the turnover rates before and after the granting of bonuses by the HKEAA, whether he has requested the HKEAA to submit the relevant figures so that he can understand whether the spending of the $7 million has borne any fruit; if not, whether he thinks that regulation is not strong enough or slightly lacking?

SECRETARY FOR EDUCATION (in Cantonese): President, I thank the Honourable Member for his supplementary question. I am also mindful of the situation in this regard. Let me cite an example. The overall turnover rates in 2009 to 2010 were between 8.3% and 10.9%. It is evident that the turnover rate
of the first nine months of 2013, which stood at 8.1%, has fallen from its peak. This figure is significant. We particularly noted the fact that individual staff members, particularly those serving Subject Committees, and those responsible for software are willing to stay to make contribution. The turnover rate of staff members has indeed dropped.

**IR DR LO WAI-KWOK** (in Cantonese): President, I noted from the information in the Annex to the reply that, although the income and expenditure of the fees of major public examinations in recent years have recorded both positive and negative figures, they should be able to break even in general. In some of the more special cases — actually, several special cases were also cited in the reply to the supplementary question just now — such as the last HKALE, additional resources were certainly required. In this connection, non-recurrent funding was previously granted by this Council. Therefore, I cannot see the possibility of the HKEAA failing to support its operation under this model.

Nevertheless, may I ask the Secretary these questions: In addition to achieving break-even and offering assistance to needy candidates, should a comparison be made with our neighbouring cities with a standard of living similar to that of Hong Kong, in order to get a general idea of their public examination fees? Can such a comparison serve as objective evidence to support whether or not the public examination fees in Hong Kong are reasonable? If the Secretary is unable to provide such information today, can he submit it after the meeting? Such comparisons might have been made before.

**SECRETARY FOR EDUCATION** (in Cantonese): President, I thank the Honourable Member for his supplementary question. We can provide these data. To my understanding, the examination fees for entering local universities are much lower than GCE and A-Level examination fees. This is just one of the examples. I will provide more such information in writing (Appendix II) to Members in later on.

**DR KWOK KA-KI** (in Cantonese): After hearing the Secretary's response, I think that Political Assistants deserve a pay rise the most because of their extremely high turnover rate.
I would like to ask a question concerning the miserable condition of the students nowadays because they have to bear exorbitant fees. Do you think that the decision you made when serving in the HKEAA on the granting of bonuses is wrong? It is a very bad precedent because, not only does it exert pressure for an upward adjustment of examination fees, but also sets a very bad example for public bodies. That was most undesirable.

SECRETARY FOR EDUCATION (in Cantonese): President, I thank the Honourable Member for his supplementary question. The last time I discussed this matter in the HKEAA was one month before my departure. Nevertheless, it was at the committee meetings held in late 2011 that the committees really discussed this matter and decided to take on board in principle this measure or other approaches to recognize colleagues' contribution and cope with the turnover rate. In August 2012, it was decided, based on the concrete and objective information, that a reward system based on the actual contribution of staff members be adopted and relevant arrangements be put in place. President, I had no role to play in this because I had already left the HKEAA on 1 July. Every decision was made subsequent to the discussions held by the Human Resources Committee, the Finance Committee, the Strategic Development Committee and the whole HKEAA Council. I am absolutely clear that the procedures were followed thoroughly.

President, since I was not directly involved in the entire process, I cannot answer the questions raised in this regard, other than giving replies to the questions raised with respect to the problems encountered by the management and staff members, which came to my notice at the committee meetings held in late 2011. Regarding the discussion held in relation to that one-off special incentive initiative or other options for consideration, I supported the proposal in principle at that time.

DR KWOK KA-KI (in Cantonese): President …

PRESIDENT (in Cantonese): We have spent 24 minutes on this question. Dr KWOK, if you still have other questions, please follow up through other channels. Fourth question.
Demand for and Supply of Kindergarten Places

4. DR LAM TAI-FAI (in Cantonese): President, it has been reported that, early this month, a large number of parents of cross-boundary students queued up overnight for admission application forms outside the kindergartens in districts such as North District and Tuen Mun, and so on, which gave rise to a phenomenon of intermediaries queuing on behalf of the parents. Some Mainland parents criticized the kindergartens concerned for the improper arrangements, while local parents marched to protest about cross-boundary students affecting the opportunities of local children to study in kindergartens close to their homes. Moreover, owing to the "Year of the Dragon" effect, the number of children born in Hong Kong in 2012 is higher than those in other years. As such children will apply in the next year for kindergarten (KG) places in the year after next, some parents in Hong Kong are worried that the competition for KG places next year will be even more intense than this year. In this connection, will the Government inform this Council:

(a) of the respective numbers of local and international kindergartens in each of the past five years, broken down by District Council district, the respective numbers of places in Nursery, Lower and Upper classes provided by those kindergartens, as well as the respective numbers of cross-boundary students who applied for and were admitted to those kindergartens;

(b) whether it has projected the demand for KG places in Hong Kong in the coming five years and, among such places, the number of those which will be taken up by cross-boundary students; if it has, of the relevant figures and the details of the method adopted for the projection; if not, the reasons for that; and

(c) given that the Secretary for Education said publicly on 7 October this year that kindergartens could use vacant classrooms to flexibly provide places for different classes, of the respective numbers, according to the Government's estimation, of kindergartens in North District, Tuen Mun, Yuen Long and Tai Po which can provide additional places through this method in the 2014-2015 school year, as well as the respective numbers of places to be flexibly provided in each of these districts through using vacant classrooms; the respective numbers of cross-boundary students which the authorities
expect to be admitted by the kindergartens in these districts in the 2014-2015 school year?

SECRETARY FOR EDUCATION (in Cantonese): President, our reply to the question raised by Dr LAM is as follows:

(a) Distribution of local and non-local KG by district, distribution of students and places in local and non-local KG by district and by class level, as well as distribution of cross-boundary KG students by district for the past five years, that is, 2008-2009 to 2012-2013 school years, are set out at Annexes 1, 2 and 3 respectively.

KGs, including KG-cum-child care centres, in Hong Kong are all privately-run. It is up to the parents to choose whether to apply for one or more KGs suitable for their children with regard to their needs. As for student admission, it is at the discretion of individual KGs. Hence, the Education Bureau does not have statistics on the number of KG applicants (including the number of cross-boundary applicants).

(b) In projecting the overall demand of KG places in Hong Kong, we will take into account factors including:

(1) the number of students (including cross-boundary students) already in KGs;

(2) the projected school age population, which is compiled based on the population projections and the latest demographic changes (including the number of newly arrived children from the Mainland) as updated by the Census and Statistics Department from time to time;

(3) the KG attendance rates for children of different age groups and the latest trend; and

(4) the estimated number of cross-boundary students.
Among the above factors, the population projections are based on a number of factors and assumptions. Of particular relevance is that related to babies born in Hong Kong to Mainland women. However, it is difficult to predict with accuracy the actual numbers of such babies who would settle in Hong Kong and if so, when. As for the number of cross-boundary students, it is subject to year-on-year changes depending on family factors, distribution of their places of residence, adjustment of relevant policies, and so on. Therefore, it is difficult to make an accurate projection. For these reasons, we will only estimate the number of KG students for the coming year in the annual controlling officer's report. As for the long-term projection of the overall demand of KG places, we consider it only suitable for internal reference.

In view of the public concern about KG places recently, we have made an estimation regarding the overall demand for KG places for the 2014-2015 school year (about 168,000) and the number of students aged three to five (including cross-boundary students) for the 2014-2015 school year in the four districts close to the boundary control points earlier than usual (Annex 4). In estimating the demand, we have made reference to the actual number of KG students in the 2012-2013 school year and taken into account the number of cross-boundary students already attending KGs in Hong Kong and the year-on-year progression of these students. Later this year, when we get hold of the actual number of KG students in the 2013-2014 school year, we will be able to estimate more accurately the overall demand for KG places for 2014-2015.

(c) We will closely monitor the supply and demand of KG places in various districts. When needs for additional school places are identified, we will request KGs to optimize their campus capacities for providing more classrooms and encourage them to admit more students by making full use of their registered classrooms such as re-commissioning vacant classrooms. We will also approach school sponsoring bodies and encourage them to expand or open KGs in districts with a high demand for school places. Some school sponsoring bodies have responded positively to the Education Bureau's appeal and already decided to open new KGs in North District in the 2014-2015 school year.
In the 2012-2013 school year, there were about 5,200 school places available in vacant classrooms, involving about 60 KGs, in Tuen Mun, North District, Tai Po and Yuen Long. Details are given in Annex 5. Later this year, when we get hold of the actual number of KG students and the number of school places for the 2013-2014 school year, we will be in a better position to make a more accurate estimation on the number of vacant classrooms and school places available in the 2014-2015 school year.

The estimated numbers of students aged three to five (including cross-boundary students) in North District, Tuen Mun, Yuen Long and Tai Po for the 2014-2015 school year are set out at Annex 4. With the announcement by the Education Bureau of the six special measures relating to admission of KG students in Tai Po and North District for 2014-2015, it is difficult for us to estimate at this stage the number of cross-boundary students to be admitted to KGs in Hong Kong.

Annex 1

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
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<td>82</td>
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<td>Kwun Tong</td>
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<tr>
<td>Sha Tin</td>
<td>72</td>
<td>72</td>
<td>73</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Tai Po</td>
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<td>35</td>
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</table>
### Distribution of students and places in local and non-local KG by district and by class level from the 2008-2009 to 2012-2013 school years

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>North</td>
<td>42</td>
<td>43</td>
<td>44</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>Yuen Long</td>
<td>77</td>
<td>74</td>
<td>71</td>
<td>71</td>
<td>72</td>
</tr>
<tr>
<td>Tuen Mun</td>
<td>66</td>
<td>63</td>
<td>63</td>
<td>61</td>
<td>63</td>
</tr>
<tr>
<td>Tsuen Wan</td>
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<td>36</td>
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<tr>
<td>Kwai Tsing</td>
<td>66</td>
<td>64</td>
<td>65</td>
<td>63</td>
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<td>Islands</td>
<td>32</td>
<td>32</td>
<td>34</td>
<td>33</td>
<td>33</td>
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Note: Figures include kindergartens-cum-child care centres.

Annex 2
<table>
<thead>
<tr>
<th>District</th>
<th>Class</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></td>
<td></td>
<td>Students</td>
<td>Students</td>
<td>Students</td>
<td>Students</td>
<td>Students</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Places</td>
<td>Places</td>
<td>Places</td>
<td>Places</td>
<td>Places</td>
</tr>
<tr>
<td>Kwun Tong</td>
<td>K1</td>
<td>4 575</td>
<td>2 263</td>
<td>2 838</td>
<td>2 820</td>
<td>3 646</td>
</tr>
<tr>
<td></td>
<td>K2</td>
<td>4 596</td>
<td>3 323</td>
<td>4 726</td>
<td>4 726</td>
<td>3 649</td>
</tr>
<tr>
<td></td>
<td>K3</td>
<td>4 883</td>
<td>3 572</td>
<td>4 835</td>
<td>4 835</td>
<td>3 763</td>
</tr>
<tr>
<td></td>
<td>All</td>
<td>14 054</td>
<td>10 178</td>
<td>14 075</td>
<td>14 381</td>
<td>10 968</td>
</tr>
</tbody>
</table>

| Sai Kung | K1    | 3 049    | 2 263    | 3 116    | 3 250    | 2 470    |
|          | K2    | 2 972    | 2 099    | 3 066    | 3 034    | 2 288    |
|          | K3    | 2 933    | 2 216    | 2 787    | 2 834    | 2 117    |
|          | All   | 8 954    | 6 689    | 8 969    | 9 118    | 6 875    |

| Sha Tin | K1    | 4 335    | 3 123    | 4 339    | 4 854    | 3 729    |
|          | K2    | 4 494    | 3 211    | 4 587    | 4 553    | 3 540    |
|          | K3    | 4 452    | 3 178    | 4 422    | 4 324    | 3 339    |
|          | All   | 13 281   | 9 502    | 13 348   | 13 731   | 10 609   |

| Tai Po   | K1    | 2 057    | 1 527    | 2 086    | 2 201    | 1 728    |
|          | K2    | 2 053    | 1 528    | 2 009    | 2 092    | 1 636    |
|          | K3    | 2 135    | 1 482    | 1 987    | 1 960    | 1 566    |
|          | All   | 6 245    | 4 537    | 6 082    | 6 253    | 4 930    |

| North    | K1    | 3 093    | 2 495    | 3 235    | 3 425    | 3 061    |
|          | K2    | 3 130    | 2 563    | 3 224    | 3 291    | 3 033    |
|          | K3    | 3 105    | 2 561    | 3 251    | 3 285    | 3 008    |
|          | All   | 9 328    | 7 619    | 9 710    | 10 001   | 9 102    |

| Yuen Long| K1    | 4 988    | 3 703    | 5 343    | 5 505    | 4 491    |
|          | K2    | 5 268    | 3 847    | 5 154    | 5 260    | 4 299    |
|          | K3    | 6 010    | 4 232    | 5 278    | 4 948    | 4 100    |
|          | All   | 16 266   | 11 782   | 15 757   | 15 713   | 12 890   |

| Tuen Mun | K1    | 4 117    | 2 911    | 4 160    | 4 249    | 3 304    |
|          | K2    | 4 047    | 2 855    | 4 123    | 4 097    | 3 150    |
|          | K3    | 4 181    | 2 874    | 3 977    | 3 843    | 3 016    |
|          | All   | 12 345   | 8 640    | 12 260   | 12 165   | 9 470    |

| Tsuen Wan| K1    | 2 234    | 1 794    | 2 194    | 2 316    | 1 885    |
|          | K2    | 2 076    | 1 687    | 2 213    | 2 175    | 1 822    |
|          | K3    | 2 185    | 1 756    | 2 098    | 2 194    | 1 833    |
|          | All   | 6 495    | 5 237    | 6 505    | 6 265    | 5 544    |

| Kwai Tsing| K1  | 4 254    | 3 247    | 4 143    | 4 279    | 3 281    |
|           | K2  | 4 472    | 3 331    | 4 402    | 4 217    | 3 239    |
|           | K3  | 4 512    | 3 326    | 4 327    | 4 234    | 3 238    |
|           | All  | 13 238   | 9 904    | 12 872   | 12 730   | 9 758    |

| Islands  | K1    | 1 680    | 1 126    | 1 543    | 1 594    | 1 118    |
|          | K2    | 1 863    | 1 252    | 1 766    | 1 832    | 1 204    |
|          | K3    | 1 780    | 1 205    | 1 680    | 1 598    | 1 120    |
|          | All   | 5 323    | 3 583    | 4 899    | 5 024    | 3 442    |

| All districts | K1 | 61 474 | 45 236 | 62 462 | 47 109 | 66 054 |
|               | K2 | 63 009 | 46 149 | 62 660 | 47 403 | 63 347 |
|               | K3 | 63 913 | 46 245 | 61 514 | 45 990 | 60 327 |
|               | All | 188 396 | 137 630 | 186 636 | 140 502 | 189 728 |

Notes:

1. Figures exclude special schools.
2. Figures reflect the position as at mid-September of the respective year.
3. Figures include K1, K2 and K3 of kindergartens (including kindergartens-cum-child care centres).
4. Figures for school places exclude vacant classrooms and vacant parts of child care centres.
Annex 3

Distribution of cross-boundary KG students by district from the 2008-2009 to 2012-2013 school years

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>1 629</td>
<td>2 219</td>
<td>2 774</td>
<td>3 668</td>
<td>4 274</td>
</tr>
<tr>
<td>Tai Po</td>
<td>1</td>
<td>19</td>
<td>29</td>
<td>67</td>
<td>189</td>
</tr>
<tr>
<td>Yuen Long</td>
<td>56</td>
<td>210</td>
<td>514</td>
<td>1 069</td>
<td>1 647</td>
</tr>
<tr>
<td>Tuen Mun</td>
<td>94</td>
<td>225</td>
<td>454</td>
<td>892</td>
<td>1 265</td>
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<tr>
<td>Other districts</td>
<td>N.A.</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>64</td>
</tr>
<tr>
<td>(Sha Tin, Tsuen Wan, Kwai and Tsing Tung Chung)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. The Education Bureau collects data on cross-boundary students through an annual school survey.
2. Figures exclude cross-boundary students aged 0-3 who attend child care centres.
3. Figures reflect the position as at mid-September of the respective year.
4. N.A. — Data were not collected from the districts concerned in that particular school year.

Annex 4

Number of children aged three to five (including cross-boundary students) in Tuen Mun, the North District, Tai Po and Yuen Long in the 2014-2015 school year

<table>
<thead>
<tr>
<th>District</th>
<th>Age</th>
<th>Number of children aged three to five (including cross-boundary students)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuen Mun</td>
<td>3</td>
<td>4 400</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>4 500</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>4 300</td>
</tr>
</tbody>
</table>
District Age Number of children aged three to five (including cross-boundary students)

<table>
<thead>
<tr>
<th>District</th>
<th>Age</th>
<th>Number of children aged three to five (including cross-boundary students)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North District</td>
<td>3</td>
<td>4 000</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>4 500</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>3 900</td>
</tr>
<tr>
<td>Tai Po</td>
<td>3</td>
<td>2 300</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>2 100</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>2 200</td>
</tr>
<tr>
<td>Yuen Long</td>
<td>3</td>
<td>5 700</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>5 600</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>5 400</td>
</tr>
</tbody>
</table>

Notes:

(1) Figures refer to the projected number of children aged 3-5. Projected figures may not be the same as the actual no. of students enrolled in KGs of the respective district. The latter hinges on the distribution of school places, demand for places and choice of parents at that time. Also, students aged below 3 or over 5 may enrol in kindergartens.

(2) Figures of school-age population are premised on the 2011-based population projections released by the Census and Statistics Department (C&SD) in July 2012.

(3) Figures have been rounded to the nearest hundred.

Annex 5

School places available in vacant classrooms and the number of kindergartens involved in Tuen Mun, the North District, Tai Po and Yuen Long in the 2012-2013 school year

<table>
<thead>
<tr>
<th></th>
<th>Tuen Mun</th>
<th>North District</th>
<th>Tai Po</th>
<th>Yuen Long</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>School places available in vacant classrooms</td>
<td>1 680</td>
<td>906</td>
<td>1 296</td>
<td>1 362</td>
<td>5 244</td>
</tr>
<tr>
<td>Number of kindergartens involved</td>
<td>20</td>
<td>12</td>
<td>11</td>
<td>20</td>
<td>63</td>
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</tbody>
</table>

**DR LAM TAI-FAI** (in Cantonese): President, when large numbers of parents queued up overnight on the streets for KG admission application forms, the Secretary to our dismay says that this is normal. As the saying goes, thoughts
affect behaviour. The Secretary has from the outset failed to sense the gravity of
the matter and he has only given a pile of figures which seem to be true but are
not, in the hope of pacifying the parents without taking any concrete action. It
was only when hundreds of parents took to the streets in demonstration that he
realized that things had gone wrong. He came to his senses and mooted some
hasty and piecemeal measures known as "the six major initiatives", thinking that
the problem could be solved. Does he really think it is possible? No, of course
not. Because the parents have made it clear that they will not trust him and that
they do not have any confidence in him.

President, the reply given by the Secretary today is full of anomalies. He
is always saying things like: "it is difficult to predict with accuracy"; "it is
difficult to make an accurate projection"; "Later this year, ... we will be in a
better position to make a more accurate estimation"; "it is difficult for us to
estimate at this stage", and so on. What kind of answers are they?

President, my supplementary question is very simple and it is only about a
basic question. If the Secretary wants to restore parents' confidence in him and
make some proper arrangements, can he take a bold and resolute move to
promise the parents and give them a 100% guarantee that for the KGs with which
they have applied for admission of their children and which are in the same
district as or near their homes, the Government promises that they will certainly
find a KG place in the same district in which they live or in a KG nearby, that
they will have a school place and that all applicants will be entertained? I am
sure parents will rest assured only when the Government does this.

SECRETARY FOR EDUCATION (in Cantonese): President, I wish to thank
the Member for his question. With respect to the developments over the past
few years and the recent queues and panic, that is, from the end of September to
the beginning of October, especially from 2 October to 12 October, we do notice
them.

In North District which is dubbed a disaster-stricken area, reports in the
newspaper for seven or eight days were mostly about one KG and about four KGs
were given more than two days' coverage in the newspapers. From this it can be
seen that while the demand in other districts can basically be met, it is only in
North District that supply is tight.
President, this year we notice two contingencies. Although certain conditions appeared as isolated cases last year, parents queued up in an orderly manner. Last year, we had discussed with the KGs many times, and we did so despite the fact that KGs are all privately run. Many KGs pointed out as early as in the beginning of this year that they were thinking about making more efforts in the distribution of application forms. From this it can be seen that the KGs have taken actions to cope with the problem.

KGs to which I have personally paid a visit said that they have adopted the method of collecting application forms on the Internet and it is a success. Some parents queued up one morning but the queue disappeared subsequently and the online system of the KG showed a record of 200 to 300 registrations. It can be seen that when contingencies arise, we are able to make a swift response.

I hope Members can understand that in North District and Tai Po, there are 71 KGs in total. We have called three meetings this month and made collective efforts to deal with the problems. In a short span of 10 days, we have rolled out these six initiatives after a consensus was reached. This shows that even in the face of contingencies, we can deal with these problems at once.

We find that the result this time is pretty good. By that I do not mean it is because the Government has prescribed certain measures. I wish to stress again that KGs are all privately-run. We know that the KG sector is also very concerned. So we were able to make a common decision in a very short time and rolled out these six initiatives.

About these six initiatives, I would like to stress a very important point. A problem has always existed and that is, some parents — I met with some parents last night and certain parent groups before as well — pointed out clearly that they were most worried about not getting KG places for their children. So they have applied for four, five or seven KGs. I understand very well why they are doing that.

There used to be a situation previously and that was, parents would apply for KGs for their children in September and October and up to the time of August and September in the following year, there are still many school children who are unable to get a school place. The reason is that certain parents may be holding these school places and do not give up these places. This is the greatest problem
and as a result of that, it is useless no matter how we would make forecasts or estimates.

So when the arrangement of "one student, one school place" is adopted this year, the time spent can be shortened and parents would not have to undergo the torture of having to wait for 10 months. Come end October or December, we will organize a centralized registration day. This centralized registration day will be held in February. KGs are encouraged to offer one school place to one student, such that by February or March, most of the school places can be allocated. This can eliminate the torment experienced by parents before as they had to endure waiting for about 10 months. From this it can be seen that when contingencies arise, we can make swift responses.

I wish to emphasize once again that we understand the importance of statistics. On 3 or 4 October when the first meeting was held, I made it a point to stress that in the case of North District, the difference between the two figures of 4 500 and 4 400 is only 100. In terms of projection, we would think that the supply is tight. Therefore, we opened discussions with certain schools at once and asked them if they could make preparations for different scenarios. I have to thank the persons in charge of the KGs concerned because in the end five KGs said that they were prepared to consider increasing the number of school places. However, the news could not be released at once because they would have to contact the board of school directors and assess the actual situation and then they had to discuss with our colleagues. We have called three meetings during the past one month.

In addition, individual schools have responded to our appeal and as an example, at least one school in North District considers that there is a need to build a new campus …

**PRESIDENT** (in Cantonese): Secretary, certain comments were made by the Member in raising his supplementary question just now.

**DR LAM TAI-FAI** (in Cantonese): President, would there be a need for me …
PRESIDENT (in Cantonese): Secretary, I can see that you are trying to respond to criticisms from the Member. But the Member also asked that you make a pledge in a bold, resolute and direct manner.

DR LAM TAI-FAI (in Cantonese): Yes, I was asking him to be bold and direct.

PRESIDENT (in Cantonese): Secretary, would you like to reply?

DR LAM TAI-FAI (in Cantonese): President, I must say that you are very smart.

SECRETARY FOR EDUCATION (in Cantonese): Thank you, President, for the reminder. I can only say here that in North District, 65 representatives from 71 KGs came to the meeting. As for the proximity rule, we all showed our absolute agreement and support. However, some principals said to me, "Secretary, you ask me to undertake that school children will be allocated places. But can you undertake that when I offer the school children places, they will take up?"

The situation as in the past was relative. Some schools pointed out that after all the school places were allocated, as many as one third of the students did not show up at the last minute. Therefore, this is a problem of making choices that both parties will have to consider.

With this major principle in mind, most KG principals said to me, "Secretary, we all hope to admit students living in the same housing estate or nearby. This is because it would lead to better teaching and learning, as well as collaboration between parents and schools." In this connection, they would agree to this principle firmly. There is a principal who said that if there were individual students who were not allocated a place, the parents could contact him and he would see what could be done. The reason why I cannot be 100% sure is that we must recognize the fact that all KGs are privately-run and we need to collaborate with each other.
DR LAM TAI-FAI (in Cantonese): President, I believe he does not understand what you mean and what my supplementary question means. Do I need to repeat my supplementary question?

PRESIDENT (in Cantonese): Do you think that the Secretary has not been bold and direct enough?

DR LAM TAI-FAI (in Cantonese): No, besides not being bold, resolute and direct enough, the Secretary has also not answered my question. I also asked him whether or not he could give a guarantee and an undertaking. All he needs to do is to say to me whether he can give such a guarantee and an undertaking.

PRESIDENT (in Cantonese): The Secretary has given a reply.

DR LAM TAI-FAI (in Cantonese): Then is he not giving an undertaking or a guarantee?

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

SECRETARY FOR EDUCATION (in Cantonese): Members, President, it is easy for me to say "I promise", but I must gain some understanding of the actual situation first.

DR LAM TAI-FAI (in Cantonese): That means no guarantee can be given?

SECRETARY FOR EDUCATION (in Cantonese): I can only say that I trust and I have the confidence — especially regarding the proximity rule for students — most students will benefit from this rule. Should there be particular problems, the principals and our colleagues at the district level will do their best to help.
MR WONG KWOK-HING (in Cantonese): President, the problem of cross-boundary students has been around for a very long time and it is worsening. May I ask the Secretary through you whether or not the Secretary will or has any plan to discuss with Shenzhen to encourage or urge school sponsoring bodies or the Mainland authorities to set up schools of different levels including KGs and primary schools on the Mainland catering especially for children of Hong Kong residents? This will obviate the need for students to travel across the boundary to attend schools and hence solve the problem at root? Will the Secretary consider such a method?

SECRETARY FOR EDUCATION (in Cantonese): President, I wish to thank the Member for his supplementary question. In recent years we have undertaken a number of trial schemes and based on the functional development of schools, we have set up two schools in Shenzhen especially for the children of Hong Kong residents, as well as four classes for these children. I understand that there are KGs operated by Hong Kong residents not only in Shenzhen, but also in Shanghai and Beijing. We have begun liaising with the Municipal Education Bureau of Shenzhen to study what can be done and to learn more about the practical needs.

I wish to report to Members that we have done a lot of work during this period. The major question is: Just how many people would want to apply and for what programmes? We have conducted a survey earlier and found that there are about 10 000 cross-boundary school children. But we could only obtain relevant information for 1 000 of these children from their parents because many people were unwilling to provide any information.

We are analysing the data and discussing with the Shenzhen authorities. Individual Hong Kong bodies are prepared to set up international schools, and there are similar arrangements at present. Therefore, first, we are watching the development of the two pilot schemes; and second, we are observing other special needs that appear and what the arrangements for them are like.

MR CHAN CHI-CHUEN (in Cantonese): President, with respect to the problem of cross-boundary school children scrambling for school places in North District and people queuing up overnight for application forms, many parents say they are very worried and concerned. They think that the Government does not care and is acting too late.
The Secretary gave a reply like this to the supplementary question asked by Dr LAM Tai-fai earlier and to this effect: "KGs are in fact a business and they are privately-run. The admission of students is decided by the KGs. We will encourage KGs with capabilities to offer more places." Secretary, you need not teach them how to run a business. I am sure if they have the places and if they have the capabilities, they will definitely admit more students.

I have this supplementary question for the Secretary: Some residents in Ma On Shan have relayed to me that the problem of cross-boundary students fighting for school places is beginning to arise in the KGs in their community. The Secretary said just now that the authorities have introduced six admission initiatives in Tai Po and North District, including the policy of giving priority according to the proximity rule. We would like to know, how this policy is implemented when it is introduced?

Suppose the policy can be implemented, that is, in North District and Tai Po, will the problem spread along the railway line to Ma On Shan, Sha Tin, and so on, causing the same problem of cross-boundary students fighting for school places to arise in these districts? How is the Secretary going to react to this situation? How will the Secretary ease the anxiety of parents living in communities along the railway line?

SECRETARY FOR EDUCATION (in Cantonese): I am grateful to the Member for the supplementary question. First, on these six initiatives, we had discussed them with representatives from 65 KGs in a meeting with parents last night and talked about how these were to be put into actual practice. We expect that briefing sessions will be held at the beginning of December for the parents. We will set out the detailed information and print it on leaflets, telling the parents about the whole process and contact channels. And we will consider using hotlines so that parents can get in touch with us. All these are meant to publicize the details of these initiatives and obtain views from parents as soon as possible. This will enable us to know their problems so that we can make arrangements. Therefore, we are very confident that with the collaboration from all quarters, these initiatives can be carried out. This is the first point I wish to make.
Second, the success or otherwise of these initiatives will depend on co-operation from the KGs. I have said earlier that if principals in other districts think that similar initiatives can be adopted in their districts, we would be glad to discuss the details of these initiatives with them. For example, in our discussions with the schools in one district, some principals would think that four of these six initiatives were good and so they agreed that these should be implemented. As for the other two, they said that they would consider whether there was a need to introduce them. This is the situation in other districts.

If there are any methods or measures which are helpful to the process and provided that there is general support for them, we will certainly lend them our support, too. However, with respect to individual conditions, since these initiatives are new ones, we hope that they can be put into practice first. When experience is gained, we can then make improvements on them.

MR CHAN CHI-CHUEN (in Cantonese): President, the Secretary has not answered my supplementary question.


MR CHAN CHI-CHUEN (in Cantonese): My supplementary question is: If the initiatives in question prove to be effective in Tai Po and North District, will this "push" the cross-boundary students to Sha Tin? If that happens, the authorities will say that these six initiatives will be implemented in Sha Tin. But this move will have the effect of "pushing" these cross-boundary students to other districts. The Secretary has not replied to this supplementary question from me.

PRESIDENT (in Cantonese): Secretary, about the possible effects on other districts, has the Government made any preparations for them?

SECRETARY FOR EDUCATION (in Cantonese): President, I wish to thank the Member for his supplementary question. On the problem of cross-boundary students, we do not take an approach of applying a formula to the problem. In fact, Members can see and it is also reported in the newspapers that before
problems arose in individual districts, many of these cross-boundary students would go to schools in different districts.

The Member asked in his supplementary question whether there is any concern about the cross-boundary students flocking to other places. In my opinion, first, of the four districts concerned, apart from North District where the supply is rather tight, there are still many school places in other districts. From this we can estimate that the number of school places is more than the number of local students. This is also another particular point. For other districts, the schools are taking positive steps to admit cross-boundary students. So a number of scenarios do happen at the same time.

At times when some of these cross-boundary students go to schools in Ma On Shan, this may not necessarily be due to the fact that there are no school places in North District but the fact that there are schools which favoured by them. This is a choice they make and also, another situation is, parents of one student may choose a number of schools at the same time.

PRESIDENT (in Cantonese): We have spent almost 23 minutes on this question. Apart from the Member who raised the main question, only two other Members were able to raise their supplementary questions. I would like to remind public officers that when they answer supplementary questions from Members, they should avoid mentioning anything that is not directly related to the supplementary question. Also, I wish to ask Members to avoid making comments in raising their questions, for if they do, it would be difficult for me not to allow public officers to respond to the comments made.

Fifth question.

Public Officers Stationed in Legislative Council Complex During Council Meetings

5. MR LEUNG YIU-CHUNG (in Cantonese): President, in recent years, whenever Members of the Legislative Council debate or vote on an important motion or bill, the Government very often deploys public officers to station at the various passageways and doorways of the Legislative Council Complex. In this connection, will the Government inform this Council:
(a) of the reasons for making the aforesaid arrangement, and the specific duties of the public officers concerned;

(b) of the number of public officers deployed on each occasion for the aforesaid arrangement, the ranks of the public officers concerned and the payroll cost for deploying the relevant public officers to discharge the duties concerned; and

(c) whether it has reviewed if there is an actual need to make that arrangement; if it has, of the criteria adopted for the review; if the review outcome is in the affirmative, of the departments and ranks of the public officers responsible for deciding whether or not to make that arrangement; and whether it will consider not to make that arrangement anymore?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, my consolidated reply to the different parts of the question raised by Mr LEUNG Yiu-chung is as follows:

The Government fully respects the Legislative Council's functions of enacting laws, controlling public expenditure and monitoring the work of the Government. Secretaries of Department and Directors of Bureaux, from time to time, attend the Legislative Council meetings to brief Members on and elucidate government policies, participate in discussions on government motions and bills, and handle various matters relating to the Legislative Council.

In this connection, other public officers (including other politically appointed officials and civil servants) may need to assist and support Secretaries of Departments and Directors of Bureaux. Their specific duties include assisting Secretaries of Departments and Directors of Bureaux in contacting Members, canvassing Members' views, taking note of their voting preferences, providing Members with detailed explanations and further information when necessary, as well as acquiring first-hand information about the conduct of meetings, including the content of discussions, Members' attendance and the conduct of voting, so as to report to Secretaries of Departments and Directors of Bureaux.
Assisting Secretaries of Departments and Directors of Bureaux in handling business of the Legislative Council is one of the duties of public officers. When a need arises for relevant officers to visit the Legislative Council Complex for attending to business of the Legislative Council, officers will be discreet and they will fully comply with the rules of the Legislative Council Complex, so as to ensure that the conduct of meetings and the activities of Members and other members of the public in the Legislative Council Complex will not be affected.

As different businesses of the Legislative Council may vary in terms of their nature as well as the duration of time and procedure involved, bureaux or departments will arrange, according to their particular situations and actual needs, an appropriate number of suitably ranked officers to carry out the supporting work. That being the case, we are not able to provide the number, rank and payroll cost of the officers involved in the above arrangements. Nevertheless, the relevant work only involves existing manpower and resources of bureaux or departments and no additional public expenditure is incurred.

Whenever Secretaries of Departments and Directors of Bureaux have to conduct important business of the Legislative Council, the senior echelon of relevant bureaux or departments will evaluate and consider if assistance is needed, as well as the manpower so required. As business of the Legislative Council that needs to be handled varies, the bureaux or departments concerned will make their own deployment accordingly.

We will review the manpower support for handling important business of the Legislative Council from time to time. If certain arrangements require adjustments, we will make corresponding modification, with a view to handling all business relating to the Legislative Council in a more appropriate manner.

MR LEUNG YIU-CHUNG (in Cantonese): President, the Secretary is indeed evading the question, for he does not have the courage to answer us direct. The deployment of public officers, which are commonly called "paparazzi", to watch Members entering and leaving the Chamber will make us feel uncomfortable, for they seem to be checking the attendance of Members. I do not know why the Government has to do so. Besides, the public officers are not performing their duties of lobbying Members or explaining the stance of the Government as the Secretary claimed; they are keeping watch on Members.
Therefore, may I ask the Government how keeping watch on Members is related to lobbying Members or understanding their voting preference? Will the Government stop this practice? If it will not, will it respect the Legislative Council? Since the Legislative Council is an independent legislature and it is not under the Government, will the Government consult the President or Members of the Legislative Council before deciding whether to adopt this measure?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, regarding the supplementary question of Mr LEUNG, I would like to explain one point about supporting work — that is, the duty of supporting Secretaries of Department and Directors for Bureaux — that it includes various aspects, such as giving detailed explanations to Members on the relevant motion. They naturally have to pay attention to the voting of Members at the same time, for we need to know the voting preference of Members supporting the Government. The colleagues concerned will have to report this. However, their work will not affect Members actually.

Regarding the arrangement for colleagues to enter the Legislative Council Complex, we surely have to obtain permits from the Secretariat in advance, and we will fully comply with the rules of the Legislative Council Complex.

MR LEUNG YIU-CHUNG (in Cantonese): President …

PRESIDENT (in Cantonese): Mr LEUNG, has your supplementary question not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): The Secretary has not answered it at all.

PRESIDENT (in Cantonese): Mr LEUNG, please state your supplementary question clearly.
MR LEUNG YIU-CHUNG (in Cantonese): I will now repeat my supplementary question. I asked the Secretary if the authorities should adopt such measures in future, will it first consult Members — particularly you President — of the Legislative Council and the Legislative Council Commission, for the Legislative Council Complex belongs to the Legislative Council and the Government should not enter the Complex simply at will. The Secretary said that they would apply for permits to enter the Legislative Council Complex, but have they stated clearly their purposes of entering the Legislative Council? Who are they looking for? Everyone entering the Legislative Council must state clearly who he or she is going to meet …

PRESIDENT (in Cantonese): Mr LEUNG, you have already repeated your supplementary question.

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I reiterate that colleagues of all Policy Bureaux or departments entering or leaving the Legislative Council Complex will only enter the Complex after obtaining permits from the Legislative Council Secretariat.

MR LEUNG YIU-CHUNG (in Cantonese): The Secretary has not answered my supplementary question.

PRESIDENT (in Cantonese): Mr LEUNG, the Secretary has already answered your question, though you are not satisfied with it. If you consider the practice of the Government improper, you may follow up the issue through other channels.

MR LEE CHEUK-YAN (in Cantonese): Just now, Mr LEUNG Yiu-chung said that those public officers were keeping watch on Members, but they have never kept watch on us. All along, they have been keeping an eye on the pro-establishment camp and they have never asked me about my voting preference. I believe we all have had the same experience. Therefore, the content of the main reply is false and untrue. First, they are not concerned about the voting preference of all Members, but only that of supporters of the Government. Second, they have never explained any policy. I do not believe
that when it comes to the stage of sending "paparazzi", there is still the need for explaining policies. Besides, it is the responsibility of Directors of Bureaux to explain policies, how will civil servants be responsible for explaining policies, will they explain …

PRESIDENT (in Cantonese): Mr LEE, please do not give lengthy comments.

MR LEE CHEUK-YAN (in Cantonese): The content of the main reply as a whole is false and untrue. It is a waste of public money. What I am concerned about is whether the authorities should waste public money and manpower of civil servants on such a practice? If the Secretary's reply that they have to record the votes cast by Members is true, what is he thinking of Members? Should Members be restricted by him? If Members do not want to vote, they should be allowed to do so, and civil servants should not be deployed to influence them. May I ask the Secretary about the amount of public money wasted and spent in this regard? Moreover, the Secretary said in the main reply that "no additional public expenditure is incurred" for the arrangement, yet this is not the truth. Since civil servants have spent their working hours on these duties, they have to work overtime to complete their own work, so the Secretary is being unfair to civil servants in giving such an answer.

Therefore, my supplementary question is on the amount of public money expended by the authorities and whether the authorities will save that sum for other more meaningful matters instead of trying to influence the voting preference of Members.

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, regarding the supplementary question of Mr LEE, I would like to clarify two points. First, for civil servants or other politically appointed officials, it is one of their duties to assist Secretaries of Department and Directors of Bureaux to promote government motions or other relevant work. As such, there is no question of the arrangement constituting a waste of public money. The thrust of the explanation is that no additional resource is required for the arrangement, for we are basically using the existing resource to carry out the work. To certain colleagues in the Civil Service, it is indeed part of their training, for they will observe the conduct of the Council meeting first hand.
As for the other point about the need to remind Members to vote, as well as other duties, I think these are necessary. It is obvious to all that debates in the Legislative Council sometimes last for long hours, and we need to remind certain Members to return to the Chamber to vote or to inform them of the state of the debate at the time.

As for the overall supporting work, it is natural that certain colleagues will be responsible for reporting the number of Members present in the Chamber to Secretaries of Department and Directors of Bureaux, yet certain colleagues, those of higher ranks, will do last-minute lobbying or explain the motions to Members. Therefore, it should not be generalized to say that all colleagues are responsible for taking attendance, for they indeed have other duties.

These arrangements are not made only now, and I participated in these duties some 20 years ago. Therefore, this duty undertaken by colleagues at the legislature is indeed an important duty. But definitely, we can assure that we will not affect the conduct of meeting of Members.

**MR LEE CHEUK-YAN** (in Cantonese): President, the Secretary has not answered the question on the number of man-hours spent on these duties. The additional expenditure I mentioned actually refers to the working hours incurred by civil servants, but the Secretary has not answered me. Besides, President, I consider what he said earlier an insult to Members, for he said that he had to watch Members while they vote …

**PRESIDENT** (in Cantonese): Mr LEE, I will not allow Question Time to be turned into a debate. Are you asking the Secretary to provide some figures? Secretary, can you provide the figures concerned?

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): President, we do not have such figures.

**MR PAUL TSE** (in Cantonese): President, since the Government started adopting this system some 20 years ago, I would like to understand whether the
Government has drawn reference from other countries and checked whether they conduct such surveillance through this practice comparable to "paparazzi"? I am particularly concerned about the existing practice. Which rank of government officials are responsible for deciding when to deploy these "paparazzi" to do such supporting work? Who will be the "scapegoats" or "recruits"? Moreover, which rank are those public officers? Is it feasible to deploy public officers of a lower rank to perform such duties, so that less resources will be wasted? If this cannot be avoided completely, is it possible to reduce the wastage?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, regarding the supplementary question of Mr TSE, I have two points in response. First, as I mentioned in the main reply earlier, we will definitely review the relevant procedure from time to time. For instance, the practice we now adopted at the Legislative Council Complex is different from the one we adopted at the former Legislative Council Building. Regarding the manpower concern raised by the Honourable Member, I think this can be put in two perspectives. If it is about the last-minute lobbying work, basically, colleagues of a relatively higher rank will be responsible for it, for they are in a better position to explain the whole matter to Members. However, for duties relating to watching the conduct of the meeting, such as counting the number of Members present and reporting to Secretaries of Department and Directors of Bureaux, these will basically be carried out by less experienced colleagues and may serve as part of their training.

As for manpower, it is left to the Directors or Permanent Secretaries of individual Policy Bureaux to decide the supporting manpower required. Certainly, if they do not need a large number of officers, we will not deploy so many officers. Moreover, the arrangement is not applicable to all motions. Generally, we will make such an arrangement for motions of greater importance, particularly when the debate of a certain motion is relatively long or when the voting preference is relatively close.

MR PAUL TSE (in Cantonese): With reference to experience overseas …
PRESIDENT (in Cantonese): Has your supplementary question not been answered?

MR PAUL TSE (in Cantonese): … is it because of the absence of partisan politics in Hong Kong that the authorities have encountered difficulties?

PRESIDENT (in Cantonese): Mr TSE, you have raised a new question.

MR PAUL TSE (in Cantonese): Thank you, President.

DR KENNETH CHAN (in Cantonese): I believe the President and the Permanent Secretaries understand full well that Members know how to vote and they do not need civil servants to remind us. In fact, it does not signify the immaturity of the legislature but that of the Government in the deployment of "paparazzi" to shadow us. President, my supplementary question is very simple. Many of my schoolmates are now in the Civil Service. They say the arrangement is a waste of time and they would rather spend the time on doing more important tasks to serve the public. Since the Secretary for the Civil Service stated in reply to a Member's question that the arrangement would be reviewed from time to time, may I ask the Secretary to inform this Council whether civil servants who have performed the duties of shadowing Members will be consulted to see if they accept or if they are willing to continue with this type of duties?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, regarding the supplementary question from Dr CHAN, first, as I explained earlier, this type of duties is part of the job duties of colleagues concerned. Certainly, we will listen to the views of colleagues who have taken part in such work during the review.
However, I would like to reiterate that the work in this respect is the official duties of civil servants, which objective is to provide support to Secretaries of Department and Directors of Bureaux in handling business of the Legislative Council.

**DR KWOK KA-KI** (in Cantonese): President, the Secretary is having a hard time trying to defend a specious justification again and again. However, I do not know why Members from the pro-government camp do not speak up, for they are indeed the one being watched.

President, the Government does not attend to its proper duties of explaining or improving its policies but play the "paparazzi" instead. My supplementary question is about the "paparazzi" deployed by the Civil Service Bureau to the Legislative Council. Have the authorities monitored the work of these "paparazzi"? Has the manpower been misused and caused wastage of resources? Have these public officers been provided with adequate support, say "paparazzi" training or attachment to newspaper agencies to receive on-the-job training in the entertainment news section?

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): President, regarding the supplementary question from Dr KWOK, first, I will not use the term "paparazzi" to describe this job duty. Basically, as I have explained earlier, these colleagues are responsible for supporting Secretaries of Department and Directors of Bureaux in handling business of the Legislative Council, and one of the duties is naturally monitoring the conduct of voting and providing first-hand information to Secretaries of Department and Directors of Bureaux.

As regards the manpower required, as I mentioned earlier, since the nature of motions and the issue involved vary every time, it must be left to individual Policy Bureaux to decide the number of officers required to be deployed. Certainly, if they consider it necessary, they may consult us or the Administration Wing and seek our views, but the decision is basically left to Policy Bureaux and departments.
DR KWOK KA-KI (in Cantonese): I have asked the Secretary two specific questions. First, does he have any plans to review the arrangement; and second, have the authorities provided training, intense training or support to public officers or "paparazzi" deployed to carry out monitoring duties?

PRESIDENT (in Cantonese): Members should know that they can only ask one question when they put forth supplementary questions. Secretary, do you have anything to add?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I have nothing to add.

MR FREDERICK FUNG (in Cantonese): President, the Legislative Council Complex belongs to the Legislative Council, so the Legislative Council is wholly responsible for it and its management. May I ask whether the Bureaux will, in deploying public officers, or "paparazzi" in our terms, to keep watch on Members, uphold the principle that they will not disturb the work of Members and the work being carried out in the Complex? If that is the case, should the Legislative Council set up a system, such as application for approval, to restrict the number of such officers and the time of their stay?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, as regards the supplementary question of Mr FUNG, I have already explained it in the main reply, and our objective is to support the work of Secretaries of Department and Directors of Bureaux. Certainly, colleagues entering the Legislative Council Complex have obtained approval. We need to fill in the application forms and returned them to the Legislative Council Secretariat.

I have reiterated earlier that their work definitely will not affect or disturb Members or other persons handling the business of the Legislative Council.
**MS EMILY LAU** (in Cantonese): *President, the Secretary mentioned the need to assist Secretaries of Department and Directors of Bureaux, and I believe the most important part is voting. As Mr LEE said earlier, they need votes supporting the Government, as such, President, we sometimes are monitored too.*

*Has the Secretary examined the reasons for the difficulty to urge Members to remain here to support the Administration enthusiastically?*

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): President, I would like to thank Ms LAU for her supplementary question. This question should not be answered by me, but Members. I think the case is mainly, and Members will understand that the discussions in the legislature are sometimes lengthy, and some Members have to attend to other businesses. Sometimes they may be busy dealing with other business, and they may need our reminder. In fact, such as situation has existed all along and we definitely respect Members. Our colleagues will merely report the situation to Secretaries of Department and Directors of Bureaux, and it will be left to the Secretaries of Department and Directors of Bureaux to decide whether it is necessary to contact the Members concerned, such as reminding them to return to the Chamber to vote. The decision must be made by the Secretaries of Department and Directors of Bureaux, and those colleagues are basically responsible for reporting the conduct of the Council meeting to the Secretaries of Department and Directors of Bureaux.

**MS EMILY LAU** (in Cantonese): *The Secretary has not answered my supplementary question. He only said that the question should be answered by Members. Members surely can explain their absence from meetings, but the Government should also review what has made it so difficult for Members to support the Government, and whether it is because the proposals of the Governments are sometimes hard to support. May I ask whether the Government will review the arrangement and stop wasting taxpayers' money …*

**PRESIDENT** (in Cantonese): Ms LAU, your follow-up question has deviated from the scope of the main question.
MR NG LEUNG-SING (in Cantonese): President, the Government's reply states that assisting Secretaries of Department and Directors of Bureaux in handling business of the Legislative Council is one of the duties of public officers. Since this is their duty, may I ask the Government whether public officers have raised any request about their duties, say how facilities at the Legislative Council may enable them to enjoy proper benefit in the course of performing their duties, and what improvement can be made to existing facilities to facilitate public officers in performing their duties?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, Mr NG, basically, we know that offices for public officers are now provided in the Legislative Council Complex to facilitate colleagues in carrying out their work and making contact. In this connection, if they have any other needs, we surely will contact the Secretariat. But so far, according to the views we have collected, we all consider the arrangement on various fronts very satisfactory.

MR LEUNG YIU-CHUNG (in Cantonese): President, I would like to make a clarification for colleagues of this Council, that the "paparazzi" do not only target at the pro-establishment camp. The public officers also take attendance when we enter the Chamber, for they have to count whether there are enough votes or whether we have enough votes to prevent the passage of a motion. Therefore, they do not only keep watch on the pro-establishment camp, we are also under watch. I do not know if Members also have this feeling, but I have …

PRESIDENT (in Cantonese): Mr LEUNG, please put forth your supplementary question.

MR LEUNG YIU-CHUNG (in Cantonese): President, the Secretary stated repeatedly that the public officers are assisting Secretaries of Department and Directors of Bureaux in promoting their policies or stance, but what we can see is that those public officers, even public officers of Administrative Officer rank, are only sitting or standing all day without uttering a word, or communicating with or contacting any Member. May I ask in what way they can explain the policies to Members, or in what way they can understand the voting preference of Members and Members' knowledge of government policies? Will the Secretary inform us of the approaches adopted by these officers to perform their duties?
Moreover, the Secretary said that the public officers entered the Legislative Council Complex only with the permission of the Secretariat. May I know clearly the reasons and purposes used by the Administration in applying for permission from the Secretariat?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, the question from Mr LEUNG includes two parts. First, as I explained earlier, we have different colleagues providing support to Secretaries of Department and Directors of Bureaux and there is naturally division of labour. For instance, colleagues who are less experienced may not be capable of explaining certain subjects to Members, and their duties will be assisting Secretaries of Department and Directors of Bureaux by watching the situation at the scene and providing first-hand information to them. As for the duties of assisting Secretaries of Department and Directors of Bureaux in explaining the policies to Members, it will be performed by colleagues at higher ranks, such as Deputy Director, Permanent Secretary or Deputy Secretary. I believe Members must know that in the past, if colleagues came across Members in the common room or other places, they will grasp the opportunity to explain the policies to Members. Regarding the work in this connection, we apply division of labour.

Second, concerning entry to the Legislative Council Complex, we basically fill in the form provided by the Secretariat to provide information on the name and position of the colleague concerned.

MR LEUNG YIU-CHUNG (in Cantonese): The Secretary has not answered my supplementary question.

PRESIDENT (in Cantonese): The Secretary has answered a number of supplementary questions from Members.

This Council has spent nearly 23 minutes on this question. If Members are not satisfied with the reply, please follow up the issue through other channels. Last question seeking an oral reply.
Air Traffic Movements at Hong Kong International Airport Reaching Saturation

6. **MR WONG TING-KWONG** (in Cantonese): President, the Government has given in-principle approval for the Airport Authority Hong Kong (AA) to adopt the three-runway system as the development option for the Hong Kong International Airport (HKIA) to cope with the annual growth in passenger traffic and freight cargoes. Currently, the AA is carrying out the environmental impact assessment (EIA) and the related planning work for the construction of the third runway. In this connection, will the Government inform this Council:

(a) given that the air traffic movements (ATMs) at the HKIA have been increasing continuously and are expected to reach the runway capacity of 68 movements per hour in 2015, but no date has been set for the construction works of the third runway to commence, of the measures put in place by the authorities to tackle the problem of the ATMs reaching saturation; whether they have assessed if such a problem will result in flight delays and impact on aviation safety; if they have, of the details; if not, the reasons for that;

(b) given that the EIA of the third runway will not be completed until the end of this year or early next year at the earliest and it is learnt that the construction works concerned will take at least 10 years to complete, while airports in the neighbouring regions have been expanding continuously with increasing numbers of international routes, whether the authorities have assessed the financial losses and the impact on the competitiveness of Hong Kong to be brought about by the ATMs reaching saturation; how the authorities strive to maintain Hong Kong's status and advantages as an international aviation hub; and

(c) given an official of the Civil Aviation Department (CAD) has told the press that discussions with the civil aviation authorities of the Mainland and Macao on relaxing the height restrictions of the airspace in the Pearl River Delta (PRD) Region are under way and that daily flight movements within the Region are expected to increase from 3,000 flights at present to 5,000 flights by that time, whether such plans can be implemented by 2020; of the details of the plans; what impact such plans will have on the HKIA's runway capacity?
SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the HKIA is the busiest international cargo-handling airport in the world and ranks high on a global list of international passenger airports. In 2012, the HKIA handled over 56 million passengers and 4 million tonnes of cargo, with 352 000 flight movements in total. The airport is crucial to maintaining Hong Kong's status as an international and regional aviation hub and boosting our economic competitiveness. It also contributes significantly to promoting Hong Kong's global connectivity, economic and trade, and tourism developments.

Against this background, the AA and the CAD have strived to enhance the facilities and handling capacity of the HKIA to meet the increasing air traffic demand. Since the airport's existing two-runway system will reach its capacity within the next few years, and we are facing fierce competition from other international airports in the region, we agree that there is a genuine need to expand the HKIA. As a matter of fact, some of our competitors, like Singapore, are spearheading efforts to expand their airports.

The Government gave in-principle approval for the AA's proposal to adopt a three-runway system as the future development option for the HKIA in March 2012. The AA is taking forward the relevant planning work vigorously, including the statutory EIA, scheme designs and the financing arrangements. The EIA process is expected to be completed around the third quarter next year. If the EIA is approved, we hope that construction works may commence as soon as possible, so that the three-runway system can be commissioned in 2023 to cope with air traffic demand until at least 2030. By that time, the HKIA will handle more than 97 million passengers and 8.9 million tonnes of cargo annually.

My consolidated reply to the various parts of Mr WONG Ting-kwong's question is as follows:

To cope with both short- and medium-term air traffic demand and to tie in with the designed capacity of the two-runway system by increasing the handling capacity of the HKIA to 70 million passengers and 6 million tonnes of cargo per annum, the AA is implementing Phase 1 of its midfield expansion project. A passenger concourse is under construction to provide 20 additional aircraft stands. The project started in late 2011 and is expected to be completed in phases in
2015. At the same time, the AA has started designing the development of Phase 2 of the midfield expansion project and is exploring the feasibility of providing additional aircraft stands. The AA will also construct 28 new aircraft parking stands on the western part of the midfield area with a view to completing it in phases by the end of 2014. Upon completion of all these expansion projects, the number of aircraft stands will increase by more than 30%.

Regarding cargo facilities, the new Cathay Pacific Cargo Terminal has commenced operation in phases in February 2013 and has been in full operation since October 2013.

Apart from the aforesaid expansion projects, the AA has started a three-year facilities refurbishment programme since 2011. Enhancements cover passenger terminals, air-bridges, baggage handling systems, automated people movers and airfield ground lighting systems.

President, safeguarding aviation safety and ensuring smooth flight operations are the priorities in civil aviation management. These two key elements were taken into consideration when professional expert consultants from National Air Traffic Services Ltd in the United Kingdom assessed the practical maximum runway capacity (that is, 68 ATMs per hour) of the two-runway system, as covered in the Master Plan 2030. The CAD’s Schedule Co-ordination Office has set up a slot allocation mechanism based on guidelines issued by the International Civil Aviation Organization. Through this mechanism, the CAD effectively manages runway capacity, optimizes slot utilization and controls flight delays within a reasonable level. In collaboration with the AA, the CAD will continue to explore ways to meet airlines’ keen demand for runway slots, so as to maximize the use of airport facilities and the room for the ATMs before the commissioning of the third runway.

The CAD has been discussing with the Civil Aviation Administration of China and the Macao Civil Aviation Authority to enhance the utilization of the PRD airspace. The tripartite working group has reached consensus in adopting the principles of joint airspace planning, use of common standards and harmonized flight procedure design with a specific objective to plan for the optimization of the PRD airspace structure by 2020.
With this understanding, the tripartite working group has agreed to gradually optimize the structure and management of the PRD airspace in the medium-to-long term, and to progressively establish a Southern PRD air traffic management region covering airports in Hong Kong, Shenzhen, Macao and Zhuhai. This will enhance co-ordination of air traffic management within the PRD Region, making it less complicated and improving efficiency in flight operations. Furthermore, with air traffic control standards and procedures being harmonized progressively, the use of airspace and the efficiency in air traffic control operations will improve. With these improvements in place, the PRD Region can cope with the anticipated air traffic growth within the Region to some 5 000 aircraft movements per day by 2020.

The above improvement measures have fully taken into account the HKIA's three-runway operating mode and its demand for airspace, thus supporting the expected air traffic volume of 620 000 flight movements till 2032.

MR WONG TING-KWONG (in Cantonese): President, a number of green groups have voiced objection to the construction of the third runway. As the Secretary did not answer these questions just now, may I ask what the exact date of completion of the EIA report is? What are its initial findings? What will the authorities do to narrow their differences with the green groups?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): The EIA is one of the key components of the third runway project. In August last year, an EIA study brief was issued by the Environmental Protection Department (EPD) to require the AA to give an assessment of the third runway project with respect to air, noise pollution, water quality, marine ecosystem and health impacts. The entire EIA process is expected to be completed around the third quarter next year. Certainly, the AA is required to submit the EIA report to the EPD for appraisal and then to the Advisory Council on the Environment (ACE), and the public will be given time to give comments. The entire process usually takes around a year.
MR YIU SI-WING (in Cantonese): President, there is still 10 years to go before 2023. Given the handling of 56 million passengers in 2012, the runway capacity of the HKIA might reach capacity before 2023 when the HKIA is expected to handle 70 million passengers. Do the authorities have a backup plan? Is there a way to address the flight movements when passenger traffic exceeds 70 million passengers, in order to avoid affecting Hong Kong's future competitive edge in the region? If so, what are the details? If not, why not?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): First of all, international passenger traffic and freight cargoes are crucial to Hong Kong's economic competitive edge as well as tourism. The HKIA operates around the clock, though we must be extra careful in handling noise pollution at night because areas covered by the flight paths might be affected. Insofar as the passenger traffic or freight cargo capacity is concerned, as I mentioned in the main reply just now, the airport's existing runway system will reach its capacity within the next few years, probably 2015 or 2016. This is also the reason for the AA to fully implement its capacity expansion initiatives. The midfield expansion project, as I mentioned just now, is meant to increase the number of aircraft stands by more than 30%. As regards the runway capacity, we hope that it can be increased from 64 movements per hour at present to its full capacity of 68 movements per hour, which is the actual maximum capacity according to a previous assessment made by an international consultant for the HKIA, by the year 2015.

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

MR YIU SI-WING (in Cantonese): President, the Secretary has not answered my supplementary question about a backup plan. Are there any backup plans when the actual passenger traffic exceeds the estimated traffic? Will the increase in flight movements be restricted?

PRESIDENT (in Cantonese): Secretary, do you have anything to add?
SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the AA has all along maintained close communication with its aviation partners, especially airlines, on all fronts to strive to maximize the use of airport facilities and the room for the ATMs. Certainly, the demand is rising. Meanwhile, airlines have shared their views and air traffic demand assessments with the AA. At the end of the day, all international airports will be constrained by their own capacity. As I mentioned in the main reply just now, major airports in the neighbouring regions, including the Changi Airport in Singapore, are already under constant expansion. Therefore, from the angle of the Government or the AA, the construction of the third runway indeed brooks no delay.

MR STEVEN HO (in Cantonese): President, I am very pleased that Mr WONG Ting-kwong has raised this question today, as well as the EIA report mentioned by him in his supplementary question. Some fishermen have often relayed to us the extremely poor knowledge of the consultancy and its failure to strike a balance among the environment, developments and the fishery industry. For instance, after reclamation, a marine park might be designated next to the reclamation area in which fishing activities, including leisure fishing carried out on a one-line one-hook basis, are prohibited. As a result, fishermen suffer double losses in terms of fishing zones. Upon the completion of the project, a zone will also be designated near the airport — might be inside the airport — to exclude fishing vessels or other vessels. Moreover, compensation is not offered for the designation of these zones. It is most ridiculous that the final outcome of many EIA reports is the same — the fishery industry will only be slightly affected. My supplementary question is …

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

MR STEVEN HO (in Cantonese): My supplementary questions are: What is the Government's view on the findings of these EIA reports which seem to me unfair? What can be done to address this issue? Why does the Government still think that the impact on the fishery industry is slight despite such a drastic reduction in the size of fishing grounds?
SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, as the construction of the third runway is a major project which involves the reclamation of more than 600 hectares of land, its impact on the marine ecosystem or other environmental aspects must be assessed very carefully. The final EIA report mentioned by me just now will be submitted to the EPD next year. Certainly, the EIA report prepared by the AA has to be verified by many experts to ensure that matters of concern to society, including green groups, are dealt with properly. At the end of the day, there have always been mitigation measures, such as marine parks, to deal with any impact of reclamation on marine organisms, including Chinese White Dolphins. All of these must be fully balanced from the expert or environmental protection perspective. If the livelihood of fishermen is affected, the Government will offer compensations policy-wise. In this connection, we should allow the EPD or the ACE to examine the EIA report submitted by the AA in detail. We hope that the report can achieve the best result.

MR STEVEN HO (in Cantonese): No compensation is offered insofar as restricted zones are concerned. The Government has not answered this part.

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, if certain parts of Hong Kong waters are affected such that the fishing operation of local fishermen is restricted, the Agriculture, Fisheries and Conservation Department will communicate with the fishermen to understand their actual needs. In the past, some compensation measures were taken.

MISS ALICE MAK (in Cantonese): President, may I ask the Secretary whether, in the relevant studies, the Government will consider, besides such factors as the EIA, the number of job opportunities provided by the third runway and whether the Government will help Tung Chung residents to access priority employment by conducting recruitment exercises in Tung Chung?
SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, the HKIA together with the Airport Island contributes significantly to the economy and employment. I can provide some figures. In 2008, the number of jobs directly created was 62,000. By 2030, the number of jobs directly created would reach 141,000 if the three-runway system is put in place. Coupled with other associated job opportunities, the total number of jobs will add up to nearly 200,000. Currently, the Airport Island has a keen demand for manpower. Certainly, given their proximity to the facilities of the Airport Island, Tung Chung residents are in a better position to respond to its manpower demand. In the past, many recruitment exercises were conducted jointly by the AA and the Labour Department. We have also reminded the AA to liaise with other business partners in the Airport Island to make efforts in attracting people from various places, so that they will be pleased to take up employment there.

MR FRANKIE YICK (in Cantonese): President, the question asked by Mr Wong Ting-kwong concerns the measures put in place before the completion of the third runway in 2023 to tackle the problem of the ATMs reaching saturation, but the Secretary's main reply emphasizes mainly the enhancement of hardware facilities. Neither has the Secretary answered the supplementary question raised by Mr Yiu Si-wing. Just now, the Secretary pointed out that the HKIA operates around the clock, and according to the consultancy assessment, its actual maximum capacity is 68 movements per hour. If the HKIA operates around the clock, its maximum capacity should be 1,632 movements a day. However, with just around 1,000 movements a day at present, the actual utilization rate of the HKIA is a mere 61%. Just now, the Secretary also added that the current runway capacity was 64 movements per hour. If we take 64 movements per hour and 24 hours a day as the basis for calculation, there should be 1,536 movements a day. Obviously, the runway capacity of the HKIA is not fully utilized most of the time every day. May I ask the Secretary what will be done to lure airlines to maximize the use of the existing slots with a view to enhancing the runway capacity and improving our tourist business?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Currently, President, active communication is maintained between the CAD and the AA on how to maximize the use of room for air traffic movements. In fact, the allocation mechanism is meant to achieve this goal. The point made by Mr Frankie Yick just now is correct, that the maximum runway capacity of 68
movements per hour cannot be reached every hour of the day. Currently, the actual maximum runway capacity is around 64 movements per hour. However, consideration has to be given to noise pollution during the night time as well as the impact on the environment. Hence, in reality, the maximum runway capacity is now set at 42 movements per hour between midnight and 1 am, and 37 movements per hour between 1 am and 7 am. Insofar as any aviation operation is concerned, we cannot respond merely to airlines' demand. In fact, airlines will consider the timing of their aircraft movements having regard to their operational needs and passenger traffic and freight cargos demand.

MR LEUNG CHE-CHEUNG (in Cantonese): President, despite the keen demand expressed constantly by the industry for the proposed third runway, it appears that there has been a lot of talk but little action on the part of the Government, with more effort made for reviews rather than action. I am also worried that something like the case of the Hong Kong-Zhuhai-Macao Bridge will happen. My concern is not about green groups but some political bodies, such as the Civic Party, finding someone to apply for a judicial review to …

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

MR LEUNG CHE-CHEUNG (in Cantonese): … cause the third runway to be aborted. Hence, like the one raised by Mr YIU Si-wing, my supplementary question is: Does the AA have a better optimization proposal? Regarding the optimization proposal mentioned by the Secretary to increase the number of aircraft stands by one third, is there a better proposal to adjust the increase to two thirds, so that the HKIA will not be paralysed even if a judicial review is sought?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, certainly, all judicial reviews are an embodiment of the freedom enjoyed by the public in law, but justifications are required. Insofar as the current planning for the third runway project is concerned, first, we hope that the EIA can reach the highest standard and be passed smoothly. Second, preparations for the planning and design proposal for the airport project have
already been activated. Third, given the significance of the relevant financial arrangements, a more detailed introduction will be given in the relevant panels of the Legislative Council in due course.

The entire third runway project is so complicated that it can be compared to the entire project involving the construction of the new international airport in Chek Lap Kok in the early 1990s, for reclamation of an enormous scale has to be carried out. Hence, we cannot underestimate the concerns in society for any aspect. However, after hearing the questions raised by several Members just now, I feel that there is strong support for the third runway proposal in this Council. Therefore, I hope we will not encounter too much difficulty in taking forward this project in the future. Anyhow, this is a massive project, and so it is understandable for all sorts of questions and concerns to be raised in society.

MR LEUNG CHE-CHEUNG (in Cantonese): The Secretary has not answered my question. The question I asked just now concerned whether there was a better optimization proposal, but his reply seemed to be concerned with the third runway only …

PRESIDENT (in Cantonese): Mr LEUNG, we have spent 24 minutes on this question. If you still have other questions, please follow them up through other channels. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Implementation of Competition Ordinance

7. MR CHUNG KWOK-PAN (in Chinese): President, this Council enacted the Competition Ordinance (Cap. 619) (the Ordinance) in June last year to put in place a legal framework for curbing anti-competitive conduct in various sectors, so as to build a sustainable and fair business environment and promote free trade. For the implementation of the Ordinance, the Chief Executive appointed the Chairperson and members of the Competition Commission (the Commission) in April this year, while the Judiciary appointed the President and Deputy President of the Competition Tribunal (the Tribunal) in July, to take charge of the enforcement of the legislation. In this connection, will the Government inform this Council:
(a) of the progress of the preparatory work undertaken by the Commission for the full implementation of the Ordinance (including the number of staff members to be employed and the payroll cost involved), and the progress of the preparatory work undertaken by the Judiciary for the operation of the Tribunal;

(b) of the implementation timetable for the various parts of the Ordinance, and when the drafting of the relevant regulatory guidelines and rules will be completed;

(c) given that the majority of owners of small and medium enterprises (SMEs) have little knowledge of the Ordinance, of the publicity activities to be launched by the authorities and the timetable for such activities; and

(d) how the authorities will help the business sector, particularly SMEs, to prepare for the full implementation of the Ordinance?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, the Competition Bill was passed by the Legislative Council in June 2012 to become the Ordinance. The objective of the Ordinance is to provide a legal framework to curb possible anti-competitive conduct in various sectors so as to maintain fair and sustainable competition in the market. The Commission is established under the Ordinance as an independent statutory body. It is tasked with the functions to investigate into anti-competitive conduct, promoting public understanding of the value of competition, as well as promoting the compliance with the Ordinance. The Tribunal, which has primary jurisdiction over competition matters, is also established under the Ordinance. The Tribunal is in charge of hearing and adjudicating competition-related cases.

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

(a) Since the appointments of members to the Commission took effect in May 2013, the Commission has worked to set up its internal procedures, its financial and administrative systems, as well as to recruit the Chief Executive Officer and other staff members. To facilitate its work, the Commission has established a Staff Committee and a Finance and Administration Committee. A
government team has been seconded to the Commission to support its initial work before recruitment of its own staff.

The Commission has initiated the first round of recruitment since September, with global recruitment conducted for the top executives including the Chief Executive Officer, and local open recruitment for staff of all tiers. It is expected that staff members will gradually report duty in the first or second quarter of 2014. Upon completion of all rounds of recruitment, the Commission is expected to have some 50 staff members, with their annual salary and allowance totalling $46 million.

The Government has also been working closely with the Judiciary since the enactment of the Ordinance to prepare for the establishment of the Tribunal and related matters. The Judiciary is formulating Tribunal Rules relating to the operation and proceedings of the Tribunal (the Tribunal Rules are subsidiary legislation) and the President's directions, as well as making other necessary administrative arrangements to prepare for the full operation of the Tribunal.

(b) The Government will implement the Ordinance in phases. To this end, Legislative Council passed in January 2013 the Competition Ordinance (Commencement) Notice 2012. Provisions relating to the establishment of the Commission, the short title and commencement, interpretation, and the issue of guidelines by the Commission commenced on 18 January 2013.

Provisions relating to the establishment of the Tribunal and part of the provisions relating to its operation commenced on 1 August 2013.

One of the major tasks of the Commission leading to the full commencement of the Ordinance is the preparation of regulatory guidelines. According to the Ordinance, the Commission must consult Legislative Council and other relevant persons before issuing the guidelines. The Commission has initiated the preparatory work on the drafting of guidelines, including the engagement of consultants for legal and other expert services. The Commission
has also started to gradually establish contact with competition authorities of other jurisdictions, international resource networks and various experts in the field, so as to learn from their experience and expertise. With the aim to enhance public understanding of the Ordinance, the Commission plans to reach out to members of the public of all sectors early next year to discuss the guidelines and other work relating to the implementation of the Ordinance.

The Ordinance will be brought into full operation when all relevant preparatory work in respect of the Commission and the Tribunal is completed. During this transitional period, the public and the business sector can familiarize themselves with the new legal requirements and make necessary adjustments to their business operations.

(c) and (d)

The Commission intends to consult the public on the various sets of regulatory guidelines and discuss with relevant stakeholders (including SMEs) on the draft guidelines in 2014. Such discussions will enhance SMEs' understanding of the Ordinance, and assist them in gearing up for its full implementation. The Commission will also promote public understanding of the Ordinance, and encourage the business community to develop risk management systems, good practices and internal controls as tools to achieve compliance. In addition, after the implementation of the Ordinance and in light of the experience accumulated, the Commission will further study measures to promote the continuous compliance with the Ordinance by the business community.

**Road Widening Works for Fanling Highway**

8. **MR ANDREW LEUNG** (in Chinese): *President, it is learnt that traffic accidents of vehicles crashing into the water barriers at the roadside have occurred time and again during the implementation of the road widening works on Fanling Highway. In this connection, will the Government inform this Council:*
(a) of the number of traffic accidents on Fanling Highway and the casualties caused since the relevant works commenced; and

(b) whether it has reviewed the temporary road facilities (such as the locations where the water barriers were placed) after the occurrence of each traffic accident on Fanling Highway, with a view to reducing its chance of recurrence; if it has not, of the reasons for that?

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, Tolo Highway and Fanling Highway form a major trunk road serving New Territories North. In recent years, the peak-hour traffic flow at some road sections along the two highways has approached their design capacities. Hence, we will carry out improvement works by implementing the relevant road widening projects in phases, with a view to mitigating the current congestion and catering for the anticipated increase in traffic flow in future.

The widening of Tolo Highway and Fanling Highway will be carried out in two stages. Stage 1 involves the widening of Tolo Highway between Island House Interchange and Tai Hang. The works commenced in August 2009, and have been progressing smoothly in general and are scheduled for completion in early 2014. Stage 2 involves the widening of Fanling Highway between Tai Hang and Wo Hop Shek Interchange. Since the contract of Stage 2 works commenced not long ago in July 2013, the site works have not been formally started, and the construction works are anticipated to take 64 months. Upon completion of the widening works, the two highways will be capable of meeting the traffic demand of nearby development in the foreseeable future.

The works mentioned by Mr Andrew LEUNG should be referring to Stage 1 works. The scope of works mainly includes the widening of the road section concerned from a dual three-lane carriageway to a dual four-lane carriageway, with the addition of hard shoulders for emergency use by vehicles.

Our reply to the two parts of Mr Andrew LEUNG's question is as follows:

(a) Before commencement of every road project, the Government will ensure that temporary road facilities (including the location of water-filled barriers) at the works site and along the affected road sections comply with the "Code of Practice for the Lighting, Signing
and Guarding of Road Works" (CoP) formulated by the Highways Department according to the Road Traffic (Traffic Control) Regulations (Cap. 374G). Personnel responsible for the road works must provide and install lanterns, traffic signs and guarding equipment (including water-filled barriers) in accordance with the above CoP.

Since the commencement of Stage 1 works in August 2009, according to the records (as at September 2013) of the Transport Department, 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>No. of traffic accidents</th>
<th>Casualties*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before works</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>87</td>
<td>161 (83%)</td>
</tr>
<tr>
<td>2005</td>
<td>114</td>
<td>322 (92%)</td>
</tr>
<tr>
<td>2006</td>
<td>115</td>
<td>174 (89%)</td>
</tr>
<tr>
<td>2007</td>
<td>120</td>
<td>208 (91%)</td>
</tr>
<tr>
<td>2008</td>
<td>100</td>
<td>153 (88%)</td>
</tr>
<tr>
<td>2009 (From January to works commencement in August)</td>
<td>57</td>
<td>84 (95%)</td>
</tr>
<tr>
<td><strong>After works</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009 (From works commencement in August to December)</td>
<td>42</td>
<td>73 (92%)</td>
</tr>
<tr>
<td>2010</td>
<td>101</td>
<td>172 (92%)</td>
</tr>
<tr>
<td>2011</td>
<td>110</td>
<td>186 (92%)</td>
</tr>
<tr>
<td>2012</td>
<td>112</td>
<td>187 (91%)</td>
</tr>
<tr>
<td>2013^ (Up till September)</td>
<td>94</td>
<td>145 (83%)</td>
</tr>
</tbody>
</table>

Notes:

* Figures in brackets indicate the percentage of minor injuries.

^ Provisional figures.
(b) Subsequent to every traffic accident at or near the road section under the subject works, resident site supervisory staff of the Highways Department and the contractor concerned would examine the temporary traffic arrangements. Furthermore, reviews are conducted on such matters as the layout of the road section where traffic accidents have occurred and various temporary road facilities, and reported to the standing Traffic Management and Liaison Group (with members including representatives from the Highways Department, Traffic Wing of the Hong Kong Police Force and the Transport Department) established for the works. The Highways Department and the Transport Department will continue to keep watch over the traffic situation of the road section concerned, and will make improvement measures if necessary, with a view to minimizing the recurrence of traffic accidents.

Handling of Requests for Help by Police Officers During Public Processions and Assemblies

9. MR JAMES TO (in Chinese): President, on 4 August this year, an organization held a forum entitled "Support Vigilant Law Enforcement Actions taken by the Police; Let Vulgarism Stay Away from Schools" at the pedestrian precinct in Mong Kok. It has been reported that since several thousand people who came from both camps in support of and against the forum organizer showed up, and engaged in a war of words, the police had to separate them and implement crowd management measures by putting up mills barriers. In the course of the assembly, a participant claimed to have been assaulted and immediately sought assistance from the police officers on the spot. However, on the ground that they were carrying out crowd management duties, the police officers concerned instructed the person concerned to call the command and control centre of the police (999 Control Centre) on his own for assistance. It was not until one hour after the person concerned had made the report did other police officers arrive at the scene to handle the assault incident. In this connection, will the Government inform this Council:

(a) whether, in the course of carrying out crowd management duties, front-line police officers may refuse to provide assistance to
members of the public who have encountered emergency matters (such as being assaulted); if so, of the justifications for that;

(b) whether the authorities have issued clear guidelines to front-line police officers on the handling, while carrying out crowd management duties, of requests for assistance from members of the public who have encountered emergency matters; if so, of the details; if not, the reasons for that;

(c) of the number of requests for assistance received directly in the past three years by front-line police officers whilst on duty from members of the public concerning personal safety under threat (such as being assaulted); among such cases, the number of those in which members of the public seeking assistance were instructed by front-line police officers to report to the police by calling the 999 Control Centre on their own, as well as the average time required for police officers to arrive at the scene upon receipt of reports, with a breakdown by the district in which the incidents occurred;

(d) of the number of complaints received to date by the authorities from members of the public against police officers on duty at the aforesaid assembly, the contents of the complaints as well as the progress of investigation; and

(e) whether the authorities have reviewed the handling of the conflicts that occurred during the aforesaid assembly (including the conflicts among participants as well as the conflicts between the police and members of the public), and issued new guidelines to front-line police officers with a view to handling such activities and conflicts more effectively; if they have, of the details; if not, the reasons for that?

SECRETARY FOR SECURITY (in Chinese): President, the police have been handling all public order events in a fair, just and impartial manner in accordance with the laws of Hong Kong. The enforcement policy of the police is to endeavour to strike a balance by striving to facilitate the smooth conduct of
lawful and peaceful public meetings and processions on one hand, while on the other, minimizing the impact of such events on members of the public and other road users, as well as ensuring public order and public safety.

Regarding the public order event at the pedestrian precinct in Mong Kok on 4 August 2013, the police arrested a total of six persons who were suspected of having breached the law. Upon receipt of six related 999 emergency calls in the course of the event, the police took follow-up actions on all such calls within the pledged response time, and subsequently followed up on relevant cases.

The Administration's reply to the various parts of the question is as follows:

(a) and (b)

While performing crowd management duties, the police are required to handle unforeseen requests for assistance in a timely manner. Based on the objectives, nature, number of participants, risk assessments and operational commitments of individual events, the police formulate corresponding crowd management measures and contingency plans, and make available sufficient manpower to deal with any unforeseen incidents. Field commanders will suitably deploy manpower to tackle such incidents. In critical circumstances or if there are any acts in breach of social peace, the police shall take decisive enforcement actions immediately.

Generally speaking, upon receipt of requests for assistance from members of the public, front-line police officers will take immediate follow-up actions. In case prompt assistance cannot be rendered due to other commitments, the officers concerned will, taking account of the situation at scene, make reasonable judgment and arrangement, and provide explanations to members of the public and offer them alternative ways of assistance. Members of the public may lodge complaints to the Complaints Against Police Office (CAPO) in case they are dissatisfied with police officers' on-spot handling. All such complaints will be handled in a fair and just manner.
(c) The police do not maintain such figures.

The police have been striving to respond to all genuine 999 emergency calls within the performance pledge of nine minutes in Hong Kong and Kowloon, and 15 minutes in the New Territories. The response time is measured from the time a report is received at the Regional Command and Control Centre 999 console until police officers arrive at the scene. According to police, most of the emergency cases are attended to within the pledged response time. In the first half of 2013, 98.9% of the emergency cases met the performance pledge.

(d) As at 11 October 2013, the CAPO received a total of three "reportable complaints" against police officers on duty at the meeting at the pedestrian precinct in Mong Kok on 4 August, which were directed at police officers' handling of an assault case, a case of suspected snatching of police revolver and a case of alleged assault by police officers. In addition, the CAPO received six "notifiable complaints" against police officers on duty at the aforesaid meeting, which were directed at police's handling of a confrontation at the pedestrian precinct, a case of suspected snatching of police revolver, officers' use of foul language and the closure of a road section. The CAPO, has started investigation in accordance with the established mechanism of handling complaints against police officers, and approached the complainants of relevant cases for follow-up.

(e) The police have a wealth of experience in handling different types of processions and meetings. Appropriate arrangements would be made after taking into account the objectives, nature, number of participants, risk assessments and operational commitments of individual events. Generally speaking, upon knowing that organizations with different positions are going to hold public order events at the same place, the police will adopt appropriate segregation measures, including the designation of "public activity areas" for various organizations to facilitate their expression of views and to ensure that the events will be conducted in a safe and orderly manner.
In addition, the police have been making efforts to enhance officers' training in handling demonstrations launched by groups with different positions as well as increasingly drastic demonstrations. To assist front-line officers in their handling of public order events in a more effective manner, the police, on the basis of their experiences in handling such events, provide relevant training to officers of different ranks, including programmes on relevant legislation and their application, assistance to be rendered to organizers for the orderly conduct of public order events, designation of "public activity areas" and formulation of contingency plans, and so on.

The police will continue to conduct law enforcement and handle all public order events in a professional, fair and just manner.

Humanitarian Aid Provided for Syrian Refugees

10. **MR NG LEUNG-SING** (in Chinese): President, according to reports of the United Nations and international relief organizations, the civil war in Syria has been worsening. As of date, more than 100 000 people have been killed and over 2 million refugees displaced (including 1 million children). In this connection, will the Government inform this Council whether it has considered allocating funds from the Disaster Relief Fund (DRF) to international relief organizations such as the Hong Kong Red Cross and the Hong Kong Committee for the United Nations Children's Fund (UNICEF), and so on, or using other means, to provide humanitarian aid to the refugees in Syria; if it has considered, of the details; if not, the reasons for that?

**CHIEF SECRETARY FOR ADMINISTRATION** (in Chinese): President, the civil war in Syria has resulted in heavy casualties and refugee problems. It is noted that some relief organizations in Hong Kong have conducted fund-raising campaigns, appealing for the public to make donations for the Syrian refugees.

The DRF was established in 1993 to provide a ready mechanism for Hong Kong to respond swiftly to international appeals for humanitarian aid in relief of disasters that occur outside Hong Kong. The DRF mechanism is to cater for
applications for emergency relief to disasters which are of a sudden nature. The grants should only be made in cases of a specific disaster, not an ongoing problem.

At present, the Administration has no plan to make grants from DRF for the Syrian refugees. This is because the refugee problem caused by the prolonged war in Syria is not a specific disaster as such and hence cannot meet the criterion under the Guidelines for Grants from DRF that grants should only be made in cases of a specific disaster.

Arrangements for Payment of Salaries Tax

11. MR JEFFREY LAM (in Chinese): President, under normal circumstances, the Inland Revenue Department (IRD) will request taxpayers to pay salaries tax by two instalments in the ninth and twelfth months of each financial year. The tax amount in the first instalment is the balance of the salaries tax payable for the preceding year (that is, the salaries tax payable less the provisional salaries tax (PST) which had been paid for that year) plus 75% of PST for the current year. The tax amount in the second instalment is 25% of PST for the current year. There is a view that the proportion of PST payable in the first instalment is so high that some taxpayers are under financial pressure as they are required to pay a tax of an amount equivalent to one month's salary. In this connection, will the Government inform this Council:

(a) of the number of taxpayers who paid salaries tax using Tax Reserve Certificates (TRCs) in the past three years and the total amount of tax income involved;

(b) whether it has assessed the respective impacts on public finance (for example, cash flow and interest income, and so on) of lowering and even reducing to zero the proportion of PST payable in the first instalment, given the Government's large fiscal reserve at present; whether it has gauged the views of the public and the business sector on the arrangements of lowering the aforesaid proportion or reducing it to zero; if it has, of the channels through which it gauged their views and the views collected;
(c) whether it has assessed the merits of and the improvements which can be made to the existing arrangement for payment of salaries tax; if it has, of the outcome; and

(d) whether it has examined adopting other arrangements for payment of salaries tax (for example, paying the tax by three or more instalments) for taxpayers to choose; if it has, of the arrangements that the Government has considered and the reasons for not adopting such arrangements?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, Hong Kong adopts a provisional tax system under its tax regime. As far as salaries tax is concerned, the amount of salaries tax for the current year of assessment is provisionally charged by reference to taxpayers' income and family conditions in the previous year of assessment. After the end of the current year of assessment, the IRD will adjust the salaries tax payable according to the taxpayers' actual income and family conditions in the year.

Taking the year of assessment 2012-2013 as an example, a taxpayer would pay salaries tax for his/her income earned in that year as follows:

<table>
<thead>
<tr>
<th>Time</th>
<th>Amount Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Around January 2013</td>
<td>Paying 75% of the provisional tax</td>
</tr>
<tr>
<td>Around April 2013</td>
<td>Paying 25% of the provisional tax</td>
</tr>
<tr>
<td>Around January 2014</td>
<td>Paying the balance of tax payable as adjusted per assessment made</td>
</tr>
</tbody>
</table>

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

(a) In the past three financial years, the number of taxpayers who redeemed TRCs to pay their salaries tax and the amount of salaries tax so paid are tabulated below:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Number of taxpayers who used TRCs</th>
<th>Amount of tax paid (HK$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2011</td>
<td>6 600</td>
<td>241,000,000</td>
</tr>
<tr>
<td>2011-2012</td>
<td>6 600</td>
<td>253,000,000</td>
</tr>
<tr>
<td>2012-2013</td>
<td>6 600</td>
<td>253,000,000</td>
</tr>
</tbody>
</table>
Different from most countries, Hong Kong does not practise the so-called "Pay As You Earn", whereby income tax is withheld and paid at the time the remuneration is received. The IRD makes tax assessments and issues tax demand notes to taxpayers after taxpayers have reported their income. As such, the amount of final tax payable is only determined after taxpayers have earned their income. To ensure that tax is collected in the year the income is earned as far as possible, we have to implement the provisional tax system. Provisional tax is computed on the basis of the income in the previous year of assessment.

The present arrangement for payment of salaries tax has the following merits:

(i) Every year, taxpayers only need to file tax returns once and pay their salaries tax by two instalments, whereas IRD only makes one assessment and collects two payments for each case. Employers do not need to withhold and pay the salaries tax to IRD on behalf of their employees every time they pay remuneration to their employees. The relevant arrangement is convenient for taxpayers and employers;

(ii) Taxpayers are only required to pay 75% of their PST for a year after they have earned the income for at least nine months in the same year, and the remaining 25% is paid after they have earned the income for the whole year. Comparing to "Pay As You Earn", Hong Kong taxpayers have more time to prepare for their tax payment; and

(iii) A holdover mechanism is provided under the provisional tax system so as to relieve the financial pressure for taxpayers with genuine needs. Besides, taxpayers have the flexibility to save for tax payment by purchasing TRCs anytime. Taxpayers will earn interest when they redeem their TRCs to pay tax.
(d) The Inland Revenue Ordinance already provides for flexible arrangements to cater for changes in taxpayers' income. If a taxpayer anticipates that his/her income for the current year would reduce by more than 10% as compared to his/her income in the preceding year, he/she could apply to IRD for corresponding holdover, wholly or partially, of his/her provisional tax 28 days before the due date for payment of the provisional tax. In addition, taxpayers who have financial difficulties in settling their tax bills on time may apply to IRD for payment of tax by instalments. In short, the present arrangement for salaries tax payment is in line with the principle that tax is paid after the relevant income has been earned. The arrangement is effective and easy to administer to all relevant parties. We have no plan to explore other salaries tax payment arrangements.

Employment Situation of New Arrivals from the Mainland Settling in Hong Kong

12. MR IP KWOK-HIM (in Chinese): President, according to a thematic study contained in the Half-yearly Economic Report 2007 published by the Government, new arrivals from the Mainland settling in Hong Kong (new immigrants) comprised mostly housewives and students, and their labour force participation (LFP) rate was consistently far lower than the total labour force. For example, in 2006, the LFP rate of such new immigrants was 45.7%, distinctly lower than the 60.7% of non-Mainland arrivals and the 60.3% of the total labour force. It has been reported that some community groups have recently made an appointment to meet with officials of the Labour Department (LD), and they pointed out at the meeting that the employment support for new immigrants was inadequate and urged for improvement. In this connection, will the Government inform this Council:

(a) whether it had, in the past six years, compiled statistics and analysed the employment situation of new immigrants; if so, of the data and findings of such analyses; if not, whether it has any plan to conduct such analyses;

(b) whether the authorities have conducted any analysis to identify the factors contributing to the low LFP rate of new immigrants, other than the factor that they are mostly housewives and students; and
(c) of the measures put in place by the authorities to provide employment support to new immigrants at present and whether they have conducted any review to evaluate the effectiveness of those measures?

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to the question raised by Mr IP Kwok-him is as follows:

(a) The figures on the labour force participation rate (LFPR) of new arrivals from the Mainland having resided in Hong Kong for less than seven years (hereafter referred to as "new arrivals") as provided in the "Half-yearly Economic Report 2007" were based on the data collected by the Census and Statistics Department (C&SD) in the 2006 Population By-census. Those data were also collected by C&SD in the 2011 Population Census. In 2011, the LFPR of new arrivals was 47.8%.

The LFPR figures of new arrivals, persons from places other than the Mainland and having resided in Hong Kong for less than seven years (hereafter referred to as "non-Mainland new arrivals") and the Hong Kong whole population as collected in the 2006 Population By-Census and 2011 Population Census are tabulated below for reference:

<table>
<thead>
<tr>
<th>Year</th>
<th>LFPR of new arrivals(1) (Percentage)</th>
<th>LFPR of non-Mainland new arrivals(1) (Percentage)</th>
<th>LFPR of Hong Kong whole Population(1) (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Both sexes</td>
</tr>
<tr>
<td>2006</td>
<td>60.2</td>
<td>41.5</td>
<td>45.7</td>
</tr>
<tr>
<td>2011</td>
<td>60.3</td>
<td>43.4</td>
<td>47.8</td>
</tr>
</tbody>
</table>

Notes:

(1) LFPR refers to the proportion of economically active persons (that is, the labour force) in the total population aged 15 and over for the respective group.

(2) Foreign domestic helpers are excluded in the calculation. Based on the 2006 Population By-census, the LFPRs of non-Mainland new arrivals and the whole population (including foreign domestic helpers) were 60.7% and 60.3% respectively.

(3) Foreign domestic helpers are excluded in the calculation. Based on the 2011 Population Census, the LFPRs of non-Mainland new arrivals and the whole population (including foreign domestic helpers) were 59.9% and 59.7% respectively.
(b) The LFPR of new arrivals was lower than that for the whole population. It was mainly because the number of economically inactive persons took up a larger portion of the new arrivals. In 2011, there were altogether 137,141 new arrivals aged 15 and over in Hong Kong. Of these, 71,596 (that is, 52.2%) were economically inactive, out of whom 35,906 (that is, 50.2%) were home-makers; 20,751 (that is, 29%) were students; 11,256 (that is, 15.7%) were persons of independent means (who do not have to work for a living as their living expenses were generally met by rental income, savings, investment returns or remittances), unpaid religious workers, and persons who cannot work or do not seek work because of prolonged sickness or permanent disablement, and so on, and the remaining 3,683 (that is, 5.1%) were retired persons.

(c) To facilitate new arrivals to enter the local employment market, the Government has been actively helping them improve their vocational skills. New arrivals can enrol in five dedicated courses offered by the Employees Retraining Board (ERB). The objectives of the courses are to assist new arrivals in building up self-confidence and to provide them with fundamental job skills training to meet the basic requirements of the employment market, thereby helping them to secure employment and integrate into society. New arrivals who meet the eligibility criteria of the ERB courses for the general public may also enrol in such courses in accordance with their own aspirations, interests and training needs.

On the other hand, the LD is committed to helping new arrivals find work. The LD provides a comprehensive range of free employment services for job-seekers through a network of 12 job centres, two industry-based recruitment centres, the Telephone Employment Service Hotline, the Interactive Employment Service website and numerous vacancy search terminals installed at various locations throughout the territory. Vacancy information is made available to new arrivals in simplified Chinese to facilitate reading. The LD has specifically set up resource corners and special counters at all its job centres to provide job referral services to new arrivals. Furthermore, tailor-made employment briefings are organized regularly to help them better understand the local employment market situation and improve job search skills. Large-scale and
district-based job fairs are organized to enhance the flow of vacancy information and provide on-the-spot job interview opportunities so as to help them secure employment early.

The LD regularly reviews its employment support rendered to job-seekers, including new arrivals, to ensure that the services provided can suitably cater for job-seekers' needs. Since early 2013, the LD has made available at all its job centres employment advisory service to provide personalized employment support to job-seekers. New arrivals can meet the Employment Officers who will provide them with information on the employment market situation and training/retraining courses, conduct career aptitude assessment, and/or provide job search advice in accordance with their individual needs. Employment Officers will also assist job-seekers to participate in the LD's various employment programmes to enhance their employability. The LD has also strengthened its collaboration with non-governmental organizations providing services to new arrivals. With their support, the LD's employment services are effectively promoted to the new arrivals and those with employment needs can be referred to the LD for employment support.

Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities

13. MR TANG KA-PIU (in Chinese): President, last year, the Government launched the concessionary fare scheme for elderly people aged 65 or above and eligible persons with disabilities to travel on trains, buses and ferries at $2 per trip (the Scheme). Since the Scheme does not cover green minibus (GMB) and red minibus routes, elderly people and persons with disabilities who need to use minibuses to access to other transport services still have to pay a higher fare, thus discouraging their desire to go out. In this connection, will the Government inform this Council:

(a) of the monthly average number of person-trips benefiting from the Scheme and its percentage in the total number of person-trips since the implementation of the Scheme, broken down by mode of public
transport; the respective amounts of differential fare reimbursed to the various public transport operators so far and the relevant administrative costs incurred;

(b) of the GMB routes directly connecting public housing estates and public hospitals at present, as well as the names of the housing estates and hospitals concerned and the districts in which they are situated; the number of such routes not served by alternative franchised buses; the number of meetings held by the working group to study the feasibility and technical details of the inclusion of green minibuses into the Scheme since its establishment last year, as well as the progress and the expected completion date of its work; and whether the authorities will encourage and assist the transport operators in enhancing minibuses' fare collection systems so as to ensure compatibility with the centralized settlement platform of the Scheme; and

(c) as a full review of the Disability Allowance is now underway notwithstanding the Government had indicated that a comprehensive evaluation of the Scheme would be conducted three years after its full implementation, whether the authorities will expeditiously evaluate the Scheme and give concrete responses to the relevant improvement proposals (for example, lowering the deposit amount and minimum reload value of Personalized Octopus Cards used by the target beneficiaries under the Scheme, expanding the target beneficiaries under the Scheme to include children aged below 12 who are 100% disabled and including more modes of public transport in the Scheme, and so on.); if they will, of the relevant timetable; if not, the reasons for that?

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to Mr TANG Ka-piu's question is as follows:

(a) As at end July 2013, the average daily passenger trips of MTR, franchised buses and ferries taken by the elderly and eligible persons with disabilities under the Scheme\(^{(1)}\) were as follows:

\(^{(1)}\) Beneficiaries under the Scheme include elderly aged 65 or above and recipients under the Comprehensive Social Security Assistance Scheme aged between 12 and 64 with severe disabilities; and recipients of Disability Allowance in the same age group.
<table>
<thead>
<tr>
<th>Public transport operators</th>
<th>Passenger trips of beneficiaries</th>
<th>Total no. of passenger trips</th>
<th>Percentage share of beneficiaries in the total no. of passenger trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTR Corporation Limited</td>
<td>248 200</td>
<td>4 814 600</td>
<td>5.2%</td>
</tr>
<tr>
<td>Franchised bus operators</td>
<td>415 300</td>
<td>4 025 000</td>
<td>10.3%</td>
</tr>
<tr>
<td>Ferry operators</td>
<td>5 800</td>
<td>134 500</td>
<td>4.3%</td>
</tr>
<tr>
<td>Total</td>
<td>669 300</td>
<td>8 974 100</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

As at end July 2013, the Government's reimbursement of revenue forgone to public transport operators under the Scheme was as follows:

<table>
<thead>
<tr>
<th>Public Transport Operators</th>
<th>Amount $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTR Corporation Limited</td>
<td>108,113</td>
</tr>
<tr>
<td>Franchised bus operators</td>
<td>190,946</td>
</tr>
<tr>
<td>Ferry operators</td>
<td>4,333</td>
</tr>
<tr>
<td>Total</td>
<td>303,392</td>
</tr>
</tbody>
</table>

The Scheme was launched on different transport modes in phases in 2012-2013. The Scheme was launched on general MTR lines on 28 June 2012. It was then launched on the four franchised bus operators (that is, Kowloon Motor Bus, New World First Bus, CityBus and Long Win Bus) on 5 August in the same year. The Scheme was further launched on the New Lantao Bus and designated ferry services on 3 March 2013. The Government's operating expenditure involved during this period was around $8 million, which mainly included salary and expenses on auditing and transport surveys. As in 2013-2014, the operating expenditure for the Scheme was around $2 million as at end July 2013.

(b) There are currently a total of 122 GMB routes serving public housing estates in various districts in the territory. Details of the names of these public housing estates, the districts they are situated in as well as the GMB routes involved are set out in Annex 1. Apart from GMB, residents of these public housing estates may
travel to other districts by various public transport modes in their vicinities. Separately, there are 30 GMB routes serving different public hospitals in various districts. Details of the names of these hospitals, the districts they are situated in as well as the GMB routes involved are set out in Annex 2. Apart from GMB, passengers may also travel to these hospitals by other public transport modes in their vicinities.

To examine the feasibility of extending the Scheme to cover GMB, the Transport Department (TD) set up a working group with the minibus trade and the first meeting was held in September last year. The TD has since then been exchanging views with the GMB trade through regular trade conferences and informal meetings with the working group members from time to time. The TD has also explained the detailed arrangements and principles of the Scheme to all GMB operators in writing, and gathered relevant data and views for further study.

In addition, the TD has discussed with the Octopus Cards Limited on the technical issues involved. Preliminary findings indicate that the fare collection system of minibuses has to be upgraded to ensure that only $2 will be deducted from the beneficiaries' Octopus; accurate daily patronage and fare records will be obtained; and Personalized Octopus with "Persons with Disabilities Status" can be recognized. As the minibus operators have not installed a computerized centralized ticketing management system at present, the TD has to examine with the Octopus Cards Limited the interface between the fare collection system of minibuses and the Centralized Settlement Platform of the Scheme with a view to facilitating retention and verification of the patronage and fare records as well as calculation of the revenue forgone for each eligible trip that needs to be reimbursed to the concerned operators.

There are at present over 150 GMB operators, involving more than 480 routes and 3,000 vehicles. Many of these operators are small in business scale with different modes of operation and financial positions. We would need to discuss with the operators and the Octopus Cards Limited on ways to tackle various technical,
accounting and auditing issues, and study various aspects including the policies, actual operational details and financial implications, and so on.

(c) We are planning to extend the Scheme to cover severely disabled children aged below 12 receiving Comprehensive Social Security Assistance or Disability Allowance in the second quarter of next year (2014). An inter-departmental working group has been convened by the Labour and Welfare Bureau to study the issue of "allowing people with loss of one limb to apply for Disability Allowance". The study is expected to be completed before the end of next year. Depending on the results of the study, we may then consider the implications to the Scheme.

Regarding the request for lowering the deposit amount and minimum reload value of Personalized Octopus used by the target beneficiaries under the Scheme, we understand that the MTR Corporation Limited is planning to lower the minimum reload value of Personalized Octopus with "Persons with Disabilities Status" to $10. It is now upgrading its computer software and undergoing internal administrative procedures.

Annex 1

Public Housing Estates with GMB Services

<table>
<thead>
<tr>
<th>Region</th>
<th>Public housing estates with GMB services</th>
<th>GMB route</th>
<th>Origin</th>
<th>Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong Island</td>
<td>Fung Wah Estate</td>
<td>43M</td>
<td>Fung Wah Estate</td>
<td>Chai Wan Station</td>
</tr>
<tr>
<td></td>
<td>Hing Man Estate</td>
<td>20M</td>
<td>Hing Man Estate</td>
<td>Chai Wan Industrial City</td>
</tr>
<tr>
<td></td>
<td>Oi Tung Estate</td>
<td>66</td>
<td>Aldrich Bay</td>
<td>Chai Wan (Wan Tsui Road)</td>
</tr>
<tr>
<td></td>
<td>Yiu Tung Estate</td>
<td>50</td>
<td>Yiu Tung Estate</td>
<td>Sai Wan Ho</td>
</tr>
<tr>
<td></td>
<td>Lai Tak Tsuen</td>
<td>21A</td>
<td>Causeway Bay (Lan Fong Road)</td>
<td>Lai Tak Tsuen</td>
</tr>
<tr>
<td>Region</td>
<td>Public housing estates with GMB services</td>
<td>GMB route</td>
<td>Origin</td>
<td>Destination</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------</td>
<td>-----------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Hong Kong Island</td>
<td>Ma Hang Estate</td>
<td>Southern</td>
<td>16M</td>
<td>Chai Wan Station</td>
</tr>
<tr>
<td></td>
<td>Lei Tung Estate</td>
<td></td>
<td></td>
<td>Ma Hang/Chung Hom Kok</td>
</tr>
<tr>
<td></td>
<td>Ap Lei Chau Estate</td>
<td></td>
<td>38</td>
<td>Aberdeen</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Sai On Street)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>39C</td>
<td>Aberdeen</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Ap Lei Chau)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>39M</td>
<td>Tin Hau Station</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Ap Lei Chau)</td>
</tr>
<tr>
<td></td>
<td>Lei Tung Estate/Ap Lei Chau Estate</td>
<td></td>
<td>29</td>
<td>Ap Lei Chau Estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Shum Wan Road Public Transport Terminus</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>29A</td>
<td>Ocean Park (Tai Shue Wan)</td>
</tr>
<tr>
<td></td>
<td>Tin Wan Estate</td>
<td></td>
<td>37</td>
<td>Ap Lei Chau Estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lei Tung Estate/Ap Lei Chau Estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>37A</td>
<td>Lei Tung Estate/Ap Lei Chau Estate</td>
</tr>
<tr>
<td></td>
<td>Shek Pai Wan Estate</td>
<td>Southern</td>
<td>11</td>
<td>Tin Wan Estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Causeway Bay (Jaffe Road)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>31</td>
<td>Causeway Bay (Jaffe Road)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>51</td>
<td>Aberdeen</td>
</tr>
<tr>
<td></td>
<td>Wah Kwai Estate</td>
<td></td>
<td>51A</td>
<td>Wah Kwai Estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tin Wan</td>
</tr>
<tr>
<td></td>
<td>Wah Fu Estate</td>
<td></td>
<td>51S</td>
<td>Wah Kwai Estate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Aberdeen</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>63A</td>
<td>Aberdeen</td>
</tr>
<tr>
<td></td>
<td></td>
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| Total 67 public housing estates | Total 122 GMB routes |
## Annex 2

### Public Hospitals with GMB Services

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<td>15</td>
<td>Hong Sing</td>
<td>Hang Hau</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15A</td>
<td>Verbena Heights</td>
<td>Hang Hau</td>
</tr>
<tr>
<td></td>
<td></td>
<td>108A</td>
<td>Choi Ming Public Transport Interchange</td>
<td>Hang Hau (North)</td>
</tr>
<tr>
<td>Haven of Hope Hospital</td>
<td>Yuen Long</td>
<td>107</td>
<td>Haven of Hope Hospital</td>
<td>Po Lam Public Transport Interchange</td>
</tr>
<tr>
<td>Pok Oi Hospital</td>
<td></td>
<td>609</td>
<td>Yuen Long (On Hong Road)</td>
<td>Pok Oi Hospital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>77A</td>
<td>Tin Shui Wai North (Grandeur Terrace)</td>
<td>Pok Oi Hospital</td>
</tr>
<tr>
<td>Kwai Chung Hospital</td>
<td>Kwai Tsing</td>
<td>90A</td>
<td>Mei Foo</td>
<td>Kwai Chung Hospital</td>
</tr>
<tr>
<td>Princess Margaret Hospital</td>
<td>Tsuen Wan (Tso Kung Street)</td>
<td>313</td>
<td>Tsuen Wan (Tso Kung Street)</td>
<td>Princess Margaret Hospital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>90P</td>
<td>Mei Foo</td>
<td>Princess Margaret Hospital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>407</td>
<td>Cheung Wang</td>
<td>Princess Margaret Hospital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>407A</td>
<td>Kwai Fong Station (Hing Ning Road)</td>
<td>Princess Margaret Hospital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>410</td>
<td>Princess Margaret Hospital</td>
<td>Northeast Kwai Chung</td>
</tr>
</tbody>
</table>

Total 13 hospitals

Total 30 GMB routes
Award of Bonuses to Staff by Government Departments and Quasi-government Bodies

14. MR CHEUNG KWOK-CHE (in Chinese): President, it has been reported that the Hong Kong Examinations and Assessment Authority (HKEAA) awarded performance-based incentives (bonuses), amounting to $7 million in total, to nearly 400 staff members twice in the past 12 months, breaking the records in recent years in terms of the amount and number of staff members involved, which has aroused public concern. Meanwhile, the Government provided a grant of about $90 million as funding support to HKEAA in 2010 as HKEAA then forecast a huge deficit because of a significant drop in the number of candidates sitting for the Hong Kong Certificate of Education Examination (HKCEE) in 2011 and the Hong Kong Advanced Level Examination (HKALE) in 2013, which would be held for the last time. Yet, HKEAA recorded surpluses amounting to tens of million dollars both in 2011 and 2012. In this connection, will the Government inform this Council whether it knows:

(a) the staff establishment and pay scale for staff of HKEAA; the respective percentages of the amount of bonuses awarded by HKEAA to its staff members in each of the past five years in the total expenditure for that year, as well as the number of staff members who were granted the bonuses;

(b) the criteria adopted by HKEAA for deciding to award bonuses to its staff; whether the Human Resources Committee of HKEAA had discussed and made recommendations on the award of bonuses; whether the authorities will consider requesting HKEAA to reduce or waive the examination fees for local candidates, or reducing the Government's funding support to HKEAA, so as to make better use of the surpluses of HKEAA; if they will, of the details; if not, the reasons for that; and

(c) the current number and names of government departments and quasi-government bodies which have set up staff bonus schemes?

SECRETARY FOR EDUCATION (in Chinese): President, my reply to the questions raised by Mr CHEUNG Kwok-che is as follows:
(a) and (b)

The HKEAA was set up in 1977 under the Hong Kong Examinations and Assessment Authority Ordinance (HKEAAO) (Cap. 261). It is an independent statutory body. Its major function is to administer public examinations to cater for the needs of the local education system and society and assist in conducting professional and international examinations. According to section 9 of the HKEAAO, the resources of the HKEAA consist of the fees paid by candidates sitting the public examinations or taking other examinations or assessments conducted by the HKEAA, payments received for services rendered by the HKEAA, subsidies provided by the Government to assist towards the cost of conducting public examinations, and so on. The income of HKEAA is mainly derived from examination fees, followed by the sale of publications and provision of assessment services for individuals and organizations.

The pay structure of the HKEAA has been delinked from the Civil Service and its pay level is determined with reference to that of the market without housing and education allowances, automatic annual salary increment, and so on. In order to maintain a competitive pay structure, the HKEAA has implemented a performance-based variable component for the salary adjustment (that is, performance-based incentive scheme) since 2009. Employees with outstanding performance are awarded an incentive based on the results of their performance appraisals.

Currently, HKEAA has around 400 full-time staff. The establishment of the HKEAA can largely be classified as the management grade, manager grade, professional/supervisory grade and general/support grade. The relevant remuneration and benefits are set based on these establishment grades.

The HKEAA Council, Human Resources Committee and Finance Committee review the expenditure on staff remuneration annually. Based on the overall performance and financial status of HKEAA, the HKEAA Council makes decision on the need for salary adjustment and award of incentives, and determines the level of adjustment and the ceiling of such expenses. The Council
comprises members from the academic sector and the business sector, as well as representatives of the Government.

The award of a "special one-off performance-based incentive" in 2012-2013 by the HKEAA was a one-off special arrangement. Due to the change of academic structure, HKEAA had to administer the first Hong Kong Diploma of Secondary Education (HKDSE) Examination and the final HKALE concurrently in 2012. The workload increased substantially. The increasing trend in staff turnover since 2011 which would very likely affect the operation of these two public examinations became a concern. To ensure that an adequate number of experienced staff would be available to implement the two large-scale public examinations, the HKEAA Council endorsed in principle in 2011 the establishment of a "special one-off performance-based incentive" to boost staff morale.

Upon the completion of the public examinations in 2012, the HKEAA Council, after reviewing the overall performance and financial status of the HKEAA in August, approved the award of a "special one-off performance-based incentive" to staff with satisfactory performance. The incentive was paid in two installments in November 2012 and April 2013.

The total amounts of "performance-based incentive" awarded and the number of awardees in the past five years are shown below:

<table>
<thead>
<tr>
<th>Year of Award</th>
<th>Total Amount of Performance-based Incentive (As a % of Total Expenditure)</th>
<th>Number of Awardees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2009</td>
<td>$0.50 million (0.1%)</td>
<td>23</td>
</tr>
<tr>
<td>2009-2010</td>
<td>$0.43 million (0.1%)</td>
<td>24</td>
</tr>
<tr>
<td>2010-2011</td>
<td>$0.94 million (0.2%)</td>
<td>38</td>
</tr>
<tr>
<td>2011-2012</td>
<td>$1.92 million (0.4%)</td>
<td>155</td>
</tr>
<tr>
<td>2012-2013</td>
<td>$7 million (1.3%) (This is a one-off Special Performance-based Incentive)</td>
<td>410</td>
</tr>
</tbody>
</table>

The HKEAA reviews the examination fees of HKDSE Examination annually. The Government has approved the freeze of the examination fees for the 2014 HKDSE Examination, which was
published in the gazette on 16 May 2013. The Government will continue to take into consideration different factors such as inflation, the economic conditions of Hong Kong and the financial status of the HKEAA when vetting proposals for examination fees from the HKEAA in the coming years. With regard to the grant to the HKEAA for conducting the 2011 HKCEE and 2013 HKALE for private candidates to cover the deficit for conducting the two examinations, it is granted to the HKEAA on a reimbursement basis. The grant is provided to the HKEAA for meeting the actual deficit incurred in the two examinations after deducting the surplus generated from the 2012 HKALE. It is not affected by the overall surplus of the HKEAA. The Government has all along provided non-recurrent grants to the HKEAA for launching initiatives relevant to public examinations where justified. Not only can this practice lower the cost of running the public examinations and maintaining at a level affordable by the public, but it can also ensure the income from the examination fees are largely sufficient to cover the recurrent expenses of the HKEAA.

(c) There is no such bonus scheme as mentioned in the question or the like in the salaries and conditions of service for civil service appointments. As for the non-departmental public bodies, we understand that some of them will base on the performance of the staff in determining the payment and adjustment of salary, but we do not have the detailed information on the salary structure and adjustment mechanism of these organizations.

Leakage of Leachate from Landfills

15. **MR JAMES TIEN** (in Chinese): President, at the special meeting of the Panel on Environmental Affairs of this Council held on 17 September this year, in respect of the leakage problem of the leachate storage lagoons (the lagoon) at the North East New Territories (NENT) Landfill in Ta Kwu Ling, the authorities reported that since 2 September, there had been no recurrence of the pollutant levels in the water of the Kong Yiu Channel (the Channel) in the vicinity of the Landfill exceeding the prescribed threshold. It has been reported that the media collected water samples from the Channel at four locations on the following day for laboratory tests, and results of such tests revealed that the level of ammonia
nitrogen, a parameter for measuring the level of pollution, in the samples had seriously exceeded the prescribed threshold, with the sample collected from the location closest to the Landfill exceeding the prescribed threshold by as much as 61 times. In this connection, will the Government inform this Council:

(a) why the authorities have all along failed to give a clear account of the pollution situation in the Channel and in the nearby rivers and groundwater;

(b) as the Deputy Director of Environmental Protection had told the media after the aforesaid meeting that on the basis of visual inspections, the authorities judged that there was no further discharge of leachate from the lagoon, whether the authorities have assessed if visual inspections could be used in place of taking samples for laboratory tests as the basis for judging if there is any leachate discharge; and whether they have assessed if the adoption of visual inspections is casual and unprofessional; if they have, of the assessment results; if not, the reasons for that;

(c) of the respective data or methods that the authorities have employed in judging that the leakage problem of the lagoon at the NENT Landfill has already been solved, and in judging if there is leakage of leachate from the other two landfills in Hong Kong;

(d) given that the Secretary for the Environment had said that a more stringent water quality objective in the contracts of the landfill contractors, which was 10 times more stringent than legal requirements, had been adopted in testing the water samples collected by the media and the water pollution level as shown in the samples had therefore exceeded the prescribed threshold, why the authorities have adopted a less stringent water quality objective in assessing the pollution level in the Channel, and whether that objective is different from those adopted by other advanced cities; if there is a difference, of the details; and

(e) whether the authorities will conduct further studies to more effectively monitor and prevent leakage of leachate from the three landfills?
SECRETARY FOR THE ENVIRONMENT (in Chinese): President, our reply to the question raised by Mr James TIEN is as follows:

(a) Regarding the incident of leakage from one of the lagoon at the NENT Landfill in late July 2013, the Environmental Protection Department (EPD) has, as explained at the meeting of the Legislative Council Panel on Environmental Affairs (the Panel) on 17 September 2013, closely monitored the situation subsequently. It has also informed the Panel that the samples of effluent discharge taken on 7 August 2013, 23 August 2013, 30 August 2013 and 2 September 2013 have exceeded the statutory limits. As such, the EPD is considering taking legal action under the Water Pollution Control Ordinance.

The Channel affected in the incident is a man-made open channel draining into the Shenzhen River. We understand that no villagers in the vicinity extract water from the Channel for potable use. And there is no ecological sensitive site in the channel. As the affected water has not overflowed onto the banks of the man-made channel, the EPD believes that the incident has no ecological impact to the surroundings of the Channel. The EPD has already collected water samples from the downstream of the Shenzhen River and the Deep Bay for laboratory tests. The data show that the incident has no significant impact on the downstream water environment.

(b) and (c)

Since the incident in late July 2013, the EPD has stepped up its monitoring of the discharge in the NENT Landfill, including inspection of the landfill and its vicinity at different times to check any anomalies. When discharge of polluting matter or substandard discharge was suspected from the NENT Landfill, the EPD enforcement staff collected samples of effluent and obtained further evidence on the site right away. In response to Members' views raised at the Legislative Council Panel meeting on 17 September 2013, the EPD has continued to collect samples of any discharge and monitor the situation closely. The EPD has also stepped up the
inspection and monitoring of the other two landfills (that is, the West New Territories (WENT) Landfill and the South East New Territories (SENT) Landfill), and found no leakage of leachate from these sites.

(d) The Technical Memorandum drawn up under the Water Pollution Control Ordinance has clearly and systematically prescribed applicable effluent discharge standards for local inland and coastal waters. For the assessment of pollution level of the Channel, the discharge standards of "Group B Inland Waters" under the Technical Memorandum are applicable to the Channel since the Channel is a man-made, concrete lined open channel instead of a natural stream and there are only a few farms located along the watercourse; and there are no fish ponds nor extraction for potable use. The relevant statutory discharge standards are similar to those of other advanced countries, so the allegation that the authorities have adopted lower standards to assess the effluent discharge is not true.

(e) After this incident of leakage of leachate at a landfill, the first of its kind, the EPD has, in conjunction with the landfill contractor and the independent consultants, conducted a thorough inspection of other lagoons in the NENT Landfill as well as the relevant facilities of the remaining two landfills (that is, WENT and SENT Landfills) to confirm their operation in normal conditions.

At the EPD's request, the landfill contractor has submitted a report on the incident. The report touches on the causes of the incident, measures taken during the incident, medium and long-term measures to improve the management of leachate on site and to prevent recurrence of similar incidents. The EPD and the independent consultants will study the report thoroughly and discuss with the landfill contractor enhancement measures with a view to effectively monitoring the normal operation of the landfill and the relevant facilities (such as lagoons).
Implementation of Five-day Work Week

16. **MR KWOK WAI-KEUNG** (in Chinese): President, to alleviate the work pressure on staff members and to enhance the quality of their family life, the Government has implemented the five-day work week in government departments by phases since 2006. It also promotes the idea of the five-day work week in society and encourages public and private organizations to follow the practice. In this connection, will the Government inform this Council:

(a) of the names of the government departments in which the five-day work week has been fully implemented and the total number of employees of such departments;

(b) of the number of staff members working in the bureaux/government departments (including civil servants, non-civil service contract (NCSC) staff, staff employed by contractors for outsourced services, and staff employed by intermediaries) who do not work under the five-day work week mode at present, and the percentage of this number in the total number of staff, with a breakdown by upper, middle and lower salary bands in the Master Pay Scale or comparable salary bands;

(c) whether the Government has collected data on the implementation of the five-day work week in public organizations; if it has, of the respective numbers and percentages of the employees of public organizations who work under the five-day work week and those under other work modes, with a breakdown by their ranks;

(d) whether the Government has collected data on the implementation of the five-day work week in the private sector; if it has, of the respective numbers and percentages of the employees in the private sector who work under the five-day work week and those under other work modes, with a breakdown by industry; and

(e) as it has been nearly seven years since it launched the five-day work week, whether the Government will set a schedule for full implementation of the five-day work week in government
departments, set a target on the proportion of public and private organizations implementing the five-day work week, as well as promote wider implementation of the five-day work week?

SECRETARY FOR THE CIVIL SERVICE (in Chinese): President, the Administration has implemented the five-day week initiative in the Government since 2006 with the objective of improving the quality of civil servants' family life without affecting the overall level and efficiency of public services or incurring additional costs to the taxpayer. Under these parameters, bureaux and departments (B/Ds) have to abide by four basic principles in the implementation of the initiative, namely no additional staffing resources, no reduction in the conditioned hours of service of staff, no reduction in emergency services, and continued provision of essential counter services on Saturdays/Sundays. Five-day week work pattern includes working on a "Monday-to-Friday basis", or a "five days on, two days off roster in every seven days", or "fewer than five days/shifts in every seven days".

With respect to parts (a) and (b) of the question, the Civil Service Bureau conducts biennial surveys on the implementation of five-day week in B/Ds. According to the results of the last survey, around 106 800\(^{(1)}\) civil servants (that is, around 70.5% of the then prevailing civil service strength) distributed in all B/Ds were working on a five-day week work pattern as at 30 September 2012.

Concerning NCSC staff, their hours and days of work are determined by the B/Ds employing them in accordance with operational circumstances and requirements. The Civil Service Bureau already issued a set of guidelines to B/Ds in 2006, stating that B/Ds should extend the five-day week initiative to NCSC staff wherever practicable and appropriate, subject to the aforesaid four principles. According to the abovementioned survey, as at 30 September 2012, about 9 100 full-time NCSC staff (that is, around 69% of the total number of full-time NCSC staff at that time) were working on a five-day week work pattern.

Whether or not five-day week could be implemented is subject to the job nature, operational needs, and so on, of different government departments and

\(^{(1)}\) The figures did not include civil servants working in government schools, the Judiciary, the Independent Commission Against Corruption, the Hospital Authority, the Vocational Training Council and the Hong Kong Monetary Authority, and so on.
posts, and not pay. As such, the Administration does not have the breakdown of the number of staff on five-day week and non-five day week work patterns by pay scale and we are therefore unable to provide such information.

We do not have information on the number of working days per week for staff employed by government contractors or employment agencies.

As regards parts (c) and (d) of the question, the Administration has not conducted any survey or study specifically on the implementation of a five-day week work pattern in government-funded public organizations and the private sector. However, the Census and Statistics Department conducted in 2008 a special topic enquiry on "Patterns of hours of work of employees" in respect of the non-government sector (including private sector entities, subvented organizations and statutory bodies). According to the findings, of the 2,558,800 persons working in the non-government sector who were contractually required to work a fixed number of days per week for their employers, some 849,100 (that is, around 33%) were required to work five days or less per week.

With respect to part (e) of the question, we will continue to actively encourage B/Ds to explore possible ways to migrate more staff to five-day week, subject to the four basic principles stated above and after staff consultation. We will also continue to encourage them to arrange staff to work in five-day week posts by rotation where practicable and appropriate. In fact, individual departments have continued to implement five-day week pilot schemes.

Government-funded public organizations operate independently according to their respective service nature, management structure and established protocol. These organizations and private sector entities can autonomously decide whether to implement five-day week having regard to their respective operational arrangements, clients' needs, staff views, and so on. As one of the facilitators of family-friendly employment practices, the Labour Department has all along publicized the message of family-friendly employment practices including a five-day week work pattern to employers, human resources personnel and the general public through various publicity channels and promotional activities. Employers are also encouraged to adopt work arrangements that can meet the needs of both the operation of the organizations and the employees, having regard to the characteristics of their organizations such as their scale, resources and culture, and so on.
Coverage of Insurance Taken Out for Aided Schools

17. **MR LEUNG KWOK-HUNG** (in Chinese): President, I have received complaints from members of the public alleging that the coverage of the Block Insurance Policy (BIP) taken out by the Education Bureau for aided schools is not comprehensive, resulting in inadequate protection for the students concerned. In this connection, will the Government inform this Council:

   (a) of the number of claims made under BIP by students of aided schools, the number of cases in which compensation was awarded and the amounts of compensation involved, in the past five years;

   (b) given that BIP provides compensation only in respect of permanent disablement or accidental death of students taking part in school activities, whether the Government will review if the coverage of BIP should be extended to include accidental injuries sustained by students taking part in school activities; if so, when it will conduct such a review; if not, the reasons for that; and

   (c) given that compensation claims involving minors suffering from accidental injuries must be initiated by their guardians ad litem (such as their fathers or mothers) on their behalf, and the minors concerned must be represented by lawyers during legal proceedings, with the result that families with financial difficulties but ineligible for legal aid may give up due to the huge legal costs involved, whether the Government has assessed if this is fair to these families?

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

The BIP taken out by the Government for aided schools is to offer appropriate protection for their daily operation. The BIP comprises three parts, namely the Employees' Compensation Insurance, Public Liability Insurance and Group Personal Accident Insurance. Among these, the Public Liability Insurance is a kind of liability insurance to protect schools against financial losses arising out of their actions which result in accidental injury to any person (including students); and/or accidental loss of or damage to any property in the daily operation of the schools. As for the Group Personal Accident Insurance, it is a financial consolation to students who suffer from accidental death or
permanent disablement while participating in any school activities. It is a kind of additional protection for students.

(a) As a general practice, in cases where students suffer from accidental injury or death while participating in any school activities, schools will report them to the insurers under the Public Liability Insurance and Group Personal Accident Insurance parts of the BIP.

Students, parents, staff, visitors or the public are among those entitled to the Public Liability claims. The insurers have not maintained a breakdown of claimants or compensation awardees. Hence, the Education Bureau does not have any data on Public Liability claims made by students nor the number of cases where compensation was awarded.

As regards cases of the Group Personal Accident Insurance, indemnity is given to students only when they suffer from accidental death or permanent disablement while participating in school activities. The number of indemnified cases is rather low. This reflects that schools have made good effort to take necessary precautions when organizing activities for students in order to safeguard their personal safety. The numbers of Group Personal Accident cases reported by schools and indemnified cases involved in the past five years are set out below:

<table>
<thead>
<tr>
<th>School Year</th>
<th>Group Personal Accident cases reported&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Indemnified cases&lt;sup&gt;(2)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2009</td>
<td>719</td>
<td>0</td>
</tr>
<tr>
<td>2009-2010</td>
<td>902</td>
<td>4</td>
</tr>
<tr>
<td>2010-2011</td>
<td>311</td>
<td>1</td>
</tr>
<tr>
<td>2011-2012</td>
<td>553</td>
<td>0</td>
</tr>
<tr>
<td>2012-2013</td>
<td>503</td>
<td>1</td>
</tr>
</tbody>
</table>

Notes:

(1) Those are cases reported to the insurers by schools for record purposes after an accident happened to a student at school. They should not be perceived as claims made by students nor are cases where students suffer from accidental death or permanent disablement while participating in school activities.

(2) The amount of indemnity is related to the business operation of the insurers who are not to disclose the details.
(b) The indemnity under the Group Personal Accident Insurance of the BIP is for consolation purpose, not a comprehensive personal insurance for students. If students suffer from accidental injury while participating in school activities, where a school's negligence is established, the injured students may make claims under the Public Liability Insurance.

In line with the principles of effective use of public money and prudent financial management, we have made proper use of resources and provided schools with the BIP in order to offer appropriate protection for their daily operation. The Education Bureau has announced through circulars to schools, brief explanations on the webpage and other channels that the Group Personal Accident Insurance under the BIP should not be perceived as a comprehensive personal insurance coverage for students. Parents who wish to arrange a comprehensive personal insurance coverage for their children such as life insurance, personal accident insurance, medical insurance, critical illness insurance, and so on, may acquire it separately at their own costs from any insurance company.

(c) The policy objective of legal aid is to ensure that no one with reasonable grounds for pursuing or defending a legal action is denied access to justice because of a lack of means.

The Legal Aid Department (LAD) provides legal representation to eligible applicants for civil and criminal proceedings in the District Court or higher courts in Hong Kong. To qualify for legal aid, a person has to satisfy the means and merits test as provided by the Legal Aid Ordinance (LAO). According to the "means test", the financial resources (that is, the sum total of yearly disposable income and disposable capital) of an applicant should not exceed the statutory financial eligibility limit. Legal aid application from a minor should be made through an adult such as his father or mother. As to the means test, only the financial resources of the minor will be taken into account and the financial resources of an adult applying on behalf of a minor will be disregarded.
To ensure that only those cases with reasonable grounds for taking the proceedings are granted legal aid, all legal aid applications are processed by legal aid counsel of the LAD. In assessing the merits of an application, the LAD will consider the background 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. An applicant for legal aid or an aided person who is aggrieved by any order or decision of the Director of Legal Aid made under the LAO may appeal to the Registrar of the High Court according to section 26 of the LAO. In accordance with section 26(4) of the LAO, the decision of the Registrar on that appeal is final.

Healthcare Services Provided for Residents in Kowloon East

18. MR WU CHI-WAI (in Chinese): President, according to a paper submitted by the Government to this Council in July this year, the Government plans to build a major acute hospital in the Kai Tak Development (KTD) Area and will review the positioning of Our Lady of Maryknoll Hospital (OLMH) in Wong Tai Sin for drawing up its redevelopment plan. Besides, it is learnt that while the Government has earlier earmarked lands for building clinics at the site on Anderson Road for public housing development and in Yau Tong, the relevant plans are not yet finalized and the Government has recently considered re-designating the clinic site in Yau Tong for public housing use. In this connection, will the Government inform this Council:

(a) of the progress in planning for the proposed hospital to be built in the KTD Area, and the expected dates for finalization of the relevant planning and submission of the funding proposals to this Council;

(b) whether the review of the positioning of OLMH has commenced and when its redevelopment plan is expected to be finalized; of the authorities’ plans to improve OLMH’s services before its redevelopment is completed;

(c) of the number of land lots earmarked for building public hospitals or clinics in the past 10 years, and the number of those lots on which the related healthcare facilities have been built, with a breakdown by
(i) the location of the lot, (ii) the date on which the lot was earmarked for healthcare facilities, (iii) the type of facility, (iv) site area, and (v) the current situation of the lot (such as whether the land use had been changed, or hospitals/clinics have been built on the land, and so on);

(d) whether the authorities have commenced the planning work for building the clinic at Anderson Road; if so, of the details and when the construction works are expected to commence; if not, when the relevant planning work is expected to commence; and

(e) given that the population in Kowloon East and the KTD Area has been increasing, of the measures to be taken by the authorities next year for improving the out-patient and other healthcare services in the area?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, as the cornerstone of Hong Kong's healthcare system and the safety net for all, the public healthcare system ensures that no one would be denied healthcare service because of lack of means. At present, the Department of Health (DH) and the Hospital Authority (HA) provide holistic public healthcare services in Kowloon East region (including Wong Tai Sin district and Kwun Tong district). The DH operates six maternal and child health centres, one woman health centre, one child assessment centre, three student health service centres, two elderly health centres, one school dental clinic, two chest clinics, one radiodiagnostic and imaging centre, one skin clinic, one social hygiene clinic, four methadone clinics, an education and training centre in family medicine, as well as Kowloon Bay Integrated Treatment Centre and Red Ribbon Centre under the Special Preventive Programme. The HA operates four hospitals and 11 general out-patient (GOP) clinics in Kowloon East.

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

(a) The HA has a proactive plan to build a new acute general hospital in the KTD Area to provide clinical services of major specialists, including accident and emergency services. We have already reserved a site in the KTD Area for this purpose. The HA is
conducting the relevant strategic planning, taking into consideration various factors, among others, the pace of population growth and ageing in the district, changes in service mode, advancement in medical technology and new development in medical services, so as to provide medical services which can better meet the long-term service demand in the area. It is expected that service planning and technical feasibility study will be completed next year. We will seek funding approval in accordance with the established procedures, with a view to implementing the development plan for the construction of the Kai Tak Hospital as soon as possible.

(b) The HA is reviewing and assessing the overall demand for and supply of healthcare services in Kowloon for related planning work to meet the healthcare service needs in the long run. The review includes evaluating and assessing the role and long-term development directions of OLMH. The HA expects that the review and planning work will be completed in mid-2014. By then, the HA will formulate the redevelopment plan of the OLMH according to its long-term development directions so as to ensure provision of appropriate medical services for the local community.

To ensure that the OLMH provides a safe and comfortable environment as well as quality healthcare services for patients, the HA has been allocating resources to upgrade its facilities and equipment. As regards hospital facilities, the HA has used about $32 million from 2010 to 2013 to enhance the facilities of the OLMH. The works carried out include improvement of the mechanical ventilation and air conditioning system in operating theatres, replacement of the automatic fire alarm system, and so on. As for clinical services, the HA has provided an additional recurrent expenditure of $50 million (excluding annual pay adjustment) to the OLMH since 2009-2010 for improvement and enhancement of day surgery service, GOP service, discharged support for elders, community care service, hospice service and community outreach service for the elderly in Wong Tai Sin District, and so on. In addition, a computed tomography scanner has been installed in the OLMH to provide more appropriate services for the local residents.
(c) Over the years, the Administration has been planning and reserving suitable sites for hospitals and clinics to support the development of Hong Kong. Many of these facilities have been completed and commissioned.

In accordance with the Hong Kong Planning Standards and Guidelines, in planning for new development areas, the Administration reserve sites for community facilities such as hospitals/clinics/health centres having regard to the planned population to meet the community needs in the long run. GOP clinics and health centres provided under the "Government, Institution or Community" sites can be developed on a standalone basis or together with other community facilities as joint-user buildings.

In planning for the provision of public healthcare services, the Administration takes into account a number of factors including the projected service demand for healthcare services vis-a-vis population growth and demographic changes, the growth rate of individual services, possible changes in healthcare services delivery model, and so on. After assessing such factors, if a district has a pressing need for strengthening the provision of public healthcare services but no site has yet been reserved for the purpose, the Administration will consider developing the public healthcare service facilities jointly with other community facilities to meet local demand. Where appropriate, after conducting detailed assessments of the public healthcare facilities in the district, the Administration may also consider releasing site(s) reserved for healthcare purposes to other government departments to address prevailing demands of the community.

As the planning of public healthcare services varies in accordance with a number of dynamic factors, the Administration will continue to monitor closely the needs for such services, with a view to providing adequate healthcare services for the general public.
With the commencement of the Developments at Anderson Road and the Anderson Road Quarry, the Government has taken steps to increase the public healthcare services in the Kowloon East region. Under the redevelopment of Kwun Tong town centre, the DH and HA have increased the operational floor area of the maternal and child health centre and the GOP clinic in reprovisioning the Kwun Tong Jockey Club Health Centre so as to cope with the increased population.

In addition, Phase II of the Ngau Tau Kok Jockey Club GOP Clinic project is underway to increase the service capacity and the project is expected to complete in 2014-2015. Through recruiting additional staff, the HA has increased the consultation capacity of the GOP clinics under the Kowloon East cluster by about 65,000 in 2012-2013.

Since a large number of GOP clinics in Kwun Tong are located along the Mass Transit Railway alignment and can be easily accessed by different modes of public transport, it will be more speedy and cost-effective to enhance service provision by carrying out expansion and improvement works in these clinics. As such, we do not have any plan to set up new GOP clinic in Yau Tong and Anderson Road areas at this stage.

Apart from enhancing GOP services, the HA will also strengthen the services provided by the Kowloon East and the Kowloon Central hospital clusters in the coming year so as to cope with the demand for healthcare services of Kowloon East region and the KTD Area.

As far as the Kowloon East cluster is concerned, the completion of Tseung Kwan O Hospital New Ambulatory Block and related medical facilities in 2012 will enhance the medical service provision in the coming years. In 2013-2014, around 100 additional beds will be provided in Tseung Kwan O Hospital and Haven of Hope Hospital to enhance in-patient service. Besides, the management of the waiting lists of specialist out-patient clinics will be improved by setting up a new case clinic and conducting additional doctor
sessions to expedite the processing of new cases. The HA will implement extended-hour emergency Percutaneous Coronary Intervention services in United Christian Hospital and expand the capacity of ambulatory chemotherapy service and haemodialysis service for patients with heart disease, cancer and end-stage renal disease. Mental health services will also be strengthened. Community care will be enhanced by providing case management service for patients with severe mental illness living in the Sai Kung District. Recovery oriented treatment programmes will be provided in psychiatric admission wards. In addition, an autologous haemopoietic stem cell transplant (HSCT) centre will be set up in the Kowloon East cluster to expedite HSCT services provided for patients requiring bone marrow transplant.

Services of various departments under the Kowloon Central cluster will also be strengthened. An acute stroke ward will be opened in Queen Elizabeth Hospital and the 24-hour thrombolytic service will be further consolidated to improve management of patients with acute ischaemic stroke. The waiting time for emergency operation and cancer surgery will be shortened through additional operating theatre sessions. Neonatal and paediatric surgery will be reinforced through the provision of 24-hour on-site consultation and emergency surgical support. One additional intensive care bed will be provided to enhance the management of critically ill patients. Facilities of psychiatric admission wards will be improved and recovery oriented treatment programmes will be implemented to enhance the provision of mental health services. Moreover, the Hong Kong Eye Hospital will improve the Eye Tissue Bank services and enhance the anti-vascular endothelial growth factor treatment provided for new age-related macular degeneration cases.

Open Fare System for Light Rail

19. MISS ALICE MAK (in Chinese): President, quite a number of residents in Tuen Mun and Yuen Long have relayed to me that the entry and exit processors of the Light Rail (LR) have all along been equipped with small black-and-white screens only, making it difficult for the passengers to read clearly the information thereon. Moreover, during peak hours or when the stops are crowded,
passengers often cannot be sure whether the entry processors have sounded a confirmation tone after they have held their Octopus cards against the entry processors when entering the stops due to the noisy environment, resulting in non-payment of fares unknowingly. Upon ticket inspection by staff of the MTR Corporation Limited (MTRCL), these passengers are subject to the payment of a surcharge of $290 for failing to produce a valid ticket. In this connection, will the Government inform this Council:

(a) whether it knows, in each of the past three years, (i) the number of LR passengers who were required to pay surcharges, (ii) the number of those who were required to pay such surcharges more than once within one year, (iii) the number of passengers who lodged appeals with the MTRCL to request for the exercise of discretion in the handling of their cases and, among them, (iv) the number of those who were exempted from the payment of such surcharges;

(b) whether it knows, in each of the past three years, the fare evasion rate of LR, and the number of passengers who were prosecuted for refusing to pay the surcharges;

(c) whether it knows if the MTRCL has plans to improve the fare system for LR (for example, installing on the platforms entry and exit processors with larger screens to facilitate the elderly, as well as developing a mobile application which can be used for fare payment); if the MTRCL has such plans, of the implementation timetable and details; if not, the reasons for that;

(d) whether it knows if the MTRCL will consider improving the relevant facilities in LR stops (for example, installing closed-circuit television systems on the platforms or near the entry processors) for the purpose of ascertaining if the passengers allegedly evaded fare have failed to pay their fares unknowingly; and

(e) given that some people in the community have pointed out that, over the years, the open fare system for LR has caused passengers to easily forget to pay their fares and incur surcharges as a result, hence exerting psychological pressure on passengers, whether the authorities and the MTRCL will review afresh the design of the open fare system?
SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, at present, the LR system is the major mode of transport in the Northwest New Territories, providing a convenient and reliable transport service for the residents of Tuen Mun, Yuen Long and Tin Shui Wai. In 2012, the LR carried a total of 167 million passengers.

The LR adopts an open fare system which is well suited to the geographical environment of stops along its alignment. Due to geographical constraints within the districts, most LR platforms are around 3 m to 5 m wide and 40 m long, resulting in the difficulty in installing entry/exit gates. The open fare system design brings convenience to the boarding and alighting of passengers and accelerates passenger flow.

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

(a) and (b)

In the past three years, the total number of cases of passengers with Octopus cards inspected on the LR system amounted to 1.54 million per year on average. Among them, around 5 700 LR passengers failed to show a valid ticket (Octopus card without an entry record) and were required by the MTRCL to pay a surcharge. This information, together with the number of passengers who filed an appeal to the MTRCL for discretion in handling their cases, the number of passengers with surcharge waived by the MTRCL, and the number of passengers who refused to pay surcharge and were thus prosecuted, and so on, in the past three years are at Annex.

(c) and (d)

The LR Octopus Fare Processor (Processor) is equipped with three different indicators (that is, a light signal, a text display and a sound signal) that simultaneously prompt passengers. If the Octopus card is successfully validated, the entry Processor will produce a "beep" sound, a green light will be shown and a message "Permit to Travel" will be displayed on the screen. If the validation is unsuccessful, a longer and higher frequency "beep" sound will be produced with a red light on and a message "Present Card Again" or "Negative Value, please add value or buy a Ticket" will be displayed on the
screen. This is to indicate that the Octopus card is not successfully validated. Before boarding the LR vehicle, passengers should be able to tell whether his/her Octopus card has been successfully validated by referring to any one of the above three indictors on the Processor.

In fact, the MTRCL has all along carried out a wide range of promotional activities to remind passengers to hold a valid ticket or validate their Octopus cards before boarding a LR vehicle. Passengers are also reminded to pay attention to the indicators on the Processor. Publicity including posting of notices and banners at platforms, announcements at platforms and in the compartments, posting of reminding labels on the Processors and through distribution of promotional leaflets, reminds passengers on how to use the LR service, to validate their Octopus cards when boarding and alighting from the LR vehicle, and so on.

Moreover, passengers can now, while waiting for the LR vehicle at the stop, check their entry and exit information immediately after validating their Octopus cards at the LR system through a free Android smartphone application developed by the Octopus Cards Limited, called "Octocheck". If found not yet validated through the smartphone application, passengers can immediately validate their Octopus cards at the Processor.

The MTRCL has a robust regime for maintenance and regularly inspects the conditions of the Processors at LR stops. It also listens to passengers' feedback. When needed, the MTRCL will replace the spare parts of the Processors to ensure their normal operation.

It has been more than 25 years since the LR commenced service in 1988. Most passengers are already accustomed to the operation mode of the open fare system. The MTRCL opines that the current arrangement can cater to passengers' needs.

(e) In June 2005, before the rail merger, the Kowloon-Canton Railway Corporation (KCRC), then operating the LR, reviewed the LR open fare system as requested by the Subcommittee on Matters Relating to Railways under the Panel on Transport of the Legislative Council
Results show that the design of an open fare system involves less land. As the platforms link directly to pedestrian access or shopping malls, passengers therefore travel on the LR more conveniently without passing through the entry/exit gates. The system can also be extended to other areas as its platforms involve less land, which is also more cost-effective in operation. Given the existing geographical constraints, rebuilding the system would be very difficult. Balancing all the factors, it was considered not suitable to change the existing open fare system design of the LR. The KCRC reported the study results on the open fare system of the LR to the Subcommittee in August 2005 (Ref: CB(1)2222/04-05(01)).

After reviewing the above considerations and conclusions, the MTRCL still considers them applicable nowadays. In fact, the open fare system is widely adopted in many light rail systems in developed countries around the world. Examples include the United States (Los Angeles, Minneapolis of the State of Minnesota), the Netherlands, the United Kingdom (London, Dockland, Sheffield, Croydon), Canada (Toronto), Australia (Melbourne), Germany (Frankfurt, Munich), Hungary, Czech Republic, Austria and Belgium.

Annex

Statistics on LR passengers not validating their Octopus cards for fare payment and are required to pay a surcharge

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of passengers using Octopus cards carried by LR</td>
<td>147 700 000</td>
<td>154 600 000</td>
<td>159 900 000</td>
</tr>
<tr>
<td>Total number of cases with Octopus cards inspected</td>
<td>1 658 000</td>
<td>1 523 000</td>
<td>1 431 000</td>
</tr>
<tr>
<td>Number of LR passengers without a valid ticket (Octopus card without an entry record) and were required by the MTRCL to pay a surcharge</td>
<td>5 534</td>
<td>5 994</td>
<td>5 615</td>
</tr>
<tr>
<td>Year</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Number of cases among which passengers filed an appeal to the MTRCL for discretion in handling their cases</td>
<td>1 686</td>
<td>1 806</td>
<td>1 487</td>
</tr>
<tr>
<td>Number of passengers with surcharge waived by the MTRCL(^{(1)})</td>
<td>1 050</td>
<td>1 191</td>
<td>936</td>
</tr>
<tr>
<td>Number of passengers refused to pay surcharge and were prosecuted</td>
<td>503</td>
<td>421</td>
<td>361</td>
</tr>
</tbody>
</table>

Note:

As some passengers refuse to provide their personal particulars after paying the surcharge, the MTRCL does not have the number of passengers who are required to pay the surcharge more than once within one year.

\(^{(1)}\) There are various reasons for a passenger's surcharge having been waived by the MTRCL. For example, the passenger presents a valid medical document to prove that he/she was physically or mentally unwell at that moment and failed to validate the Octopus card, or valid evidence to prove that he/she is a tourist or travels on the LR for the first time without any knowledge of the system, and so on.

**Award of Bonuses to Staff by Hong Kong Examinations and Assessment Authority**

20. **MR CHAN CHI-CHUEN** (in Chinese): President, the Hong Kong Examinations and Assessment Authority (HKEAA) awarded a total of HK$7 million as performance-based incentives (bonuses) to 90% of its staff in about half a year's time between November 2012 and April 2013. There are comments that the HKEAA has wasted public money and its request for government funding support was unreasonable. In response to the concerns of the community, the HKEAA stated that the bonuses were awarded in order to retain experienced talents. In this connection, will the Government inform this Council:

- (a) whether it can give an account of the dates, reasons and amounts involved each time the HKEAA awarded bonuses to its staff since 2009;
(b) whether it can explain if the HKEAA has imposed a cap on the frequency and amount for awarding such bonuses; if the HKEAA has, of the details; if not, the reasons for that;

(c) whether it can give an account of the annual number and ratio of the HKEAA's staff turnover since 2009, as well as the posts involved;

(d) given that as the HKEAA considered in 2010 that deficits would be incurred in its administration of the Hong Kong Certificate of Education Examination (HKCEE) in 2011 and the Hong Kong Advanced Level Examination (HKALE) in 2013, it had requested the Government to provide it with a one-off funding support amounting to $90.65 million, but the HKEAA subsequently recorded tens of million dollars of surpluses in 2011 and 2012, with the accumulated surpluses reaching $169 million, whether the authorities can explain the reasons for the substantial differences between the estimated and actual income and expenditure in the years concerned; and

(e) whether it can give an account of the ratios and priorities of the HKEAA's various items of expenditure in 2011 and 2012, so as to illustrate if the award of bonuses twice within half a year at an aggregate amount of $7 million was an appropriate arrangement?

SECRETARY FOR EDUCATION (in Chinese): President, my reply to the questions raised by Mr CHAN Chi-chuen is as follows:

The HKEAA was set up in 1977 under the Hong Kong Examinations and Assessment Authority Ordinance (HKEAAO) (Cap. 261). It is an independent statutory body. Its major function is to administer public examinations to cater for the needs of the local education system and society and assist in conducting professional and international examinations. According to section 9 of the HKEAAO, the resources of the HKEAA consist of the fees paid by candidates sitting the public examinations or taking other examinations or assessments conducted by the HKEAA, payments received for services rendered by the HKEAA, subsidies provided by the Government to assist towards the cost of conducting public examinations, and so on. The income of the HKEAA is mainly derived from examination fees, followed by the sale of publications and provision of assessment services for individuals and organizations.
The financial planning of the HKEAA aims at ensuring the validity, reliability and fairness of examinations and assessment services. In 2011-2012, the total expenditure of the HKEAA was about $536.7 million, of which about 44% was on staff costs. Expenses on other examination personnel and administrative and other operating expenses each took up a quarter of the total expenditure. The remaining expenditure was on depreciation.

The pay structure of the HKEAA has been delinked from the Civil Service and its pay level is determined with reference to that of the market without the provision of housing and education allowances, automatic annual salary increment, and so on. In order to maintain a competitive pay structure, the HKEAA has implemented a performance-based variable component for the salary adjustment (that is, "performance-based incentive scheme") since 2009. Employees with outstanding performance are awarded an incentive based on the results of their performance appraisals.

"Performance-based incentive", which is awarded once per year, is part of the remuneration and benefits structure of the HKEAA. It is paid in two instalments to eligible staff. As an incentive to retain staff, the "performance-based incentive" will not be awarded to staff who resign prior to the award date of the incentive.

The HKEAA Council, Human Resources Committee and Finance Committee review the expenditure on staff remuneration annually. Based on the overall performance and financial status of the HKEAA, the HKEAA Council makes decision on the need for salary adjustment and award of incentives, and determines the level of adjustment and the ceiling of such expenses. The Council comprises members from the academic sector and the business sector, as well as representatives of the Government.

The award of a "special one-off performance-based incentive" in 2012-2013 by the HKEAA was a one-off special arrangement. Due to the change of academic structure, the HKEAA had to administer the first Hong Kong Diploma of Secondary Education (HKDSE)
Examination and the final HKALE concurrently in 2012. The workload increased substantially. The increasing trend in staff turnover since 2011 which would very likely affect the operation of these two public examinations became a concern. To ensure that an adequate number of experienced staff would be available to implement the two large-scale public examinations, the HKEAA Council endorsed in principle the establishment of a "special one-off performance-based incentive" to boost staff morale.

Upon the completion of the public examinations in 2012, the HKEAA Council, after reviewing the overall performance and financial status of the HKEAA in August, approved the award of a "special one-off performance-based incentive" to staff with satisfactory performance. The incentive was paid in two instalments in November 2012 and April 2013.

The dates and the total amounts of "performance-based incentive" awarded between 2009-2010 and 2012-2013 are shown below:

<table>
<thead>
<tr>
<th>Year of Award</th>
<th>Date of awarding Performance-based Incentive</th>
<th>Total Amount of Performance-based Incentive (As a % of Total Expenditure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-2010</td>
<td>February and August 2010</td>
<td>$0.43 million (0.1%)</td>
</tr>
<tr>
<td>2010-2011</td>
<td>February and August 2011</td>
<td>$0.94 million (0.2%)</td>
</tr>
<tr>
<td>2011-2012</td>
<td>February and August 2012</td>
<td>$1.92 million (0.4%)</td>
</tr>
<tr>
<td>2012-2013</td>
<td>November 2012 and April 2013</td>
<td>$7 million (1.3%) (This is a one-off &quot;Special Performance-based Incentive&quot;)</td>
</tr>
</tbody>
</table>

(c) The staff turnover rate of the HKEAA between 2009 and 2013 are shown below:

<table>
<thead>
<tr>
<th>Establishment of Staff</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013 (up to 30 September)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Grade</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Manager Grade</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>
(d) Upon the development of the new academic structure, the HKEAA conducted the last HKCEE and HKALE for private candidates in 2011 and 2013 respectively. As the HKEAA projected that there would be huge deficits due to the sharp decrease in the number of candidates sitting for the examinations, it applied for a grant from the Government to avoid the need for the candidates to bear high examination fees. The Finance Committee of the Legislative Council approved the creation of a commitment with the ceiling capped at $90.65 million to cover the deficit for conducting the two examinations. The grant is disbursed to the HKEAA on a reimbursement basis.

With prudent control of cost, the total expenditure for the 2011 HKCEE was less than the estimated amount, and the actual deficit incurred was about $35 million. While the financial account of the 2013 HKALE is being finalized, the HKEAA estimated that the deficit incurred in the 2013 HKALE would be about $37.4 million, and the estimated amount of grant to be disbursed would be around $30 million after offsetting by the surplus from 2012 HKALE as agreed in the grant agreement.

In 2011-2012, the HKEAA recorded a surplus of $63.89 million. It was mainly due to the higher than estimated income from the professional and international examinations.

<table>
<thead>
<tr>
<th>Establishment of Staff</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013 (up to 30 September)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional/Supervisory Grade</td>
<td>11</td>
<td>16</td>
<td>26</td>
<td>20</td>
<td>14</td>
</tr>
<tr>
<td>General/Support Grade</td>
<td>13</td>
<td>18</td>
<td>22</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Total Number</td>
<td>31</td>
<td>43</td>
<td>57</td>
<td>44</td>
<td>34</td>
</tr>
<tr>
<td>Turnover Rate</td>
<td>8.3%</td>
<td>10.9%</td>
<td>13.3%</td>
<td>9.9%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>
Co-location of Boundary Control Facilities for Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link

21. **MR FREDERICK FUNG** (in Chinese): President, the Chief Executive promised in his election manifesto that his government would expeditiously conduct a feasibility study on the implementation and operational model of an arrangement to co-locate immigration and customs facilities for both the Mainland and the Hong Kong Special Administrative Region (co-location arrangements) at the Hong Kong Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). The expected commissioning date of the Hong Kong Section of XRL is just over two years away, but the Government has not yet released any study findings so far. In this connection, will the Government inform this Council:

(a) given that the authorities have indicated that a task force has been set up to study the implementation of the co-location arrangements at the West Kowloon Terminus of XRL, of the latest progress of the study undertaken by the task force as well as the timetable for the completion of the study and the announcement of proposals; of the details of the various feasible models being studied at present and the technical or legal problems involved; whether the scope of the study includes the granting of permission for the law-enforcement agencies of the Mainland to take law-enforcement actions within the territory of Hong Kong; if so, whether it has gauged if Hong Kong people have great concerns about that arrangement and whether the proposals concerned involve amendments to the Basic Law; whether it has considered the proposal to perform immigration clearance for passengers on XRL trains; if it has, of the details; and

(b) whether it has assessed the impacts on XRL's operation, its number of permitted routes and passenger load, and so on, in the event that co-location arrangements cannot be implemented, and of the difference between the actual economic benefits and those in the original projection; whether the authorities have formulated contingency and remedial measures to reduce the losses to be incurred due to the erroneous estimation of the passenger flow and the scale of operation; if they have, of the details; if they have not, the reasons for that?
SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my consolidated reply to the two parts of Mr Frederick FUNG's questions is as follows:

Upon completion, the Hong Kong section of the XRL will provide express rail service between Hong Kong and Guangzhou, and connect to the wider urban metro, regional and national railway lines in the Mainland. Enhancing Hong Kong's connectivity with various parts of the Mainland, the XRL has significant strategic importance and transport functions.

On the national level, the Hong Kong section of the XRL will become part of the national high-speed rail network now being developed at full steam. The train journey time between Hong Kong and the Southern, Central and Northern parts of the Mainland will be greatly shortened, facilitating region-wide and nation-wide travel and promoting the exchange between Hong Kong and the Mainland.

Implementing the "co-location" arrangement at the West Kowloon Terminus of the XRL is very important to the realization of the aforementioned functions. However, as the Government explained to the Legislative Council in the past, the detailed operation of "co-location" involves complex legal and constitutional issues. The Government has been negotiating with the Mainland authorities, and the enforcement issues mentioned by Mr Frederick FUNG also fall within the scope of our examination. The related work is still underway. Once specific agreement has been reached with the Mainland authorities on the customs, immigration and quarantine arrangements for the commissioning of the XRL, we will report to the Legislative Council in a timely manner.

Use of Solar Energy to Generate Electricity

22. MR CHAN HAK-KAN (in Chinese): President, in 2008, the Hong Kong Government and the Shenzhen Municipal Government announced their collaboration in developing the "Shenzhen-Hong Kong Innovation Circle" technology project, with a view to establishing a Solar Energy Research and Industrial Platform together. The Financial Secretary said at that time, "solar energy was a clean and sustainable energy resource. The development of solar energy would help reduce the use of fossil fuels in generating electricity. This would in turn help to reduce air pollution and the effects of global warming." In
2009, the Commissioner for Innovation and Technology advised that the Government would promote and facilitate wider use of solar photovoltaic (PV) and cleaner energy. In this connection, will the Government inform this Council:

(a) of the latest progress of the "Shenzhen-Hong Kong Innovation Circle" technology project;

(b) whether it knows the growth rate of solar power generation as well as the annual output of electricity generated with the use of renewable energy (RE) (including solar energy) by the two power companies in the past five years, and the percentage of such output in the overall electricity output, together with the impact on electricity tariffs;

(c) whether it knows the current output of electricity generated by solar energy in Hong Kong, and the percentage of such output in Hong Kong’s overall electricity output;

(d) whether it knows which solar power generation projects are being undertaken by the two power companies, as well as the details of such projects (including the electricity output, time of generation, maintenance costs and the usage of such electricity power, and so on);

(e) whether it knows the costs of solar power generation at present, and how such costs compare with those of other means of power generation;

(f) whether the Government has set any target for the growth of solar power generation; if it has, of the details; if not, the reasons for that;

(g) apart from providing financial assistance, of the ways in which the Government will help the two power companies increase the use of RE (including solar energy) for electricity generation;

(h) of the government buildings and public facilities currently using solar energy to generate electricity; and
(i) whether the Government has considered installing solar power facilities in formed land not suitable for large building development, vacant Government land (for example, closed landfills) or rooftops of government buildings; if it has, of the details; if not, the reasons for that?

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

(a) According to the Innovation and Technology Commission, the "Research on High Efficiency Amorphous Si Solar Cells by Introducing New Functional Materials", an Research and Development (R&D) project jointly conducted by the Nano and Advanced Materials Institute (NAMI) and DuPont Apollo Limited (DuPont) under the co-operation framework of the Solar Energy Research and Industrial Platform of the "Shenzhen-Hong Kong Innovation Circle", was completed in April 2011. This project aimed to develop new materials and technology for solar cells to enhance the capacity and lifespan of existing products and reduce system cost. DuPont has also developed a 10 kW solar cell demonstration system which was installed at Tseung Kwan O Hospital at DuPont's own cost and commenced operation in March 2012. NAMI and DuPont launched their second R&D project on the "Research on Multi-Junction Silicon-Based Thin Film Solar Cells for Conversion Efficiency Improvement" in January 2013, which is expected to complete in July 2014.

(b) and (c)

In 2012, the total local electricity sale was 43 billion kilowatt-hours (kWh). The estimated total electricity generated from solar PV systems in Hong Kong (including electricity generated from PV facilities not connected to the power grid) was around 2.2 million kWh. According to information collected by the Electrical and Mechanical Services Department (EMSD), in 2012, the installed capacity of PV system in Hong Kong was around 2,210 kW. When compared with 2008, there was a growth of 78% during the four-year period.
The RE electricity generated by Hongkong Electric Company Limited (HKE) in 2008 to 2012 was 0.8 million kWh, 1.1 million kWh, 1.4 million kWh, 1.6 million kWh and 1.9 million kWh respectively. According to CLP Power Hong Kong Limited (CLP)'s records since 2009, the average RE electricity generated by CLP in the past four years was approximately 20 000 kWh per year. The generation of renewable electricity is more costly than traditional electricity generation. However, as renewable electricity only accounts a small percentage of the total electricity generation of the two power companies, its tariff impact is minimal.

(d) HKE's first solar power system at Lamma Power Station was commissioned in July 2010. The system which was erected on the rooftop of the Main Station Building inside Lamma Power Station comprises 5 500 thin-film PV modules of a total capacity of 550 kW and covers a total area of 8 470 sq m. HKE completed the expansion of its solar power system in March this year, which has increased the system's capacity to 1 000 kW. The expanded portion of the system has adopted the more advanced amorphous/microcrystalline silicon tandem junction thin-film PV modules, with better electricity-generating capacity. The solar power system has been connected to the power grid for providing electricity to HKE's customers.

At present, HKE only needs to carry out routine maintenance and cleaning for the solar power system, and the related costs are minimal. As the failure rate of a solar power system is closely related to its years of service, and that HKE's solar power system is quite new, the maintenance costs of the solar panels and inverters may increase over time.

On the other hand, the largest renewable generation plant for CLP in Hong Kong is installed on Town Island to supply electricity to the drug rehabilitation centre. It consists of 672 solar panels and two wind turbines with capacity of up to 200 kW. The first phase (20 kW) was commissioned in January 2010 and the second phase (170 kW) was completed in December 2012. There are also small-scale PV systems installed in CLP's buildings.
(e) The electricity generation cost of RE is determined by the scale of installation, the technology adopted, the geographical location and the actual sent-out electricity, and so on, and the latter is affected by the climate such as the strength and timing of sunshine. On the other hand, the cost of traditional electricity generation is more prone to movements in fuel costs. Generally speaking, electricity generation cost of RE is a few times higher than that of traditional electricity generation.

(f) To effectively combat climate change and improve air quality, the Government proposed in 2010 improvement in the fuel mix for power generation by substantially reducing the reliance on coal to less than 10% and increasing the share of natural gas and RE to about 40% and 3% to 4% respectively in 2020, with the remaining balance of about 50% to be met by imported nuclear energy from the Mainland. However, following the Fukushima incident, various sectors in the community have different views on the application of nuclear energy. We are reviewing the future fuel mix for power generation and will strive to strike a balance among the considerations of safety, reliability, affordability and environmental protection. We plan to consult the public on this matter before the end of this year.

(g) To encourage wider adoption of RE in private buildings and organizations, the Government has been providing tax incentives since 2008 on the capital expenditure incurred in relation to installation of RE power systems in private premises. The capital expenditure of the private organization's RE power system in building can be deducted over a five-year period starting from the year of purchase. To help the public better understand the application of RE technologies, the EMSD has published on its website relevant information, guidance notes and guidelines on RE. It has also launched a thematic website "HK RE Net" to provide technical details and information about RE.

To promote the development of RE, the Government has provided economic incentives to the power companies under the Scheme of Control Agreements in terms of a higher permitted rate of return for their investment in RE facilities, and a bonus in permitted return
depending on the extent to which RE is used in electricity generation.

(h) and (i)

The Government is committed to promoting the adoption and development of RE, by taking the lead where technically feasible and cost-effective.

In 2005, the Government issued a technical circular on "Adoption of Energy Efficient Features and Renewable Energy Technologies in Government Projects and Installations", requiring government departments to consider the adoption of RE technologies (including solar PV systems) in all new government buildings and major retrofitting projects in existing government buildings. The technical circular also mentioned that for buildings with footprint area greater than 1,000 sq m, PV panels should be installed where practicable with due consideration given to the shading effects caused by nearby buildings/structures. Besides, the Development Bureau and the Environment Bureau promulgated in 2009 a target for application of RE in government buildings. All new schools and educational buildings without air-conditioning should aim to have at least 0.5% of their electricity consumption to be provided by RE where technically and financially viable. Other new government buildings should also incorporate RE technologies as far as reasonably practicable.

With due regard to actual site conditions, the Government has been installing PV systems in various government buildings and public facilities including government offices, departmental headquarters, fire stations, prisons, museums, art and cultural venues, parks, playgrounds, town halls, recreational centres, holiday villages, theaters, government quarters, hospitals, schools and sewage treatment plants, and so on. As at March 2013, over 100 solar PV projects have been completed in government buildings and public facilities. For example, the Environmental Protection Department (EPD) has installed a 13 kW PV system at a rooftop of the Chemical Waste Treatment Centre in Tsing Yi, which commenced operation in February this year.
As regards the 13 closed landfills where the restoration works have been completed, they have gradually been developed into recreation grounds, sports facilities, parks and other recreational uses. Any development on restored landfill sites should be considered with regard to its compatibility with the existing restoration facilities (including mainly the capping layer, landfill gas and landfill leachate management systems) and their day-to-day operation. The EPD will keep in view the development and application of solar power at restored landfill sites.

BILLS

First Reading of Bills


AIR POLLUTION CONTROL (AMENDMENT) (NO. 2) BILL 2013

CLERK (in Cantonese): Air Pollution Control (Amendment) (No. 2) Bill 2013.

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

Second Reading of Bills


AIR POLLUTION CONTROL (AMENDMENT) (NO. 2) BILL 2013

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I move that the Air Pollution Control (Amendment) (No. 2) Bill 2013 (the Bill) be read the Second time. The purpose of the Bill is to ban the import, transhipment, supply and use of all forms of asbestos in Hong Kong so as to better protect public health.
Before the mid-1980s, asbestos had been widely used in friction, fireproofing, insulation and building materials. However, scientific evidence has revealed that asbestos is carcinogenic to humans. Inhalation of asbestos fibres can cause asbestosis, lung cancer and mesothelioma.

To reduce the public's risk of exposure to asbestos fibres, we have added provisions to the Air Pollution Control Ordinance (the Ordinance) to ban the import and sale of the more hazardous blue asbestos (crocidolite) and brown asbestos (amosite) since 1996. To prevent release of asbestos fibres into the environment, the Ordinance requires the engagement of registered qualified professionals to conduct work and related activities involving asbestos containing materials in accordance with the provisions of the Ordinance and a set of codes of practice.

The potential health risks associated with asbestos have led to the development of substitutes which are free of asbestos. Proven and safer substitutes are now available in many applications such as building materials, friction products, brake lining, seals and gaskets. Many countries such as the United Kingdom, Australia, the European Union and South Korea have already banned the import, sale, supply and use of asbestos.

To further avert the risk of asbestos and prevent the public from exposure to environmental asbestos, we propose to amend the Ordinance to ban the import, transhipment, supply and use of all forms of asbestos so as to stop asbestos from entering Hong Kong. The Bill also specifies the areas of non-application and the conditions of exemption. Any person who is convicted of the offences specified in the Bill may be fined and imprisoned. Besides, the Bill also makes related amendments to the Factories and Industrial Undertakings (Asbestos) Regulation to tighten up the control on the use of asbestos in industrial undertakings in parallel.

The asbestos related trades and stakeholders have been consulted of the proposed amendments and they support the proposal. The labour and medical associations have requested early implementation of the proposal. If the Bill is approved by the Legislative Council, we will publish the commencement date in the Gazette as soon as possible to implement the total ban of asbestos.

Thank you, President.
PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Air Pollution Control (Amendment) (No. 2) Bill 2013 be read the Second time.

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. There are a total of three Members' motions for this meeting. The first and the second motions are motion debates with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of motions each may speak, including making a reply, for up to 15 minutes, and have another five minutes to speak on the amendments; the movers of amendments each may speak for up to 10 minutes; and other Members each may speak for up to seven minutes. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First Member's motion: Reviewing the functions of the Securities and Futures Commission.

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

I now call upon Mr Tommy CHEUNG to speak and move the motion.

REVIEWING THE FUNCTIONS OF THE SECURITIES AND FUTURES COMMISSION

MR TOMMY CHEUNG (in Cantonese): President, I move that the motion as set out on the Agenda be passed.

The Liberal Party considers that a fair, impartial and effective monitoring system is one of the major conditions for Hong Kong to be an international financial centre. In this connection, when former Director of Public Prosecutions, Mr Kevin ZERVOS, Senior Counsel (SC), who just retired in
September, mentioned on his own initiative the issue of self-regulation of the Securities and Futures Commission (SFC) in the Yearly Review of the Prosecutions Division for 2012 (Yearly Review) written by him before his departure, concern has been aroused in the Liberal Party.

Some people have asked me whether I proposed this motion because, apart from the remarks made by Mr Kevin ZERVOS, SC, I have received complaints from members of the industry about unfairness and abuse of powers on the part of the SFC in handling their cases. Having said that, I do not wish to shift the focus and ignore the problem raised by Mr Kevin ZERVOS, SC, concerning the inherent inadequacy of checks and balances.

(The President's Deputy, Mr Andrew Leung, took the Chair)

Deputy President, I wish to briefly explain the duty of criminal prosecution of the SFC first. In fact, whether from Mr ZERVOS' Yearly Review or the statement subsequently issued by the SFC in response, we can see that the SFC has been conducting summary prosecutions in the Magistrates' Courts in its own name since 1989. The SFC has been given express power to do so under section 388 of the Securities and Futures Ordinance (SFO) which has been in operation since 2003. In other words, the mechanism of the SFC is designed to allow the SFC to have both investigation and prosecution powers in respect of some less serious crimes.

However, the SFC stressed that it has actively sought the participation of the Prosecutions Division of the Department of Justice (DoJ) in the handling of criminal cases. In its statement issued on 30 August, the SFC pointed out that "Due to the increasingly complex and serious nature of market misconduct cases, the SFC sought an agreement with the Prosecutions Division in 2007 … the SFC agreed to refer all potential market misconduct prosecutions to the Prosecutions Division to assess whether the case should be criminally prosecuted and, if so, whether the case should be prosecuted on indictment by the Department of Justice in the higher courts or summarily by the SFC in the Magistrates' Courts." In other words, cases of a serious nature will be referred to the DoJ whereas the less serious ones will be handled by the SFC on its own.
We must understand that even though the SFC will seek the consent of the Secretary for Justice for decisions on market misconduct prosecutions, the Secretary for Justice has the power to refuse giving consent only in the circumstances specified under section 252A(2) of the SFO. In reply to a written question asked by Mr Dennis KWOK in this Council on 8 May this year, the DoJ pointed out that there had only been one such request made by the SFC since May this year and refused to disclose the details of the case due to the sensitive nature of the matter.

There is no denying that there have been more restrictions on the prosecution power of the SFC in market misconduct cases since 2007, which is indeed a correct direction. But why is this confined to cases of market misconduct? For the other cases, the SFC still holds regulatory, investigation and prosecution powers, and its independence is still open to question.

From the annual reports of the SFC, we can see that the number of person charged on indictment was zero for the three years from 2010-2011 to 2012-2013. However, there were tens of people prosecuted and convicted through summary proceedings in each of these years, and the number was 33 for the year 2012-2013.

Certainly, some people may say that the SFC’s practices are the same as those in many places overseas. The SFC also pointed out in its statement that "Overseas regulators such as the Financial Conduct Authority in the United Kingdom and the Australian Securities and Investment Commission are vested with the power to conduct criminal prosecutions under their own name." In reply to a written question asked by Mr Paul TSE just last week, the DoJ also stated that other common law jurisdictions which have similar practices include Australia, New Zealand, Malaysia, Ontario of Canada and the United Kingdom.

However, they did not mention the fact that the prosecution power of many overseas regulators is actually limited to civil cases only. For example, according to information on the Internet, the United States Securities and Exchange Commission has the power to impose administrative sanctions and to file a case with the Court for civil sanctions, but it must refer cases to the Department of Justice for criminal prosecution.
Another example is the Monetary Authority of Singapore (MAS), which is the sole regulatory authority responsible for managing and monitoring the financial system in Singapore. In reply to the enquiries made by my office, the MAS said that they are empowered to conduct investigation and prosecution only in civil cases under the law, that is, Part XII of the Securities and Futures Act (Cap. 289) and they do not have the power to conduct criminal investigation and prosecution. These cases still have to be referred to the Commercial Affairs Department of the police force.

From this we can see that overseas practices vary from one place to another. Therefore, while we can maintain the *status quo* with everything unchanged, we can also introduce changes in the light of the actual circumstances. I certainly respect the established law but as I said earlier on, changes were made to the practices in 2007 in the light of needs and practical experiences. It is 2013 now. Should studies be conducted on the separate handling of criminal prosecution?

In fact, I have read the report of the Bills Committee on the Securities and Futures Bill in 2002 and found that some Members were concerned about the concentration of powers in the SFC, just that the Government explained at the time that the relevant legislation already contained sufficient checks and balances to ensure that the SFC would act professionally and impartially.

But 11 years down the line, it has now been proved that the checks and balances as referred to by the Government then are insufficient. There are loopholes in the existing mechanism and measures, just that nobody dares voice dissent. It was only when former Director of Public Prosecutions, Mr Kevin ZERVOS, SC, gave his parting advice that the community again sensed the gravity of the problem.

In his Yearly Review Mr ZERVOS mentioned that "An independent prosecution service is vital for upholding the just rule of law", adding that "under our criminal justice system, it is imperative to keep the prosecutorial responsibility separate from regulatory or investigatory agencies … To give a law-enforcement agency the responsibility for prosecution is a matter of some concern. It could result in such agency becoming judge of its own cause …."

According to an interview with Prof Simon YOUNG, Associate Professor of the Faculty of Law, the University of Hong Kong, as cited in the press, Prof YOUNG shared the views of Mr ZERVOS, questioning that enforcement agencies, if given prosecution power, would easily develop a tunnel vision and that their consideration might not be comprehensive enough in handling the cases or the decision on prosecution might be influenced by their tendency of wishing to win.

Some people think that Mr ZERVOS took the initiative to raise this problem probably because of his conflicts with the SFC in prosecution decisions before. There is no way for me to verify this. But in any case, as Mr ZERVOS has said, "there appears with the SFC to be a lack of appropriate internal regulation and policing as well as effective oversight". This is a fact cast in iron. This problem absolutely should be addressed and handled squarely.

Although the Non-executive Directors of the SFC have monitoring functions, this is just one of their many duties and their role is relatively passive. Besides, their main duty is to give advice, which is a far cry from exercising effective monitoring.

Deputy President, I am open-minded to the way to make amends and this explains why I used such wording as review and study in my motion. Initially, I hope that through legislative amendment, the SFC's duty of criminal prosecution can be assigned to the full charge of the DoJ, thereby truly achieving separation of powers and checks and balances. This would be the quickest and neatest way to settle the problem.

Of course, some people have said to me that it would take a very long time to conduct studies and make legislative amendments and that it would be impossible to plug the loopholes in time. Therefore, it would be better to allow the SFC to retain its prosecutorial responsibility in respect of less serious cases. Meanwhile, legislative amendments should be introduced to require major cases to be referred to the DoJ, which would be fully charged with the responsibility for prosecution, or to broaden the scope of intervention by the DoJ or even set up an Operations Review Committee under the SFC with reference to the *modus operandi* of the Independent Commission Against Corruption (ICAC) to perform audits and exercise monitoring on all prosecuted cases, with a view to ensuring impartiality and transparency of the handling approach.
I understand that cases of financial irregularities and crimes, especially cases involving the listing rules, have become increasingly complex and professional. It would be easier for these cases to be dealt with by a dedicated statutory body and so, retaining the SFC’s prosecution power for ordinary cases is indeed more effective and can ensure optimal use of resources.

In fact, in his Yearly Review Mr ZERVOS cited the ICAC as an example, stating that the ICAC is also subject to monitoring by the Operations Review Committee. However, he also mentioned that the ICAC has no prosecutorial responsibility and prosecution remains the responsibility of the Prosecutions Division. Therefore, so long as the SFC continues to institute criminal prosecution under its own name for less serious cases, even if a regulatory and advisory committee is set up, the objective of separation of powers still cannot be achieved because this can only provide a checking mechanism in the process of law enforcement and prosecution to reduce unfairness and partiality.

Yet, as I said earlier on, I am open-minded, and I welcome any measure that can effectively rectify the problems of the SFC. However, I hope that my proposal of conducting a study will not be rejected or the possibility of a separation of investigation and prosecution powers be ruled out hastily. Before the results of the study are made available, I welcome the introduction of check and balance measures that can be put into practice in a short time as transitional arrangements subject to their effectiveness.

Deputy President, I so submit.

Mr Tommy CHEUNG moved the following motion: (Translation)

"That this Council urges the Government to expeditiously review the functions and operating mechanism of the Securities and Futures Commission (‘SFC’), including studying amending the legislation to assign SFC’s duty of criminal prosecution to be under the sole responsibility of the Department of Justice, thereby achieving separation of powers and checks and balances, so as to ensure SFC’s impartiality and independence, and make its work better accord with the public interest."
DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Tommy CHEUNG be passed.

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

I will first call upon Mr Albert HO to speak, to be followed by Mr Christopher CHEUNG, Mr Kenneth LEUNG and Mr Dennis KWOK respectively; but they may not move amendments at this stage.

MR ALBERT HO (in Cantonese): Deputy President, I thank Mr Tommy CHEUNG for proposing a motion debate on reviewing the functions, especially the prosecution power, of the Securities and Futures Commission (SFC). The SFC plays a vitally important role in the successful operation of Hong Kong as an international financial centre. It has the duty to ensure that our system is built on the basis of the rule of law, that the principles of fairness, impartiality and openness are upheld in market operations, and that a reasonable system is put in place to protect investors' interests. The SFC is given extensive monitoring and investigation powers to enforce the Securities and Futures Ordinance, which is the most important duty of the SFC.

With regard to the work of the SFC over the years, many people have certainly commended the SFC for being highly professional and having attained a certain level of efficiency, but many people have also levelled criticisms at it. Most importantly, the first criticism is the lack of transparency. Of course, the SFC often says that it must abide by the legal provisions on confidentiality but as we can see, with regard to its handling of many complaints, the SFC was entirely unwilling to give explanations to the complainants, and even in many major cases, while the public very much wished to exercise their right to know, the SFC was often still unwilling to make public the details. In some cases, the Financial Secretary may, perhaps at the requests made on the ground of public interest, give explanations or disclose information to a very limited extent in respect of individual cases. This has made the public feel that there is insufficient transparency in the way the SFC handled complaints and the SFC has failed to comply with the requirement of accountability. More often than not, there is
really no way for the public to even find out whether the SFC has decided to conduct an investigation or whether an investigation has been completed.

The second criticism is that very often, the public really have the impression — I must point out that this is an impression, and it may not be an entirely correct or a fair feeling — They feel that very often, the regulatory authorities, such as the SFC, target only flies but not tigers. When companies of a smaller scale or less well-known practitioners are under investigation, they are often subject to harsh treatment. Many small firms even have their licences suspended easily, and I have seen companies having their licenses suspended for more than two years or even three years. But when large companies and prominent members of the industry are involved, people have the feeling — I stress "feeling" — that different standards are applied as investigations are not easily conducted and punishment tends to be more lenient for them. This is why there is a saying that some companies are "too big to fail" and some people are "too big to jail". Examples have abounded indeed. In the Lehman Brothers incident, so many banks were involved and alleged for non-compliance with the rules and yet, when the SFC enforced the relevant legislation, we saw that the SFC had merely pushed for reconciliation and we did not see any punishment that accords importance to discipline with a view to ensuring that the law is respected.

It has been several years since the Citic Pacific incident happened. In the very beginning we called on the Financial Secretary to appoint a company inspector under the Companies Ordinance to conduct an investigation, so that the public can find out why Citic Pacific could suffer a loss exceeding $10 billion in an extremely short span of time, and the public also wish to find out whether false statements were involved in some of the public statements made by the company and even the accounts disclosed by it, and there are also many victims in this incident. But up till now, we can see that prosecution seems to be utterly unsMOOTH, and even if prosecution has met strong resistance, has the SFC carried out an investigation into market misconduct or at least brought civil actions against it in the Tribunal on the ground of its market misconduct? We do not see any such action taken. Now, many victims are unable to obtain sufficient information for them to take actions to protect their own interests. It has been almost six years since the Citic Pacific incident occurred, and the period for civil proceedings will soon expire. Has the Government (especially the SFC) properly performed its duties to ensure that the interests of investors are protected?
In the Barry CHEUNG incident, as we can all see, it is known to all that his Hong Kong Mercantile Exchange Limited has long been caught in financial problems. Has the SFC properly conducted investigation and performed its gate-keeping role? In the end, the SFC outrageously said that Mr CHEUNG had surrendered the licence on his own initiative. Does this not give people the feeling that leniency is granted in this case, unlike the very strict regulation imposed on other operators in the industry?

A recent case is that — Mr Dennis KWOK is in the Chamber now, and he has promptly lodged a complaint regarding this case. It concerns a development project of the Cheung Kong Group, namely, The Apex Horizon, which involves a collective investment project. How best has the Government, especially the SFC, worked to enforce the law? I must declare an interest here. I am the lawyer representing some victims. I believe many members of the public will wish to know what the SFC has actually done insofar as this incident is concerned. How does it ensure that the law is respected? How does it ensure that the law is enforced stringently, so that people who have breached the law or committed market misconduct will be treated impartially?

Deputy President, the most important point of this motion is the division of the prosecution duty. There is one point that I wish to clarify. I think, as the other several amendments have also clearly mentioned, under the current constitutional arrangement, the Department of Justice (DoJ) has the final power of prosecution. This is provided for under Article 63 of the Basic Law. Therefore, disregarding what arrangements there are, the DoJ has the power to monitor, intervene in and take over any prosecution work anytime, and it even has the power to initiate prosecution without being affected by anything or any arrangement. Many other enforcement agencies have independent prosecution powers in certain cases under administrative or other arrangements. The police have this power; the Immigration Department has this power; and even the Housing Department sometimes has this power, too. Having said that, I agree that the problem raised by former Director of Public Prosecutions, Mr Kevin ZERVOS, does warrant our concern. I maintain that the SFC knows very well many professional malpractices of a criminal nature and it should be able to effectively perform the duty of front-line prosecution. However, for cases that are larger in scale and more complicated, I think they should be left to the DoJ. I hope that better arrangements can be put in place in future to ensure that even though the SFC can continue to perform the duty of enforcement, it will properly
carry out the prosecution work of the Tribunal for market regulation in accordance with the current prosecution policy.

I must stress one point. We hope that the SFC can set up a department similar to the Operations Review Committee (ORC) of the Independent Commission Against Corruption (ICAC), in order that the SFC will be required to report to this committee its decision to institute prosecution or otherwise or to stop the investigations into certain cases. I think the ORC of the ICAC has done a very good job in this respect.

Lastly, why do I request that the prosecution documents be made public? In fact, many cases have been prosecuted successfully but as these cases are still handled in the Court and without the Court's permission or if the SFC does not take the initiative to make public these documents, the public or many people who have interests in these cases cannot access these documents in order to obtain sufficient information. I hope that some victims can be empowered (The buzzer sounded) …

Dear Sir,

Mr. Ho Albert Ho

MR ALBERT HO (in Cantonese): … to take actions to protect their own interests.

MR CHRISTOPHER CHEUNG (in Cantonese): Deputy President, I thank Mr Tommy CHEUNG for proposing this motion which enables us to have in-depth discussions on the criminal prosecution power of the Securities and Futures Commission (SFC) and also other aspects, such as its enforcement work, functions and monitoring role.

The SFC has played a supervisory role in the internationalization of the financial centre of Hong Kong. The SFC is committed to maintaining the quality of the market and the industry is supportive of this policy, but there have been serious controversies over the distribution of enforcement and monitoring powers as well as the checks and balances in the SFC, which is also the theme of our debate today. I hope that through this debate, Members can understand the plights faced by the small and medium enterprises (SMEs) in our industry.
Deputy President, former Chief Justice of the Court of Final Appeal, Andrew Li, has said, "It is important to observe that in a just society, the conviction of the guilty is in the public interest, as is the acquittal of the innocent."

First of all, I would like to talk about the disciplinary actions taken by the SFC against agents. When an agent is subject to the SFC's investigation and disciplinary proceedings for allegedly breaching the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, the Securities and Futures Appeals Tribunal (Tribunal) set up by the SFC will make the final determination. The Chairmen of the Tribunal are High Court Judges. Although this seems to be an independent mechanism institutionally, we in the industry have grave misgivings about the transparency and independence of the appointment of the Judges and members of the Tribunal.

Objectively speaking, if a practitioner is bold enough to go to court with the SFC, he must be prepared to quit his job and have his licence revoked and then leave the industry altogether. If a practitioner appeals against the Tribunal's determination, just as a person-in-charge of the SFC has said to me, "Doing so would be using your own money to engage in a lawsuit with the SFC which would be spending out of public coffers, and never has the SFC lost a lawsuit before." I believe this has precisely reflected the problem in question.

Over the years, members of the industry have conveyed to me that the agents often cannot afford the legal fees when they are investigated by the SFC for allegedly acting against the rules and the agents are warned by law-enforcement officers that they must not disclose to people other than their lawyers (including their bosses and family members) that they are under investigation. The ordinance of the SFC provides that they must answer questions asked by the investigators and cannot remain silent. If an agent is alleged to have committed an offence, he must prove his innocence; and the benefit of doubt does not go to the accused but to the SFC. More often than not, as the agent has nowhere to turn to for assistance or as a result of coercion and coaxing from front-line officers of the SFC, he is forced to plead guilty and then he will be convicted, fined and reprimanded.

Some individuals in the SFC have often abused their powers and even infringed on the legitimate rights and interests of the practitioners in order to make their work performance stand out. Many practitioners are forced to plead
guilty because they do not understand the legal proceedings and their own rights, or they fear that their licence would be revoked or they would lose their means of living. This has greatly undermined social justice and the civil rights of the practitioners.

Moreover, I wish to point out that the Securities and Futures Ordinance (SFO) empowers the SFC to draw up codes and guidelines in relation to the SFO. This unlimited power of the SFC has led to a myriad of problems and a review is, therefore, warranted.

The SFC has continuously issued a multitude of codes and guidelines with the power conferred on it by the SFO and worse still, changes are made frequently to them. This has imposed a heavy burden on the industry and greatly affected the operation of the industry. Take the code of practice governing the agents as an example. The Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission was published in early 1994 and the 13th version has just been published in October this year. This code of practice was even updated thrice in 2011 with an updated version being released in June, September and October respectively. This code of practice consists of 135 pages, and it is just one of the many codes and guidelines formulated by the SFC and the tip of the iceberg of the many laws governing the entire industry. The various codes and guidelines of the SFC also cover such areas as takeovers, mergers, fit and proper person guidelines, Internet regulation, insider dealing and even the rules on financial resources.

Given the wide variety and large number of laws, codes and guidelines of the SFC, the practitioners even do not actually know which legislation of the SFC they have contravened. These complicated, cumbersome provisions are often used by front-line officers as a tool to frame up industry practitioners.

The industry considers that the SFC has the power to lead the making of these codes and guidelines and at the same time, it also possesses the power to control the life and death of practitioners by revoking their licences as a form of punishment. The SFC has all powers concentrated on it and they include, among other things, formulating rules and regulations, conducting investigations, instituting prosecution and making judgments. Its powers are not subject to any checks and balances, which is extremely unfair to the practitioners.
As a regulatory body, the SFC has unlimited powers to draw up codes and guidelines and its powers are gradually going to the extreme. Coupled with too frequent changes made to the rules and excessively strict regulation, the compliance cost of the industry has been driven up substantially, and this has impeded the development of the industry. Such problems as a shrinkage in local securities business and a sharp fall in turnover have all pointed to serious problems in these rules. The relevant authorities should accord great importance to this point and seriously conduct a review.

Generally speaking, the SFO governing the local securities industry has been in operation for more than a decade. The level of governance of local financial and securities firms and even the SMEs has been improved significantly. Given the expanding scope of financial co-operation between Hong Kong and the Mainland, it is now opportune to comprehensively review the SFO currently in force, in order to further improve the existing regulatory legislation and make concerted efforts to create a favourable business environment.

As to the question of whether the SFC's power of criminal prosecution should be handed to the Department of Justice (DoJ), or whether the DoJ should have the final control on power criminal prosecution, I believe in the separation of powers, and an independent judiciary system is the cornerstone for maintaining the international competitiveness of Hong Kong and facilitating its development in future. The relevant authorities should resolutely uphold the fundamental principle of the rule of law and I, therefore, hold that the SFC's power of criminal prosecution should be reviewed.

Lastly, I hope that Members will support my amendment which proposes to review the SFC's powers of criminal and non-criminal investigations, as well as the investigation technique of its front-line officers, thereby achieving separation of powers and checks and balances, so as to protect the legitimate rights and interests of practitioners in the securities industry and ensure the SFC's fairness, impartiality and independence, thus enabling the work of the SFC to be more transparent and in line with the public interest.

Deputy President, I so submit.
MR KENNETH LEUNG (in Cantonese): Deputy President, I am glad that Mr Tommy CHEUNG has proposed this motion on "Reviewing the functions of the Securities and Futures Commission" today.

As the title of the motion suggests, reviewing the functions would of course include the power to institute criminal prosecution as Honourable colleagues have mentioned earlier. Actually, apart from this power to press criminal charges, I would like to discuss two other points. First, I would like to talk about this power to institute criminal prosecution by the SFC.

Section 388 of the Securities and Futures Ordinance (SFO) provides that the SFC may prosecute in its own name all persons who have committed an offence under any of the relevant provisions of the SFO, and an offence of conspiracy to commit such an offence. This function of prosecution is limited to summary offences triable by a Magistrate under the Summary Offences Ordinance. Section 388 of the SFO also provides that nothing in this section derogates from the powers of the Secretary for Justice in respect of the prosecution of criminal offences, that is, the powers as provided for in Article 63 of the Basic Law.

But what are in fact the proceedings in respect of summary offences? The maximum penalty for a summary offence is a term of imprisonment of three years and a fine of $1 million. For what are called summary offences, the offences are not light indeed. Of course, as compared to summary offences, if the criminal liability involved is more serious, that is, liability that is associated with indictable offences, the maximum penalty can be imprisonment for 10 years and a fine of $10 million. With respect to this kind of offences, the SFC does not have the power of prosecution.

However, since the SFC has this power of criminal prosecution, this will in effect give many unclear messages to market players. For example, we all know that the offence of insider trading is mentioned in Part XIII of the SFO and also in Part XIV. Why is insider trading mentioned in these two parts? It is because insider trading was made a criminal offence only in 2003. Insider trading is market misconduct in violation of the rules. But it was not a criminal offence before 2003. Before 2003, the SFC had an Insider Trading Tribunal and after insider trading was made a criminal offence, the name of Insider Trading Tribunal was changed to Market Misconduct Tribunal. And the functions of the
Market Misconduct Tribunal also include other aspects such as market manipulation, fraudulent trading and many other acts of non-compliance.

If a market player breaches the rules and engages in insider trading, the SFC can certainly prosecute that person on basis of the criminal aspect of the act. But there are other cases in which we can see that the SFC does not have enough evidence and it does not have to invoke the criminal prosecution proceedings under Part XIV to prosecute these non-compliant persons. Instead, Part XIII is invoked. In other words, the evidence collected is not sufficient to fulfil the requirements of criminal prosecution and so Part XIII is not invoked and instead, Part XIV is invoked for prosecution. Part XIII is based on certain standards of adducing evidence which are not applicable to criminal cases. Of course, if a market player is prosecuted in the Market Misconduct Tribunal, the punishment he may get may be a fine, or revocation of his licence, or a compensation of a large amount. In addition, the market player may be prohibited from serving as a director of a listed company. These are very serious punishments indeed.

The powers to prosecute and investigate into market misconduct are vested in the SFC. But the problem is: For similar cases, after the SFC has collected the evidence, it still has got many kinds of discretion. First, it can prosecute the market player through the Tribunal and under non-criminal proceedings. Second, it can prosecute the person by proceedings for summary offences. Or it can say that the offence concerned is very serious and proceedings for summary offences should not be used and instead, those for indictable offences should be used. Of course, if it is decided that proceedings for indictable offences should be used to prosecute the market player, the SFC is not empowered to do so. This is because it must act according to established procedures and transfer the case to the Department of Justice (DoJ) which will institute prosecution. However, we notice that the SFC actually has got great discretionary powers and in many cases its powers are not restrained.

According to statistics, in the second half of 2012, there were 47 prosecutions made by the SFC; and there were 30 cases during the first half of 2013. Actually, I do not entirely oppose the SFC having the power to institute criminal prosecution. With respect to the investigations carried out into many less serious cases, when the SFC has this power to institute criminal prosecution, it can actually facilitate its work. However, what I take issue with is that the
SFC is not subject to any regulation and in this regard, the DoJ has never done anything at all.

With respect to the original motion and the amendments proposed by Members, I would think that the amendment from Mr Dennis KWOK in fact points to our last hope. Even if criminal prosecution work is done by the SFC, it must comply with the Prosecution Code. And the DoJ must have sufficient oversight on the criminal prosecution work done by the SFC.

But why do I still support the proposal in the original motion from Mr Tommy CHEUNG, that the SFC's duty of criminal prosecution should be assigned to the DoJ under its sole responsibility? Actually, my support is a technical in nature and it stems from my interpretation of section 388 of the SFO and Article 63 of the Basic Law. Section 388 stipulates that the SFO vests the power to prosecute in the SFC. In fact, however, if we look at the constitutional system of the SAR, we should know that this power to prosecute should not be vested in the SFC by that Ordinance, but the power of prosecution should be conferred by the DoJ or delegated by the DoJ to the SFC.

As seen in the statistics, the cases of criminal prosecution cannot be said to be too many or too few. If we are really to amend the law, can we require that whenever the SFC is to institute criminal prosecution, it should first seek the opinion of the DoJ? This is the first point I wish to make.

The second point is about a point mentioned by Mr Christopher CHEUNG. Pursuant to sections 398 and 399 of the SFO, the SFC will issue many rules or codes of conduct from time to time. We can see that although these rules and codes of conduct are not laws or subsidiary legislation, their impact can be very far-reaching. If a market player does not abide by these rules or codes, the consequences are very grave indeed. An example is in July this year when change was made to the definition of a professional investor and the requirements concerning an agreement with a professional investor. As a matter of fact, the Panel on Financial Services has held a public hearing and the response from the industry has been overwhelming.

Even though sections 398 and 399 empower the SFC to formulate rules or codes of conduct, I am worried that although we can find certain procedures in section 398 which the SFC must undertake such as holding public consultations,
and so on, as these rules or codes are not laws or subsidiary legislation, they will not be subject to the negative vetting procedure of the Legislative Council. My worry is that the SFC will make use of these rules or codes, so that what should have been subsidiary legislation are added to these rules. The result is that the Legislative Council will no longer have the power to monitor the situation. I think I have to remind the SFC that it should be mindful of this.

Lastly, it is about the problems with our regulatory framework in the long run and what should be done as reform. Ever since the financial tsunami in 2008, countries have undertaken reforms in regulation regarding the financial industry. And countries like Singapore, the United Kingdom and Australia have streamlined their regulatory systems. In Hong Kong, the regulatory system is based on the types of products. I can see that in future, there is a trend of more different regulatory agencies regulating different kinds of financial products. The result could be a situation of the so-called regulatory arbitrage. I hope that the Government can undertake a review of the development of the financial regulation system in the long run. (The buzzer sounded)

Deputy President, I so submit.

MR DENNIS KWOK (in Cantonese): Deputy President, the subject of today's motion is of course the SFC. The focus of our discussion is not on financial matters, however, but on a very important principle in law, and that is, the power to institute criminal prosecution.

Criminal prosecution is certainly no trivial matter and before any government is to institute a criminal prosecution, it will act on behalf of all the people and bring to the Court a suspect who is believed to have committed an act in detriment to public interest. A charge is laid on that person and the Court asked to mete out punishment. The punishment to be meted out will have a serious effect on the rights of the person concerned. Therefore, the power to institute criminal prosecution is a matter which is to be treated with solemnity, proper procedures and sound justifications. It is because criminal prosecutions are so important that this power to institute criminal prosecution should not be exercised arbitrarily and it must not be exercised by an individual or agency arbitrarily. Each decision to prosecute must meet the standards of being independent, fair and just.
It is because of this that Article 63 of the Basic Law provides that "The Department of Justice of the Hong Kong Special Administrative Region shall control criminal prosecutions, free from any interference." However, if we look up the relevant provisions mentioned in the first Members' motion today, that is, section 388(1) of the SFO, we will find that it is provided that the SFC is empowered to prosecute an offence in the name of the SFC itself and the offence shall be tried before a Magistrate's Court as an offence which is triable summarily. But no mention is made at all of the DoJ playing a role in oversight, control or checks and balances in respect of the criminal prosecutions undertaken by the SFC. Deputy President, I am sure this is an issue which Members and the public are most concerned about. Section 388(3) of the SFO provides that "Nothing in this section derogates from the powers of the Secretary for Justice in respect of the prosecution of criminal offences." However, this section does not state that the Secretary for Justice has any substantive power under this Ordinance to carry out oversight and checks and balances. Therefore, as seen in the wording of this provision, the arrangement found in section 388 is indeed a deviation from the principle and original intention as found in Article 63 of the Basic Law.

In fact and as its name suggests, the SFC has the double powers of regulating the financial market and probing into cases of market misconduct. If the power to institute criminal prosecution is added, it can be said that the SFC amasses the three powers of regulation, investigation and prosecution. This will give people an impression that there is a conflict of roles played by the SFC and it fails to foster an image of being independent, fair and impartial. This is also the most fundamental constitutional principle that we are talking about. During the last Legislative Session, I once raised a written question in the meeting of this Council on 8 May, asking the Government whether or not it would undertake a review of this arrangement. The reply given by the Secretary for Justice at that time was that contacts and discussions with the management of the SFC were always kept and that the Secretary for Justice hoped that a mechanism could be devised to ensure that the powers under section 388(3) of the SFO would be exercised properly and be subject to restraint as appropriate.
However, as section 388(3) lacks in substantive content and it is only stipulated that nothing derogates from the powers of the Secretary for Justice in respect of the prosecution of criminal offences. And section 388(1) does not reserve any room or procedure for the Secretary for Justice to exercise his monitoring powers. So even if a mechanism is in place, it would be difficult to build a structure outside the confines of law. Instead of reluctantly accepting a mechanism which does not resemble anything, the Government may as well act according to the original motion and study amending the legislation and redefine the actual role and procedures adopted by the Secretary for Justice to regulate the SFC, thereby achieving oversight, control and checks and balances in the prosecution decisions made by the SFC.

Deputy President, the Civic Party supports studying the introduction of legislative amendment. But that does not mean that we agree completely with the contents of the original motion. This applies especially to the point about assigning the SFC's duty of criminal prosecution to be under the sole responsibility of the DoJ. This is because the Basic Law only requires that the DoJ shall control criminal prosecutions, that is, to monitor criminal prosecutions as a controlling authority, instead of requiring it to undertake the sole responsibility of all prosecution work. If we take reference of other common law jurisdictions such as the United Kingdom, Australia, New Zealand, Canada and so on, we will find that these countries also delegate powers to their regulatory authorities to conduct criminal prosecutions. This also proves that there is no problem in conferring power on financial regulatory bodies to institute criminal prosecution. The key lies in monitoring these bodies and achieving proper checks and balances. The final decision to institute criminal prosecution should rest with the DoJ instead of the SFC.

Therefore, when Mr Tommy CHEUNG proposes in the original motion to assign the SFC's duty of criminal prosecution to be under the sole responsibility of the DoJ, we think that this is an overkill. Actually, if only we can adjust the existing system so that the DoJ can achieve proper monitoring and checks and balances of the criminal prosecutions initiated by the SFC, in order to ensure that the DoJ has the final say and control over such matters, that will be able to comply with the constitutional requirements under Article 63 of the Basic Law.
Although we agree that other statutory bodies may also exercise the power to institute criminal prosecution, as I have said, there must be consistency in the making of every decision and that the standards of independence, impartiality and fairness must be met. The existing standards are set out in the Prosecution Code issued by the DoJ. We have therefore proposed in our amendment that the SFC is required to abide by the details and terms of the Prosecution Code in handling criminal prosecutions. If there is any deviation from these, the DoJ must intervene and enquire the SFC about why it has deviated from the Prosecution Code in making the relevant decision. In this regard, we think that both the DoJ and the Government must ensure that the SFC can achieve these.

Lastly, I wish to explain briefly the position of the Civic Party with respect to the amendments proposed by other Members. On the amendment from Mr Albert HO, after studying his amendment, we find that the new point (1) which suggests that the SFC should be vested with criminal prosecution work will further water down the role of the DoJ. Therefore, we oppose it. As for point (2) which is to "allow the public to inspect SFC's prosecution documents on the grounds of public interest", this will affect the principle of allowing the prosecutor to consider the case with an independent frame of mind. We consider it is not necessary and cannot be put into practice. Point (3) is to urge the setting up of a department under the SFC to review the cases. This will worsen the present trend of the SFC amassing the three powers of regulation, investigation and prosecution in itself. After this review mechanism is added, we would think that it is not at all logical to bring these fours powers under the SFC. Therefore, we are unable to lend our support to the amendment.

As for Mr Kenneth LEUNG's amendment, I agree completely with the contents added, but as Mr LEUNG has kept the wording of the original motion in assigning SFC's duty of criminal prosecution to be under the sole responsibility of the DoJ, hence we cannot lend it our support. On Mr Christopher CHEUNG's amendment, it has watered down the wording of the original motion while keeping the principles involved. Therefore, we will lend it our support.

Deputy President, I so submit.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I thank Mr Tommy CHEUNG for proposing this motion, and Mr Albert HO, Mr Christopher CHEUNG, Mr Kenneth LEUNG and Mr Dennis KWOK for proposing the amendments.

The financial services industry is an important sector in Hong Kong economy, and the securities industry is an important segment of the financial services industry. The authorities attach great importance to the regulation of the securities industry. We hold that supervision of the securities market must strike a balance between the long-term development needs of the industry and the market maintain the fair and orderly operation of the market, and ensure financial stability in Hong Kong, so as to strengthen Hong Kong's position as a major international financial centre. All along, the authorities and the regulators have examined and refined our supervisory system from time to time, with a view to continuously enhancing the quality of Hong Kong's financial market.

A number of Members suggested earlier in their speeches that the Government should expeditiously review the functions and operating mechanism of the Securities and Futures Commission (SFC), including assigning the SFC's duty of criminal prosecution to be under the sole responsibility of the Department of Justice (DoJ) as suggested by Mr Tommy CHEUNG. In this regard, the Secretary for Justice has already provided a response in his reply to Mr Paul TSE's written question last week. I reiterate here that the Administration currently has no plans to propose any changes to section 388 of the Securities and Futures Ordinance (SFO). Currently, according to section 388(1) of the SFO, the SFC may prosecute in its own name offences created under the SFO and some other ordinances where the venue of trial is the Magistrates' Courts. However, section 388(3) of the SFO stipulates that this power on the part of the SFC does not derogate from the powers of the Secretary for Justice in respect of the prosecution of criminal offences. On the premise of the SFC's respect for the requirement under Article 63 of the Basic Law that the DoJ of the Hong Kong Special Administrative Region shall control criminal prosecutions, free from any interference, as well as section 388(3) of the SFO, the SFC has the power to prosecute summary offences before a Magistrate's Court, and its power should be exercised under the overriding prosecutorial authority of the DoJ and subject appropriate checks and balances.

I wish to clearly point out that the SFC has all along exercised this prosecution power in full compliance with all relevant obligations and standards.
As far as market misconduct cases investigated by the SFC are concerned, the SFC has actively sought the participation of the Prosecutions Division of the DOJ in the handling of criminal cases. It is the DOJ, not the SFC, which makes the prosecutorial decisions in accordance with the established and published prosecution policy prevailing from time to time (Prosecution Code). In practice, the SFC refers all market misconduct cases to the DOJ for advice on sufficiency of evidence and venue, and the DOJ will then advise the SFC in accordance with the Prosecution Code. When appropriate, counsel of the DOJ will also take charge of prosecution in the trials and appeals of those cases. Whilst the views of the SFC are taken into account and given due weight, it is the DOJ's decision which takes supremacy. The aforesaid arrangement embodies the overriding nature of the DOJ's prosecutorial authority. Therefore, I do not agree with Mr KWOK's view that the SFO deviates from Article 63 of the Basic Law. We hold that the SFO is not inconsistent with Article 63 of the Basic Law.

In fact, the prosecution power of the SFC in Hong Kong is not unique. Many Members mentioned earlier that quite a number of overseas regulators also have similar criminal prosecution powers. For example, the regulatory authorities of the securities industry in the United Kingdom, Australia, Japan, New Zealand and Malaysia are empowered to initiate criminal prosecutions in their own names. In Hong Kong, several local statutory bodies, such as the Airport Authority and the Hospital Authority, also have similar powers.

This power is nothing new either. Prior to the commencement of the SFO in 2003, similar provisions were also set forth in the repealed Securities Ordinance, Commodities Trading Ordinance, Securities and Futures Commission Ordinance, Leveraged Foreign Exchange Trading Ordinance and Securities (Disclosure of Interests) Ordinance. Section 388 of the SFO simply retains the SFCs previous power to prosecute summary offences before the Magistrates' Courts.

Successful prosecutions have a significant deterrent effect on offenders. Broadly speaking, the aforesaid arrangement can achieve the objective of effective supervision of the securities market. For example, the SFC has conducted almost 300 summary prosecutions in the Magistrates' Courts since 2007, with a success rate of over 90%. The SFC has an internationally recognized track record in dealing with criminal and civil litigation cases.
Overseas examples show that regulators playing roles of investigation, supervision and prosecution at the same time are very common. However, we also quite agree that any agency vested with investigation and prosecution powers must be subject to checks and balances to ensure that it can take any enforcement action in a fair, just and impartial manner. Since its inception in 1989, the SFC has always been the independent regulator of the securities market. While maintaining its independence, the authorities and the SFC are committed to enhancing the latter's transparency and accountability. To this end, a number of checking mechanisms have been designed, including the SFC's internal administrative procedures, as well as the Process Review Panel and the Securities and Futures Appeals Tribunal established outside the SFC. These mechanisms provide adequate checks and balances on the SFC's enforcement powers.

Deputy President, as regards Mr CHEUNG's views and the speeches of other Members who have proposed amendments, I wish to listen to the speeches of other Members before giving a further response and explaining the supervisory and checking mechanisms for the SFC. I so submit. Thank you, Deputy President.

MR FRANKIE YICK (in Cantonese): The Securities and Futures Commission (SFC) has laid down some stringent and transparent measures as checks and balances on the discharge of its regulatory duties. But the SFC's recurrent expenses are partly funded by fees charged on licence applicants, licence holders and applicants of other licences. In carrying out its regulatory duties, the SFC is accused and suspected of practicing favoritism from time to time. In the incident concerning the Hong Kong Mercantile Exchange, however, the SFC has been accused of adopting a more lenient approach than it normally would on ordinary securities dealers.

At present, the SFC is empowered to make prosecution decisions and initiate prosecution for an offence under any of the relevant provisions in the Securities and Futures Ordinance. We opine that not only are the powers of the SFC too centralized, its fairness and impartiality are also called into question. We also doubt whether there is sufficient supervision on the SFC's prosecution decisions.

The unbiased rule of law is the foundation on which Hong Kong's success is laid. For the purpose of maintaining our unbiased rule of law, we think that
an independent prosecution service is crucial because only an independent prosecution service can ensure that prosecution decisions are made in a fair, impartial, independent and objective manner.

Therefore, Mr Tommy CHEUNG of the Liberal Party has proposed today to assign the SFC's duty of criminal prosecution to be under the sole responsibility of the Department of Justice, thereby achieving separation of monitoring from prosecution and giving the SFC a much clearer regulatory role to ensure that all prosecution decisions are made under fair, impartial, independent and objective circumstances.

Mr Tommy CHEUNG has spoken on his original motion and will later on respond to other amendments as well. Nevertheless, we would like to take this opportunity to respond particularly to the amendment by Mr Kenneth LEUNG.

Mr Kenneth LEUNG's amendment urges the Government to "consider launching a comprehensive strategic review of SFC within two years, with the review scope covering the role of SFC in Hong Kong's financial regulatory framework, and its division of work and co-operation relationship with other financial regulators". The Liberal Party supports his proposal of conducting a wide-scoped and comprehensive review of our financial regulatory system. The reason for our support is that Hong Kong's financial industry now faces the problem of either having "multiple regulators", lack of proper regulation or not knowing who the responsible regulator is.

Advancing with each passing day, the financial products may stretch across a number of sectors and can become too complicated and obscured to categorize or simplify. But all statutory regulators work in their own ways. Although the duties of existing regulators are defined in accordance with their statutory nature — the Office of the Commissioner of Insurance (OCI), the Hong Kong Monetary Authority (HKMA) and the SFC are responsible respectively for regulating insurance companies, banks and securities investment companies — we opine that the overall result does not live up to expectation.

Take general financial products as an example. The current situation is that the HKMA only regulates bank sales but ignores various kinds of financial products also promoted by banks. As for securities products that are available at the banks, they are subject to the SFC's approval. Although the OCI regulates insurance intermediaries, it does not regulate insurance policy provisions,
especially the investment-linked products. The SFC, on the other hand, is responsible for regulating financial products, yet it cannot regulate banks, not to mention regulating insurance companies.

This complicated system has ended up with no regulator or "multiple regulators" for some products and in certain business areas. Besides, standards are so inconsistent from one regulator to another that investors are at a loss as to what to do. Under these circumstances, how can an investor secure comprehensive protection?

In fact, the problem of "multiple regulators" has already aroused the attention of multinational financial enterprises. Morningstar, an investment research firm in the United States, released its Global Fund Investor Experience report in May 2013 and indicated that although Hong Kong virtually has met the ideal standard that fund investors pays no taxes at all, the weakness that affects its efficiency is the fact that Hong Kong's fund industry is governed by multiple regulators and different bodies could sometimes issue conflicting rules.

Obviously, the problem of "multiple regulators" has caused certain impact on Hong Kong as a renowned financial centre. Therefore, the authorities should consider reviewing the current regulatory mechanism in order to strengthen the status of Hong Kong as an international financial centre.

Deputy President, I so submit.

MRS REGINA IP (in Cantonese): Deputy President, I think Mr Tommy CHEUNG's motion is timely because the Securities and Futures Commission (SFC) is a statutory body vested with enormous powers, established by the Hong Kong Government in 1989. As a licensing authority, it may issue 10 categories of licences. According to the information at hand, 1 840 companies have been licensed and there are 37 750 persons who have been issued various licences as at the end of last year. But of course, its market is quite centralized. Take some foreign investment banks such as Goldman Sachs (Asia) as example. There are more than 60 licensed persons in one single company. Occasionally, complaints about over-centralized powers of the SFC which serves as the licensing authority, regulatory body and prosecutor are received.
The New People's Party, after discussion, has reservations about Mr Tommy CHEUNG's motion due to some of its wordings. As some Honourable colleagues mentioned earlier, although the word "review" is used in his motion, we have reservations about his proposal of assigning the SFC's duty of criminal prosecution to be under the sole responsibility of the Department of Justice. In our opinion, however, the SFC, as a statutory body with enormous powers and lots of resources, should be duly monitored by the Legislative Council and it is also this Council's duty to hold a debate on this issue.

Let me cite an example. Over the past two years, the SFC has launched a scheme to enhance the protection for investors and given it a nice name of "investors protection scheme". I am sure that Secretary LEUNG knows what I am talking about. The scheme is launched for the purpose of protecting local investors from being misled by information of Mainland companies listed in Hong Kong. But this has resulted in a scandal. These incidents also happened in the past, but now the criminal liability will be passed onto the corporate sponsors. There are around 50 sponsors in Hong Kong. Those smaller sponsors, who have actually operated in Hong Kong for a long time, include local people and British nationals. They are very worried about the scheme on the ground that no country in the world imposes criminal liability on sponsors. The reason is that these companies may be located in the Mainland or anywhere outside Hong Kong. It is unreasonable to hold them criminally liable for the accounts or details of the accounts of those listed companies. They requested that some codes of conduct on due diligence be provided by the SFC to facilitate their work just like accountants and auditors who are also guided by auditing standards.

After two years' efforts, they have done a lot of work with the collaboration of the Hong Kong Securities Institute. Having drafted their own guidelines which were finally accepted by the SFC, they were issued a set of guidelines by the SFC. They have never thought of evading responsibilities, but they think that clear and specific codes of conduct should be provided to them for compliance like accountants if they have to bear criminal responsibility. Now it seems that there is a draft version acceptable to both sides. But it remains unknown whether the SFC or the Department of Justice will take up the duty of criminal prosecution. In their opinion, this is ambiguous. Therefore, given the enormous powers of the SFC and its unwillingness to issue guidelines at the initial stage, they are very disappointed. Hence, I think it is the duty of the Legislative Council to debate the powers of the SFC.
The New People's Party has studied the motion and various amendments proposed today. As for Albert HO's amendment, we cannot accept it because I think there is no such necessity. Like those colleagues who expressed their views just now, I consider many of his proposals not essential. As for Mr Christopher CHEUNG's amendment, we support it. In our opinion, a fixed target of requesting the Government to launch a strategic review within two years is laid down in Mr Kenneth LEUNG's amendment. We also doubt its necessity and will therefore abstain. We will support Mr Dennis KWOK's amendment on the ground that it is most appropriate and reasonable. Nonetheless, I think this debate is timely because the Legislative Council is obliged to monitor statutory bodies holding such enormous powers.

Before concluding my speech, I have to declare that one of the sponsors in the sponsor scheme I mentioned just now is my relative.

I would also like to make a fair comment on the SFC, which is in fact a very good regulator enjoying high reputation overseas, apart from the fact that it is a statutory body. The SFC is commendable for its transparency. Every year, the SFC's Chairman and Chief Executive Officer will explain their work and accounts in the Legislative Council Panel on Financial Affairs. For this reason, this is much better than the case with the Monetary Authority which is not subject to any statutory regulatory framework.

Deputy President, I so submit.

MR MARTIN LIAO (in Cantonese): Deputy President, before leaving office, the former Director of Public Prosecutions Kevin ZERVOS in the preface to the "Prosecutions Hong Kong 2012" raised concerns about the multiple roles played by the Securities and Futures Commission (SFC). He feared "self-regulation" would happen within the SFC and thus a war of words was triggered. Deputy President, I do not intend to discuss who is right and who is wrong. I think a more important point is that Kevin ZERVOS did raise a thought-provoking discussion, and that is, when a law-enforcement agency is simultaneously vested with powers of regulation, investigation and prosecution, how could the Government effectively defend the neutrality and impartiality of prosecutions? This is not merely a substantive issue but also a question of principle. In the financial market, the SFC has extensive powers of regulation and investigation coupled with prosecutorial responsibility. Its multiple capacities and functions
may lead to a conflict of roles. As a result, justice cannot be done and its credibility in law enforcement within the financial market will be compromised. Should the Government assign the prosecution power of the SFC to be under the sole responsibility of the Department of Justice (DoJ)? This issue must be explored.

Deputy President, having served at the DoJ for 21 years, Kevin ZERVOS has his own insights into upholding social justice and balancing civil rights. I agree with his view on fair and non-discriminatory law enforcement. He said, "An independent prosecution service is vital for upholding the just rule of law. This involves the just application of just laws, and we, as a prosecution service, stand apart from government and law-enforcement agencies in making sure this happens." Deputy President, doubtless, the rule of law is an important pillar of social justice, whereas sound rule of law is manifested in fair and non-discriminatory law enforcement.

In fact, Kevin ZERVOS’ question about the conflict of roles pertinent to the SFC is not pointless. Under section 388 of the Securities and Futures Ordinance (SFO), the SFC is empowered to initiate prosecution in its own name against an offence under any relevant provisions in the SFO and the offence shall be tried before a Magistrate as an offence which is triable summarily. However, the SFC explained that such prosecution power is constrained. According to an agreement with the Prosecutions Division in 2007, potential market misconduct prosecutions would be referred to the DoJ for legal advice and decision to institute prosecution would be made by the latter. Regarding non-market misconduct cases, prosecution will be conducted by the SFC under the SFO. In other words, with limited powers of instituting criminal proceedings, the SFC is constrained by the decisions of the DoJ.

Nevertheless, the SFC is capable of instituting prosecutions in respect of ordinary cases of non-compliance without seeking the approval of the DoJ. The crux of the problem lies not in the distinction between summary or indictable offences, but the consequences on the defendants. Cases prosecuted by the SFC may attract penalties up to three years' imprisonment and a fine of $1 million. The SFC also has extensive regulatory and investigation powers. Inevitably, some particular views may be formed on some cases and such views may affect the SFC's due objectivity and independent judgment in making prosecution decisions. If a regulatory agency has violated procedural justice in the course of investigation, practised favoritism or even obtained
evidence in an unlawful manner, then fair and non-discriminatory law enforcement, protection of public rights and manifestation of social justice can only be achieved by an independent third-party prosecution service discharging prosecutorial responsibilities.

Deputy President, in my opinion, checks and balances can be achieved by separating the powers of investigation and prosecution in order to achieve more equitable results. In fact, all the disciplined forces (including the police and the Independent Commission Against Corruption) refer cases to the DoJ for decision on institution of prosecution, regardless of whether the cases are serious or not. Only a fraction of the law-enforcement duties of the Food and Environmental Hygiene Department such as hawker control or a small number of minor cases involving violation of the immigration legislation are treated as exceptions. However, as pointed out by Kevin ZERVOS, the SFC has a variety of functions, but there is no corresponding internal regulation and oversight. He has also very obliquely hinted that the Prosecutions Division and the prosecutorial authority within the SFC may hold different opinions. He said, "The SFC is a regulatory and investigatory agency with extensive coercive powers. But it also has prosecutorial responsibilities and in this regard there has been tension between us." It is implicit in his words that the DoJ may have on past occasions disagreed with the SFC's prosecution decision.

Looking at countries with major financial exchanges, except the United Kingdom which was cited by the SFC, financial regulatory agencies in the United States, Germany, France and Japan are vested with regulatory and investigation powers only. Decisions on prosecution are referred to law-enforcement agencies for determination. I think this practice is more compatible with social justice and public interest as well as the requirements relating to prosecution power under the Basic Law.

Deputy President, I have repeatedly pondered whether there is sufficient justification for the SFC to retain its prosecution power. My answer is in the negative. In the absence of sufficient justification, I oppose any practice that deviates from the principle. I support Mr Tommy CHEUNG's motion. I so submit.

DR LAM TAI-FAI (in Cantonese): Deputy President, five years have just passed since the occurrence of the Lehman Brothers minibond incident. Although
generally speaking, the incident can be considered as having been settled, it has left a permanent mark on the financial industry in Hong Kong. Earlier on, the credibility of the Securities and Futures Commission (SFC) was once again called into question because of the issue relating to the licence for the Hong Kong Mercantile Exchange. On the question of whether or not it is necessary to review the functions and powers of the SFC and whether or not the SFC should assign its duty of criminal prosecution under the sole responsibility of the Department of Justice (DoJ), we must consider it from the perspective of protecting the interests of public investors and upholding the reputation of the financial industry in Hong Kong, then examine in depth the inadequacies of the existing system and decide if the proposals put forward by Mr Tommy CHEUNG can really enhance the overall effectiveness and quality of regulation over the financial industry in Hong Kong, so as to lay a better foundation for Hong Kong's financial industry and economy as a whole.

From several angles, we can explore and analyse in depth the effects of the various proposals in the motion on the regulatory regime for the financial industry in Hong Kong.

First, under the division of labour between the SFC and the DoJ at present, does the SFC have a well-developed internal monitoring mechanism? Whether or not these two institutions can co-operate fully in instituting criminal prosecutions fairly, impartially and efficiently is definitely the prime requirement for the self-regulation system of any financial institution. The Government can compare the self-regulation measures of the SFC with those of the regulatory authorities in other well-developed countries, as well as how efficient and co-ordinated law-enforcement agencies are in co-operation. It can also do so through a host of indicators, for example, the number of prosecution cases, the success rate of prosecutions and whether or not the Court can deliver fair judgments with deterrent effect in trials according to the information provided in prosecution files.

Second, under the existing mechanism, is it really possible to enhance the effectiveness and credibility of the entire regulatory regime simply by reassigning the prosecutorial responsibility? If the DoJ assumes full responsibility for criminal prosecution, is it necessary to reallocate the manpower and financial resources earmarked for the relevant functions performed by the SFC and DoJ, and what effect will this have on the Government and taxpayers' money?
Finally, if major changes really have to be made, do we have full confidence that we will not backtrack? We must avoid overplaying our own hand, for otherwise it would arouse doubts among the public and cause impacts on the credibility of the DoJ, the SFC and even that of this Council and the SAR Government.

Deputy President, the existing prosecution system of the SFC was implemented in 2007 and it includes referring all potential cases of prosecution for market misconduct to the Prosecutions Division for assessment on the appropriateness of instituting criminal prosecution and elevating the prosecution of serious market misconduct cases to courts above Magistrates' Courts. According to the figures provided by the SFC, under such an arrangement, the SFC has conducted almost 300 summary prosecutions in the Magistrates' Courts with a success rate of over 90%. When deciding whether or not the DoJ should assume full responsibility for criminal prosecution, we should first look into whether or not the arrangement of having the SFC responsible for searches and investigations and the DoJ for prosecution would raise the overall number of cases of prosecution and if prosecution files can be opened effectively to raise the success rate of prosecution, thus creating greater deterrent effect, raising market awareness and reducing instances of market misconduct in the future. In addition, at present, the SFC and the DoJ will enlist the assistance of external counsel from time to time in relation to more complicated cases. Under the proposed new system, that is, under Mr Tommy CHEUNG's proposal, will the use of external resources significantly increase the burden borne by the Government and taxpayers? This should also be one of the considerations in deciding whether or not to support the motion.

Deputy President, there is no doubt that the financial industry is a major economic pillar of Hong Kong, and the financial industry is founded precisely on its credibility. If we want to maintain Hong Kong's position as the leading financial centre in China and Asia, the Government must take all possible steps to ensure that even as the financial industry develops rapidly, there are adequate resources to strengthen regulation of the financial industry in Hong Kong, thereby reducing instances of market misconduct and providing protection to public investors as far as possible, so as to defend and elevate the position of the financial industry in Hong Kong locally, on the Mainland and overseas. Deputy President, as one of the most important financial centres in the world and a city focusing on financial development, as approved by the Central Government,
Hong Kong should strive to set an example for neighbouring financial cities, apart from continuously enhancing the quality and effectiveness of the regulation over its own financial industry, so as to consolidate its leading position.

Deputy President, today, I support the amendments proposed by Mr Christopher CHEUNG and Mr Dennis KWOK. But I have reservations about Mr Tommy CHEUNG's original motion. Deputy President, I so submit.

MS STARRY LEE (in Cantonese): Deputy President, many people have described the Securities and Futures Commission (SFC) as the financial police. Hong Kong is an international financial centre and of course, its financial police must be a "good fighter" and also have "bite", so as to maintain financial order and uphold Hong Kong's position and reputation as an international financial centre. In fact, as early as the era of the Hay Davison Report, it was already proposed that the SFC should have the power to prosecute summarily in the Magistrates' Courts and this is why this arrangement on the power of prosecution has all along remained. It was not until the "magnum opus on securities" came into effect on April 2003 that this actual power was expressly conferred on the SFC.

In the past decade, the SFC has been working towards the goal of upholding market fairness and reducing market offences by clamping down hard on insider trading. Among its actions, its litigation with the internationally well-known hedge fund, the Tiger Asia Management LLC, was the focus of attention in the global financial market. The SFC said that the "magnum opus on securities" gave the authorities more tools to combat insider trading and the cases of successful prosecution would also deliver a clear message to the market, that Hong Kong as an international financial centre would by no means tolerate any market misconduct. I believe the great majority of market players and investors are happy to see such a development.

Ever since the "magnum opus on securities" came into effect, we can see that the SFC's actions against insider trading and market fraud have frequently produced results. They include a former Morgan Stanley managing director, DU Jun, being sentenced to imprisonment for seven years and fined some $23 million, and this is the heaviest penalty imposed so far. In addition, in 2010, the Hontex International Holdings Company (Hontex International) was
exposed to have provided fraudulent information in its initial public offering, so it was ordered by the SFC to suspend trading just three months into its listing and its funds raised from the listing were frozen. In the end, the SFC invoked its power under section 213 of the Securities and Futures Ordinance to unwind the transaction. As a result, the listing sponsor of Hontex International had its licence revoked and was fined a hefty $42 million. At the same time, Hontex International was ordered to buy back its shares from the 7,700 investors who had applied to buy the new issue shares and from the secondary market, and the funds involved amounted to over $1 billion. That was the first time the SFC successfully ordered an offending listed company to make "refunds" and it went down in history as a major chapter in the SFC's protection of the investing public from misconduct, as Members would perhaps recall.

Deputy President, apart from the SFC, which can institute prosecutions summarily in non-market misconduct cases, similar arrangements can also be found in respect of quite a number of government departments. An Honourable colleague also talked about this just now. They include the Agriculture, Fisheries and Conservation Department, the Food and Environmental Hygiene Department, the Leisure and Cultural Services Department and the Transport Department. Of course, the offences targeted by them are minor ones, for example, illegal hawking and illegal parking but actually, they also have similar powers. It can thus be seen that the power of prosecution of the SFC is not a unique and special policy arrangement.

Meanwhile, I have also looked into the powers of this kind of institutions overseas. Of course, Hong Kong is not the only jurisdiction that empowers agencies akin to the SFC to institute prosecutions against the relevant offences. Although not all financial regulatory bodies in all markets adopt such a practice, for example, the Securities and Exchange Commission of the United States only has the power to institute civil prosecutions in district courts, whereas its power of criminal prosecution is confined to only referring the relevant cases to the state and federal governments, there are still quite a number of common law jurisdictions with similar legal provisions, including the Financial Conduct Authority in the United Kingdom, which has the power to institute criminal prosecutions summarily or on indictment and the Financial Markets Authority in New Zealand, which has the power to institute both civil and criminal prosecutions against the misconduct of market players. The Securities Commission in Malaysia also has the power to institute prosecutions against all securities-related offences with the approval of the Public Prosecutor. Also, the
Australian Securities and Investments Commission also has the power of prosecution in this regard.

Therefore, be it from a theoretical or practical point of view, the power of prosecution conferred on the SFC according to the "magnum opus on securities" is indeed desirable and at this stage, we cannot see any need for significant changes. When the Secretary for Justice replied to Mr Paul TSE's question, he also said it is the DoJ, not the SFC, which makes the prosecutorial decisions in accordance with the established and published prosecution policy prevailing from time to time, so in respect of the power of criminal prosecution, it is the DoJ's decision which takes supremacy. Therefore, in view of the aforementioned grounds, we cannot see any need to make major changes to the power of criminal prosecution conferred by the existing "magnum opus on securities" on the SFC. Since we have some reservations about the core principle proposed in the original motion, we will abstain from voting on Mr Tommy CHEUNG's motion.

As regards Mr Dennis KWOK's amendment, we support it because it is necessary to "require that SFC must abide by the Prosecution Code in handling criminal prosecutions".

Regarding Mr Christopher CHEUNG's amendment, we also support it. Although we agree with the existing arrangement on the power of prosecution, we also understand that the industry, or specifically, the securities industry, has some views on the actions and work of the SFC. It is hoped that the SFC can have the opportunity to communicate with the industry again in the future, so that it can do its work even more smoothly. Moreover, we have also heard other stakeholders in the market say that the power of the SFC is excessive, so we also agree with the amendment proposed by Mr CHEUNG.

As regards the proposals put forward by Mr Kenneth LEUNG in his amendment, concerning the part added by him, in particular, "with the review scope covering the role of SFC in Hong Kong's financial regulatory framework, and its division of work and co-operation relationship with other financial regulators", the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has also proposed it in debates in the past. In fact, the industry is very dissatisfied with the present situation of two regulators for one industry, so it is hoped that more occasions can be arranged for debate on this matter. However, since he has also retained the spirit of the original motion, we can only abstain from voting on his amendment.
As regards the proposals in Mr Albert HO's amendment, although the DAB agrees with his direction of enhancing transparency, in particular, given that we have also assisted some small investors who really have strong views about the transparency of the SFC, yet from the speech delivered by Mr HO just now, I could not hear him suggest any specific ways to ensure that even as the transparency is enhanced, the sensitive information on share prices or the right of complainees would not be affected, so at this stage, we have reservations about Mr HO's amendment and will abstain from voting on his amendment.

Deputy President, I so submit.

MR JEFFREY LAM (in Cantonese): Deputy President, Hong Kong is an international financial centre and the trading in its securities and futures market is very active. Hong Kong's stock market ranks sixth globally and its total market value stands at US$2,800 billion. Why can such a huge amount of funds be managed in such a healthy manner in our market? I believe this is attributable to our well-developed system and good regulatory regime. In 2000, the Government introduced the "magnum opus on securities", that is, the Securities and Futures Ordinance (SFO), into the Legislative Council by combining and updating 10 pieces of legislation that regulated the securities and futures markets in the past and in the past decade, four amendments were also made to the SFO. The Securities and Futures Commission (SFC) has been the statutory body regulating securities and futures markets in Hong Kong since 1989, responsible for enforcing the stipulations in the "magnum opus on securities". Be it listed companies, broker's firms, intermediaries, institutional investors or even retail investors, they are all regulated by the SFC. That Hong Kong's securities and futures markets have attained their positions nowadays is attributable to the important role played by the SFC in the process.

However, it is always necessary to take time to review a system. The SFC has been established for 24 years. Since its purview has changed a few times during these 24 years, we should proceed all the more cautiously. There are various players in the securities and futures sector, including large broker's firms as well as small securities dealers. Since the SFC has enormous powers in prescribing various codes, it is all the more necessary for it to be equitable and it should not show any partiality. It should treat both large firms and small firms equitably. At present, there are voices accusing the SFC of drawing up codes that favour large firms and of being more lenient to large firms while pursuing
small ones relentlessly in enforcement. I believe the authorities must attach importance to these views and avoid arousing doubts in the sector about the impartiality of the SFC, thus affecting prosecution efforts.

Another issue is that the SFC is allegedly not subject to any checks and balances; but this is not the fact. The SFC must conduct prosecution work according to the Prosecution Code of the Department of Justice (DoJ) and the present arrangement was also drawn up jointly by the SFC and the Prosecutions Division. Before the SFC institutes any prosecution, it also has to seek the advice of the DoJ.

Deputy President, in order to protect public interest, we hope that there is not only a fair and transparent platform, but also a flexible and competitive market. Given the constant technological advancement from using chalk back then to the electronic trading platform nowadays — the hot topic now is the use of such social media as twitter by some listed companies in the United States to send important corporate messages — there should be flexibility in dealing with the many rules related to automated trading services and information disclosure.

Ever since the financial tsunami, the financial regulators throughout the world have tightened their rules one after another to enhance the stability of their financial markets, but we must understand that whenever a new regulatory rule is introduced, it will have impacts of varying degrees on various stakeholders. The more stringent the regulation by the SFC is, the larger the number of rules. Each rule incurs cost, and if members of the industry experience any lapse in caution, they would fall foul with the law inadvertently. Therefore, it is not easy to strike a balance in this regard but at the same time, it is very important to do so. The aim of regulation is to bring about the long-term development of the market, so before making changes to each rule, it is essential to discuss with various stakeholders. Be it large firms or small securities dealers, the SFC has to understand their needs and respect their views.

Therefore, I think that if we were to conduct a review, apart from the method of investigation, the scope of the review should also take into account the continual changes in the international financial market and the changes in the regulatory regimes of the Mainland and other countries. A comprehensive review can give stakeholders opportunities to express their views adequately. Be it a listed company with a market value of hundreds of billion dollars or a fund
manager new on his job, the goal of all parties is to have a fair, impartial and independent platform and to maintain the competitiveness and healthy development of the securities and futures markets. Hence it is not true that severing the task of criminal prosecution and assigning it to another party, the market would be fairer and more compatible with public interest.

Deputy President, I so submit.

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

MR JAMES TIEN (in Cantonese): Deputy President, the original motion on the operation of the Securities and Futures Commission (SFC) proposed by Mr Tommy CHEUNG today makes a brief analysis, stating that the SFC holds the three powers of investigation, persecution and judgment, and all the work related to the three powers is handled by the SFC. Certainly, this approach is also adopted in some countries. The current arrangement for the SFC may be attributed to the fact that experts drafting the legislation or offering advice in the past were from Australia. Having said that, many countries in the world, democratic countries with advanced financial markets, will not concentrate the three powers in one single institute even though they may not separate all the three powers.

Regarding the SFC's continual adoption of the current practice whereby all listed companies are placed under its regulation, I have a different view. Deputy President, my company is not a listed company, so it is not subject to the regulation of the SFC. However, since I am the non-executive director of two listed companies in Hong Kong, I have some knowledge of the operation framework of the SFC.

In the original motion, Mr Tommy CHEUNG proposed studying the introduction of legislative amendment to assign the power to other institutions. The proposal to study amending the legislation is also included in the amendments by Mr Dennis KWOK and Mr Kenneth LEUNG. The Liberal Party will support these amendments. Mr Christopher CHEUNG, being the representative of the industry, seeks to amend the wording of "studying amending the legislation", but the Liberal Party has some concerns about this.
The perspective Mr Albert HO presented in his amendment is different from that of the Liberal Party. The wording of Mr Albert HO's amendment seems to criticize the SFC for failing to conduct investigation into many companies, so this prompts him to query the practice of the SFC and call for the Department of Justice (DoJ) to step in. He also proposes "to allow the public to inspect SFC's prosecution documents on the grounds of public interest, so as to enhance information transparency and protect investors' interests", and "to set up … a department … to review all cases in which the law-enforcement agencies have decided not to institute prosecution or conduct investigation …".

However, I believe this is not the concern of the industry. The industry is concerned about how the SFC decides to initiate investigation and prosecution against whom. This is the industry worry about their operation. As a number of other Members said, the industry considers that the number of cases of foreign-funded enterprises or large enterprises being subject to investigation, persecution or conviction is smaller than that of small companies and broking firms in Hong Kong.

As far as I know, in case of any event involving large companies, they have the financial power to employ lawyers given their large scale. Moreover, these companies have employed company secretaries to remind directors of what they need to declare or when they cannot carry out transactions of shares. As such, there is a lesser chance for large companies to violate the rules. However, for many middle-scale or small-scale enterprises — even though they are listed companies — or securities brokerages, they do not have the manpower and resources to conduct studies or planning on various businesses, and they may easily be caught by the law inadvertently. Honestly, in the opinion of the SFC, since the company concerned has failed to comply with the statutory requirements, it is fully justified to carry out investigation, initiate persecution and to convict the company.

As mentioned by Mr Dennis KWOK and Mr Kenneth LEUNG in their amendments, I think it is most imperative to conduct a study on amending the legislation to retain the DoJ's ultimate control over criminal prosecutions. There is this saying in society, that the SFC should continue to take charge of all these. However, will the authorities consider assigning part of the SFC's power in initiating criminal persecution to the DoJ? It may not be impossible, and it may be a better option than the current practice.
Certainly, the DoJ may have its own view. It may be unwilling to let the SFC shift all the persecution work to it, where the DoJ may have to be responsible of all the work and get into trouble. The DoJ may prefer to have the SFC to be wholly responsible for all persecution work while the DoJ will have ultimate control in special cases. Mr Dennis KWOK mentioned in his amendment that the constitutional requirement under Article 63 of the Basic Law must be complied with, and he requested that the SFC must follow the Prosecution Code in handling criminal prosecutions. In order to implement this arrangement, the authorities need to conduct a study on amending the legislation.

Mr Tommy CHEUNG of the Liberal Party will respond shortly. I have been saying a few words on his behalf only. We will support the amendments of Mr Dennis Kwok and Mr Kenneth LEUNG, but not the amendments of Mr Albert HO and Mr Christopher CHEUNG.

Thank you, Deputy President.

MR CHAN KAM-LAM (in Cantonese): Deputy President, I am a Non-Executive Director of the Securities and Futures Commission (SFC). However, today, I am not speaking on behalf of the SFC, but to express my personal views.

Despite being a small place, Hong Kong has become an important international financial centre. The credit should go to the effective securities regulatory regime. The SFC plays an important role in protecting investors and maintaining the healthy development of the financial markets in Hong Kong.

Regarding comments querying the power of persecution vested in the SFC, we should first understand how the power of persecution of the SFC is exercised. According to section 388 of the Securities and Futures Ordinance, the SFC may persecute offence of non-market misconduct and violation of market regulations through summary procedures. Section 388 also states clearly that regarding the power to persecution of the SFC, "Nothing in the section derogates from the powers of the Secretary for Justice in respect of the prosecution of criminal offences."

It can be noted from the comparison that the power of prosecution of the SFC is not unlimited. In general, cases can be divided into two categories.
When the conduct amounts to influencing the market as a whole, the DoJ will initiate prosecution. If the act is market misconduct or non-market misconduct, where prosecution is carried out mainly via summary proceedings, the SFC will initiate the prosecution. The trials will be carried out at Magistrate's Courts and the cases are less serious, where the penalty is capped at the highest of a fine of HK$ 1 million and three-year imprisonment.

Besides, regarding all the criminal cases which the SFC conducts investigation and initiate prosecution, the Judge but not the SFC is the party who determines the right and wrong of the case. Therefore, Mr James TIEN's previous remark that the SFC may make the judgment is wrong. We should trust that judgments made by the Courts of Hong Kong are fair and impartial.

In actual operation, the power of prosecution of the SFC is subject to checks and balances. The SFC has stated clearly that it will not institute prosecution of its own accord before the case is examined by the Prosecutions Division. In other words, the Prosecutions Division participates directly in the SFC's decision of prosecution. Actually, the many prosecution cases initiated by the SFC now are all referred to the Persecutions Division, hoping that the latter will initiate prosecution upon indictment at courts of a higher level. For cases which the Persecutions Division have not initiated prosecution, they will be returned to the SFC for prosecution. Hence, Members should not regard the conferment of power of prosecution on the SFC will derogate from the powers of the DoJ, for it will instead complement the power of prosecution of the DoJ.

Among the 300 prosecution cases initiated by the SFC through summary proceedings since 2007, the prosecution of 90% of the cases was successful. It is evident that the prosecutions initiated by the SFC are justified, targeted and cautious.

The SFC has been discharging this prosecutorial responsibility for 24 years. The power of prosecution was conferred on the SFC at its establishment in 1989 upon the enactment of the legislation. In the past 24 years, the SFC has exercised its power and fulfilled its responsibilities to punish through law acts of violations that interrupted the market, to protect the interest of investors and maintain the order of the financial industry in Hong Kong. Since this is a proven regime long term, we should not put forth queries hastily.

Hong Kong is not the only jurisdiction conferring prosecutorial power on a market regulator, for similar requirements have been put in place in Europe, New
Zealand, Malaysia, Ontario of Canada and the United Kingdom, and so on. It is thus evident that the requirement is reasonable and a similar practice has been adopted in the international community. Economic crimes are more professional and technical in general, and they involve regulations of various and trivial matters. The SFC as a long-standing regulator of the market is more well-versed in the various regulations in the market than any other law-enforcement agencies, so this gives it an edge in instituting prosecutions. Besides, it may avoid the risk of technical knockout by the party in question in the course of trial due to inadequate knowledge of the rules of the game.

Moreover, the resources of the DoJ are very limited. As mentioned in the Yearly Review of the Persecutions Division 2012, the Sub-division responsible for handling the cases of the SFC is comprised of four persecutors, who had to handle all cases referred by the Inland Revenue Department and share the work of the Commercial Crime Bureau of the Hong Kong Police Force. If all acts of violation must be handled by the DoJ, we think the handling of many violations will have to be deferred, which will seriously affect the order of the market. The securities and futures market changes rapidly, thus an expeditious response mechanism should be set up as a matter of course.

The financial regime of Hong Kong is well recognized by investors in the international community. After the financial tsunami, there is a prevailing trend of enhancing the regulation of financial markets in the international market. The SFC has also carried out a lot of work and made strenuous efforts to enhance the regulation of the markets. The standard of financial regulation in Hong Kong has always been on a par with the international standard. These days, countries around the world are taking "drastic measures" in the regulation of financial markets. If Hong Kong runs in the opposite direction to "disarm" the SFC by reviewing its power of prosecution, it will adversely affect the SFC's deterrent power and credibility as the market regulator.

For these reasons, I implore Members to consider the motion prudently and not to hastily query the power of the SFC, so as to protect the reputation of the financial service industry in Hong Kong and that of the SFC.

Deputy President, I so submit.
Mr Leung Kwok-Hung (in Cantonese): Deputy President, Mr Chan Kam-lam was correct. It is the same all around the world. The Securities and Futures Commission (SFC) is set up solely for the purpose of protecting the interests of plutocrats engaging in stock speculation. In other words, they are subject to their own regulation. Am I right?

At present, speculation in the stock market has run out of control. The Lehman Brothers incident is a case in point. When the business of banks was slack, they adopted the "SFC defence tactic" to disable the SFC. However, the SFC could dig out nothing from its investigation, for it could only read the brief advertising leaflets, whereas regulation on sales was under the purview of the Hong Kong Monetary Authority. This had left a gap in the market, where both authorities could not arrest offenders. The unfortunate incident then happened. Am I right? In the past, all bourgeoisie governments considered that it was the concerns of the public in general. Since the Government feared the rich people, it allowed them to subject to their own regulation. They were left alone as long as they did not go overboard, not pulling down the market or destroying their own means of living. The case was that simple.

The reason we have to discuss the subject today is that this group of people has acted most badly. The first case I will cite is on Barry Cheung. Yesterday, the Judge said that Barry Cheung was a suspect, which means he should be arrested, yet he was not, and the SFC simply turned a blind eye to this. The SFC is most ridiculous indeed. Initially, the SFC said that Barry Cheung had surrendered the license of his own accord, and the comment had been presented for some time. But the SFC indeed knew clearly that there was some problem with Barry Cheung.

I have joined the panel on development for I see the corruptness of the Government. The Secretary for Development is a Leung's fan. Barry Cheung is the "cream of Leung's fans", and Leung Chun-ying stands next to them. I said he was in trouble outside, for I got wind of his problems. Deputy President, you are rich but I am poor, yet we heard gossips everywhere out there at the time that Barry Cheung was in trouble. I said he might be involved in corruption and should not be allowed to join the Urban Renewal Authority. Since his company was in difficulty, there might be conflicts of interest and he might cheat the SFC. However, I was interrupted by Dr Chiang Lai-wan. Once she heard her comrade being criticized, she interrupted immediately. How corrupted it is. The SFC was duty-bound to
monitor whether the company had the capital it claimed. Did it not know he has defaulted on rent? After causing the stir for some time, it was he who surrendered the licence, rather than the SFC withdrawing his licence. Buddy, had it been another person involved in the case, would that person be allowed to do that? Therefore, the practice had aroused doubts.

Second, the Citic Pacific Company Limited is another unsettled case. The person-in-charge of the company gambled on currency accumulator, and they did so for they are wealthy. I am not sure whether the person in question is the elder brother or the younger brother of Fanny LAW. No matter how, the two persons involved were Henry FAN and Larry YUNG — the son of the Mainlander RONG Yiren — and they told lies in front of all the people of Hong Kong. Their conduct was comparable to that of LEUNG Chun-ying. They said they had consulted a professional accountant and a lawyer, and they were told in their replies that they could do so without disclosing certain information. Back then, we asked them to give the identity of the professionals — I was newly elected as a Member of the Legislative Council at that time. Yet, like LEUNG Chun-ying, they said it could not be disclosed and no investigation into the case has been carried out so far. They lied in front of the public media around the world. That was a very serious incident, and it was reported by the BBC Finance News. They lied openly that professional advice had been sought, which considered the arrangement was in order, and they were advised not to say too much. Should anyone be held accountable in the incident? As I notice and as far as I can remember, responsibility has not been pursued in both incidents.

Third, everyone in Hong Kong knows those enigmas, yet an investigation had been conducted only into the Lehman Brothers incident. An investigation had been carried out into the Lehman Brothers incident only because this Council had invoked the Legislative Council (Powers and Privileges) Ordinance (P&P Ordinance). Therefore, it is the best timing to discuss the P&P Ordinance today. The other two incidents were handed over to the SFC ... Citic Pacific suffered loss in the gambling in accumulator. The two heads of the company said that advice of professionals had been sought, but they did not give the identities of the professionals. It is comparable to the explanation given by LEUNG Chun-ying on his unauthorized building works. He also said that professional advice had been sought and that the identities of the professionals could not be disclosed. Paul CHAN also said that it could not be disclosed. Everyone says that nothing can be disclosed. The SFC has now been conferred such an enormous power of investigation, but what can the SFC do? One case involves a close aide of the
Chief Executive and the other involves the brother of a close aide of the Chief Executive, who is also the son of a famous Mainlander RONG Yiren. Everyone in Hong Kong understands what is going on. Had the loss of more than ten billion dollars involved another the person, that person would have long since been arrested.

Since everyone is now saying that the SFC has done a good job, I would like to query one point. It is not about LEUNG Chun-ying. My concern is that they do not even investigate Donald TSANG. If the SFC cannot do that, is it possible to ask the Department of Justice (DoJ) or other relevant authorities to take charge of the investigation. But no investigation has been conducted on any of those cases. They should have conducted investigation and exercised their power to prosecute certain people, but they have done nothing. On the other hand, other authorities have turned a blind eye to the situation. I do hope that a system can be put in place to require the SFC to submit reports to the DoJ on cases it has not investigated. It will be similar to the relationship between the Complaints Against Police Office and the Independent Police Complaints Council. When a complaint is made by a member of the public, an investigation has to be conducted, and after the investigation, the member of the public may seek follow-up with the DoJ or the regulatory authority, which has not yet been set up for the time being. Why can such an arrangement not be made? After that, the regulatory authority will have to follow up the investigation and then initiate prosecution. Has such a system been put in place? Certainly not.

No wonder people will ask which of the following is the most powerful, the Chief Executive, the law or the system. It is now the problem of the SFC. There has been dereliction of duty on the part of the SFC for a number of times. Now, some people ask whether members of the public may obtain the information for reference, but the answer is in the negative. Is it pathetic? It is because of the dereliction of duty of the SFC that people want to obtain the information. I think the issue is indeed simple. The system has not been working effectively all along, yet it is allowed to exist to date without any reform, so the only explanation is nepotism. The person in position will be approached. Now, the situation is more frightening with the Mainland dimension. Simply get the Mainlanders to do this. We often have joint ventures and initial public offerings (IPO), particularly that we have a "compensated dating Chief Executive". A site in the Mainland may be set aside arbitrarily and then IPOs will be issued. How can any investigation be carried out? Who will be
responsible for the investigation? Can the SFC go to the Mainland to investigate the case? Do they have the guts to do so? In the end, those products will be sold to us all the same, for no one cares even if the IPOs fail. They will then issue the "toxic bonds", and the latest issued IPOs will die faster (*The buzzer sounded*) …

**DEPUTY PRESIDENT** (in Cantonese): Mr LEUNG, your speaking time is up. Does any other Member wish to speak?

**MR TONY TSE** (in Cantonese): Deputy President, the Securities and Futures Commission (SFC) was established according to the recommendations of The Operation and Regulation of the Hong Kong Securities Industry (popularly known as the Hay Davison Report) in 1988. The SFC is an independent market surveillance agency within the framework of the Government responsible for regulating the operation of the securities and futures markets in Hong Kong. With the passage of the Securities and Futures (Amendment) Ordinance 2012, the SFC may initiate proceedings direct in the Market Misconduct Tribunal. Hence, with both investigation and prosecutorial powers, it is one of the few statutory bodies which can conduct prosecution of its own accord without going through the Prosecutions Division of the Department of Justice (DoJ).

The former Director of Public Prosecutions in the report *Prosecutions Hong Kong 2012* pointed out that to uphold the just rule of law in Hong Kong, it is imperative to keep the prosecutorial responsibility separate from regulatory or investigatory agencies in order to maintain the spirit of an independent prosecution service. In the report, it is also pointed out that the SFC, which is a regulatory and investigatory agency with extensive powers, also has prosecutorial responsibility. But there appears with the SFC to be a lack of appropriate regulation and effective oversight. Could it result in such agency becoming judge of its own cause with overly broad powers?

In principle, I do not object to the SFC bearing prosecutorial responsibility. As Members mentioned earlier, institutions similar to the SFC in many countries or regions such as Australia, New Zealand and Canada, are vested with prosecutorial power. With appropriate prosecutorial power, its efficiency of prosecuting offences of market misconduct can be enhanced. In my opinion, the
SFC's prosecution decisions and its staff's investigation technique should be subject to oversight and regulation so that they are checked.

From the perspective of legislation, the Securities and Futures Ordinance (Cap. 571) enacted in 2012 provides that the SFC may institute market misconduct proceedings in its own name, meaning that it has stepped into the shoes of the DoJ. Section 388(3) also states that this power of the SFC does not derogate from the powers of the Secretary for Justice in respect of the prosecution of criminal offences. But as Mr Dennis KWOK said earlier, in the provision there is no further explanation on how the DoJ can monitor and exercise checks and balances on the SFC's substantive powers. In his reply to Mr Paul TSE's question on 16 October, Secretary for Justice Rimsky YUEN only mentioned briefly that prosecutorial decisions are made by the DoJ, rather than by the SFC, in accordance with the established and published prosecution policy. However, serious doubts are cast on the adequacy of measures by the DoJ to check the SFC.

(The President resumed the Chair)

To effectively and properly implement the relevant ordinance, and to continuously uphold the healthy development and operation of the securities and futures markets in Hong Kong, the DoJ and the SFC should formulate an effective mechanism for their respective compliance in respect of law enforcement and prosecution to avoid confusion of responsibilities. On the other hand, the SFC's investigation technique and the frequent flaunting of the pretext of confidentiality as a "shield" to refuse disclosure of information have always been criticized for lack of transparency in the handling of cases, thus leading to dissatisfaction of the public or the industry. I think industry practitioners should observe the guidelines promulgated by the SFC. But in my opinion, if there is a lack of uniform standard in its prosecution procedures, or if the investigations of different cases can be dealt with in different ways, thereby arriving at different decisions, such an approach should be rectified. And the authorities should address this problem and conduct a review.

President, Hong Kong is an international financial centre in Asia. A sound legal system is our advantage and should not be damaged. The SFC, as the avant-garde for enforcement in the financial markets of the Hong Kong, has the responsibility to uphold Hong Kong's rule of law and improve enforcement
efforts in order to establish securities and futures markets which can better serve public interest.

President, I so submit.

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

MR PAUL TSE (in Cantonese): President, today several Honourable colleagues have mentioned the question I posed to the Government at a previous Council meeting. First of all, I would like to thank all of them for following up on this issue and their concern about the relevant review.

President, having listened carefully to the speeches of many Honourable colleagues earlier, I would like to add some of my observations on the contents of their speeches. Despite my agreement to their speeches, I would like to point out several things for their reference. Most importantly, I very much agree with the most basic or most fundamental principle of law as mentioned by Mr Martin LIAO. According to this principle, no organization should be, as far as practicable, vested with multiple functions including regulation, investigation, prosecution and even submission of evidence relating to this category of cases. The Securities and Futures Commission (SFC), as an organization with relatively high credibility in the securities market of Hong Kong, is responsible for approaching expert witnesses to give testimony. Under such circumstance, the SFC is seemingly very efficient in enforcement. However, it might have violated the most basic principle of law, especially the highly regarded principle of the common law and the Basic Law, if we look at the issue purely from the angle of upholding public justice and protecting the people from unnecessary prosecution.

In this regard, the success rate of the SFC should not be taken as the only indicator reflecting how good its performance is. If that is the case, the success rate of the prosecution service on the Mainland, for instance, is 100%. However, can this be taken as an indicator of achievement? On the contrary, under the highly regarded traditional judicial system, the success rate should not and cannot be taken as an indicator to reflect whether justice has been done and proper protection has been accorded to the people. In the end, this is certainly the people's choice. Had we opted for the police society, we certainly would hope that many organizations would be provided 100% public powers so that they
can achieve 100% success rate in the absence of oversight. Conversely, if we believe in the values of a free society like Hong Kong, we should not feel complacent due to a high success rate.

President, the second point is that some Members have made comparison with other countries, especially European countries and the United States, the practice of which are very much convincing in our eyes. They pointed out that a similar practice is adopted in these countries or agencies similar to the SFC are vested with law-enforcement functions. I think, in this aspect, we should not cite the examples in foreign countries in such a rough manner, thereby arriving at the conclusion that such an approach is also applicable in Hong Kong. We have to examine more carefully whether there are any controls and safeguards for such conferment in these countries. We have to study very carefully whether there is any provision for the setting up of dual regulatory authorities in order to ensure that the powers conferred on them will not be abused. If we feel complacent by merely looking at the situation in Europe, the United States and Australia, we are much too shallow.

President, the third point I would like to make is that in Hong Kong, there are indeed some departments which will institute prosecution by means of issuing summons against some very trivial offences or quasi-criminal cases such as littering or traffic offences, and even some regulatory offences committed by companies. The relevant departments will issue summons to them and such an approach is proven. However, generally speaking, prudence and cautiousness should be exercised in delegating prosecutorial power to a body other than the Department of Justice (DoJ) in respect of cases which may attract penalty of long-term imprisonment or cases with serious consequences.

In contrast, over the past few years, we have been fighting for enhancing the "bite" of the Equal Opportunities Commission or the Office of the Privacy Commissioner for Personal Data with a view to strengthening their participation in prosecution or prosecutorial powers. But the Government has repeatedly rejected our request, dismissing it as arbitrary. In retrospect, before the enactment of such legislation, departments were vested with prosecutorial powers to dealing with certain offences in accordance with different legislation in the past. However, if we really want to examine whether the system as a whole is compatible with justice or the principle of advocating freedom and protection, and whether the system should continue to operate, I think a review is necessary to say the least.
President, under the current mechanism, cases can certainly be divided into two major categories, one of which being related to market misconduct. Relatively speaking, better protection in this aspect is provided because it is necessary to stipulate that prosecution should be conducted according to procedures. I remember during the legislative process in May 2008, the authorities also mentioned that prosecutorial power should be exercised dual track, meaning that both the DoJ and the SFC can institute prosecutions. But in fact, according to my understanding, as it is also confirmed by the fact, so far only the DoJ will conduct proper prosecutions or unless the SFC has been granted authorization by the former. However, according to past records, the DoJ has received only one request for authorization, showing that the operation in this aspect does not seem entirely smooth.

Regarding regulation, the Government has repeatedly mentioned the high-level communication and liaison between the DoJ and the SFC on numerous occasions. Furthermore, the DoJ has also issued four important points of communication, including the assurance of prosecution standard, for strict compliance by the SFC. However, this can at most be regarded as high-level communication without legal effect. In other words, this is "toothless" and does not offer any protection. Hence, if there are irregularities or non-compliance, there is no legitimate mechanism enabling the DoJ to make effective or timely prevention or correction. Therefore, if we really uphold the spirit of protecting Hong Kong people's rights, the most crucial thing to do is to review the arrangements in this regard.

Thank you, President.

MR NG LEUNG-SING (in Cantonese): President, the regulatory system of a sophisticated international financial centre should possess the characteristics of continuity and stability without excessive or frequent changes. Regarding the fact that criminal prosecutions are conducted by the Securities and Futures Commission (SFC), according to sources, the SFC has been vested with the power to prosecute cases before a Magistrate as an offence which is triable summarily since 1989. The SFC is clearly conferred such power under section 388 of the Securities and Futures Ordinance which has been in force since 2003. For a system which has been operating effectively for so many years, do the remarks of the former Director of Public Prosecutions, Mr Kevin ZERVOS, carry sufficient weight to necessitate changes to it?
Mr ZERVOS maintains that prosecutorial responsibilities should be separated from regulatory or investigatory agencies. There is nothing wrong with this view under normal circumstances. However, in view of the peculiarity of such an arrangement, Mr ZERVOS' view does not seem right. The reason is that the SFC reached an agreement with the Prosecutions Division in 2007 under which the SFC would refer all potential market misconduct cases to the Prosecutions Division to decide whether prosecution should be instituted, and whether such cases would be prosecuted by the Department of Justice (DoJ) on indictment in higher courts or summarily by the SFC in the Magistrates' Courts. Apart from that, all non-market misconduct cases would continue to be prosecuted direct by the SFC. Hence, there is clear division of labour between the SFC and the Prosecutions Division. Complex and serious market misconduct cases are clearly to be handled by the DoJ. Meanwhile, the SFC will remain responsible for relatively simple and less serious cases. Such an arrangement is conducive to the efficient handling of cases, as well as maintaining the integrity of the entire system.

President, no system is flawless. A balance must be struck and choices must be made between various policy objectives. Hong Kong is an important financial centre. The SFC of Hong Kong must be vested with appropriate powers or it will be ridiculed as a "toothless tiger" which is not conducive to the discharge of any effective regulatory functions. The SFC as an independent statutory body is not subordinate to the Government. Given that checks and balances are maintained both internally and externally, compliance with procedural justice is ensured. Furthermore, public scrutiny through the media and the financial analysis sector would make abuse of power improbable, if not impossible. The organization structure and operation of the SFC in Hong Kong are basically consistent with those adopted by other major international financial centres. It is understood that, apart from Hong Kong, other common law jurisdictions such as the United Kingdom, Australia, New Zealand, Malaysia and Ontario of Canada have conferred powers on their respective securities commissions to institute prosecutions. Therefore, such an arrangement can also be described as a common practice in the world.

President, the laws can certainly be reviewed and revised in due course. However, for a proven regulatory framework, any hasty changes should be made
with due care unless the existence of loopholes is validly proved by obvious cases or there is an internationally recognized best practice for us to follow.

President, I so submit.

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

MR WONG YUK-MAN (in Cantonese): President, a quorum is not present in the Chamber.

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

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

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please.

MR WONG YUK-MAN (in Cantonese): President, in 2003 after the outbreak of SARS, the number of Chinese companies which came here to seek listing could be said to be countless. From that moment onwards, we begin to worry that scandals will come one after the other. And sadly this is now a fact. The securities and futures markets of Hong Kong together form a big pool filled with scam. Of course, we have to rely on the SFC and that is common knowledge. Even the Hong Kong Exchanges and Clearing Ltd. (0388) is called a casino stock by some stock market investors. So the Lehman Incident and the Citic Pacific Incident mentioned by Mr Albert HO in his amendment certainly warrant our concern.

Certainly, many Members have expressed concern about Barry CHEUNG today, and I pay special attention to him. I have written to Rimsky YUEN, Secretary for Justice, and asked him a question about the blatant perversion of the course of justice in a public forum held in Tin Shui Wai by this daft LEUNG
Chun-ying who is elected by just 689 persons. He rebuked people in public, backed up by triad elements. He said to this effect, "You complain about Barry CHEUNG. But now the ICAC does not open a file for his case. You therefore owe him an apology." It is not yet known whether Barry CHEUNG will be arrested by the Commercial Crime Bureau of the police. And I can say anything I like here. President, sorry, I must say that this is really way over board. The case is still under criminal investigation. Someone confessed in the Court that he once lent money to Barry CHEUNG. Well, the Court knows about this publication of fraudulent instruments. This man is a member of the Executive Council. President, why am I mentioning this incident when I speak on the motion on the SFC? I am not reading from the speech draft which I have in my hand because I grew very unhappy as I heard Members speak. Can he say these things when he is the Chief Executive?

The letter written by me sets out in detail a number of reasons and these are …

PRESIDENT (in Cantonese): Mr WONG, you have strayed away from the question.

MR WONG YUK-MAN (in Cantonese): I have not. The SFC does not probe into his case. And we are talking about the SFC. How can it be considered a deviation? I have not finished. I have only talked for some two minutes and you are saying that I am digressing …

PRESIDENT (in Cantonese): Please come back to the SFC.

MR WONG YUK-MAN (in Cantonese): Why does the SFC not probe into the Barry CHEUNG case? Why should it let the Hong Kong Mercantile Exchange Ltd. (HKMEx) get away with it? What is the argument for it? Please explain that to me. So this motion from Mr Tommy CHEUNG has got an ulterior motive. Can he think he can have his way by leaving the Chamber? This motion has got an ulterior motive. I wrote a letter to the Secretary for Justice because he is counsel to the Chief Executive. In my opinion, the Chief
Executive has perverted the course of justice. This is because when Allen LEE said in his TV programme that Barry CHEUNG had borrowed money from other people, the Chief Executive then sued him for libel. The case is still under investigation. But the Chief Executive says that it is alright with Barry CHEUNG. Is this not perversion of the course of justice?

My letter is very long and there are Chinese and English in it. The Secretary for Justice in reply said that he could not answer my questions and brought in the Director of Public Prosecutions, Kevin ZERVOS. This is the fellow I want to talk about. At that time Kevin ZERVOS had yet to formally retire. He said to me in reply, "It is all right." I have got the letter here. I am trying to get our Legal Advisor read this letter and I will make an announcement later. But I do not think the reporters will publish stuff like this from me. Full stop.

I wish to make this point only. What is the use of the SFC? As things have come to this pass, what is the use of the SFC? The focus of today's discussion is very simple, and that is, the functions of the SFC are being questioned. In August this year, the Department of Justice published a report called *Prosecutions Hong Kong 2012*. A number of Members have mentioned this earlier. Kevin ZERVOS, the Director of Public Prosecutions, that is, the person who replied to me that the Chief Executive did not pervert the course of justice, said that the SFC had extensive mandatory powers in regulation and investigation and it also had a function of prosecution. He questioned that it seemed there was no proper internal regulation and control in the SFC.

The SFC flared up on hearing those remarks and hit back strongly and resoundingly. I do not know if this is because it was wrong in the first place. The SFC launched a high-profile rebuttal of the comments made by Kevin ZERVOS, saying that it would refer cases of potential market misconduct to the Prosecutions Division for the latter to decide whether the cases should be prosecuted on indictment by the Department of Justice (DoJ) or the SFC. But during the term of office of Kevin ZERVOS, he did not initiate any indictment proceedings for cases referred to the DoJ for prosecution. This move is a sign of ignoring the SFC and it brings us the question of division of powers for which certain Members have expressed concern today. President, I have not digressed, have I? This brings up the dispute between the argument for self-discipline by the industry concerned or the argument for external participation in monitoring.
Similar disputes began to appear in the legal profession, the medical profession and other professions in recent years. The questions asked centre around whether the existing mode of prosecution is fit and proper and should powers be further divided. There are differences in opinion. But this conflict between public interest and the profession concerned is becoming more and more marked. Such a problem should be solved in the securities industry and professions like medicine and law, in order to avoid having professional interests — including those related to the barristers sitting here — override public interest.

The practice of the SFC has always been a cause for criticism. In the past, it was the foreigners who were in control. Then could it be said that everything that these foreigners do are better? The answer is of course "No". The key lies in the system. Irrespective of those in charge of the SFC are Chinese or foreigners, they all have a lucrative pay package. Back then the Penny Stocks Incident broke out precisely because of the malicious acts of the SFC and also the power struggle between Andrew SHENG and the Chief Executive of the Hong Kong Exchanges and Clearing Ltd., KWONG Ki-chi, and this had the effect of implicating Frederick MA. He is not here now, so I am saying this. He was one of the victims of the Penny Stocks Incident and he had to bear the responsibility. When a piece of paper was slipped into such a huge pile of papers, how could Frederick MA possibly have the time to check it out? And so it went bust. I can tell Members that the incident at that time was the result of the power struggle between the SFC and the Hong Kong Exchanges and Clearing Ltd.

It does not matter whether those in power are foreigners or Chinese, what matters most is a sound system. Mr Tommy CHEUNG proposes that the DoJ shall be given the full responsibility of criminal prosecutions. However, after the HKMEx incident has broken out, it would be difficult to tell whether Mr CHEUNG's proposal is practicable or not because the Chief Executive is daft. He is not only daft, but he is also a wicked man. What can we expect someone who is daft and wicked to do? I can tell Members, he cannot do anything. It is outrageous to see that he came to the defence of a person who might be arrested and put into jail.

I so submit.
PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may speak on the amendments. You have five minutes.

MR TOMMY CHEUNG (in Cantonese): President, I wish to say something. I have been a Member of this Council for more than 10 years and Mr Albert HO who is not present at the moment is one of the Members whom I admire and respect. I always admire him for his logical thinking, and I like listening to his debate.

However, the amendment he proposes today makes me feel a bit surprised. At first I thought it was okay. But when I looked at it carefully, I found there are some problems with it. First, he deletes the words "studying amending the legislation" from the original motion. When the legislation is not amended, how can the three proposals made by him be realized?

As for his second proposal, he says "to allow the public to inspect SFC's prosecution documents on the grounds of public interest". It should be borne in mind that in general prosecution documents would contain a lot of commercial secrets and important pieces of information, especially those related to listed companies. If these are made public, it may lead to other problems and disputes in law and easily cause confusion in the market. Therefore, the Liberal Party cannot accept this proposal.

As for the third proposal made by him, that is, "to set up under SFC a department similar to the Operations Review Committee of the Independent Commission Against Corruption". As I have said in my opening speech, actually I will not oppose the implementation of certain measures designed for achieving checks and balances on the premise of not making any legislative amendments, such as setting up a committee. However, Mr HO proposes that a department should be set up "to review all cases in which the law-enforcement agencies have decided not to institute prosecution or conduct investigation". I wish to emphasize that Mr HO is talking about "all law-enforcement agencies".
It is clear that this proposal will not work if we look at the wording alone. When he talks about "all law-enforcement agencies", does he also mean that even those like the Hong Kong Monetary Authority, the Office of the Commissioner of Insurance, the Department of Justice and the ICAC are all required to have their cases reviewed by that department? So it is hard for us to lend our support to Mr Albert HO's amendment.

President, as for the amendment from Mr Christopher CHEUNG, I do not understand why you could have given your consent for him to propose his amendment. When I looked at his amendment, my first impression was that it seemed he had shattered my original motion into pieces and the remains were nowhere to be found. But when I read carefully as I did so with the amendment from Mr Albert HO, I managed to find some remains of the original motion. His suggestions include "conduct a review" and "including the arrangements for criminal and non-criminal investigations, enforcement and prosecution work" — and I have left out some of the wording in between — "thereby achieving separation of powers and checks and balances". However, his speech earlier in the debate seems to be different from the proposals in the amendment. Or it may be that my hearing is not very good and I did not hear him too clearly.

Mr James TIEN in his speech said that we would vote against his amendment. After reading his amendment carefully, I consider that there is nothing wrong with it. If he amends the original motion to such an extent that even the remains cannot be found, I do not think the President will approve of his proposing that amendment. Therefore, the Liberal Party will abstain from voting on Mr Christopher CHEUNG's amendment.

The amendment from Mr Kenneth LEUNG has basically kept all the wording of the original motion other than the deletion of the word "expeditiously". This is right because the Government keeps on saying that it will do things "expeditiously", but in the end as many as 10 years' time could have been spent. So he says, "launching a comprehensive strategic review of SFC within two years". I would think that this is a better proposition. Perhaps Mr Kenneth LEUNG does not want to see the kind of doing things "expeditiously" as the Government says. We may think that two years are quite a long period of time, but for the Government, this may be considered very fast.

As for the parts added by Mr Kenneth LEUNG in his amendment, the Liberal Party wishes to show its support. All along we think that the present
situation of regulation in the financial industry in Hong Kong is a case of one industry being subject to a number of regulators, and this is not desirable. The amendment seeks to delineate the functions and duties of the SFC as opposed to other financial regulators. This is in line with the spirit of the original motion and so I am supportive of it.

Lastly, although the amendment from Mr Dennis KWOK deletes the words "assign SFC's duty of criminal prosecution to be under the sole responsibility of the Department of Justice", it retains the suggestion of "studying amending the legislation" found in the original motion while also adds the wording "allow the Department of Justice to have sufficient oversight of SFC's criminal prosecution work, and to retain the Department of Justice's ultimate control over all criminal prosecutions in Hong Kong". In other words, he also suggests that the legislation should be amended and that changes should start with the Department of Justice. Only that he puts it in a way which is different from the original motion. I will therefore support it.

President, I should also like to mention in passing, as also mentioned by many Honourable colleagues, my original motion seems to suggest that all the work be handed over to the DoJ and therefore they have reservations about it. But I just wish to tell Members, what I have suggested in the original motion is merely to separate the relevant powers.

Thank you, President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I am grateful to Honourable Members for expressing a lot of valuable views on the functions and duties of the Securities and Futures Commission (SFC). Given the rather extensive coverage of the motion proposed by Mr CHEUNG, amendments proposed by several Members and speeches delivered by Members earlier, I will try to divide their views into several major areas and give a consolidated response.

As far as the SFC's duty of criminal prosecution is concerned, the Administration currently has no plans to suggest any changes to section 388 of the Securities and Futures Ordinance (SFO), as stated in my opening remarks. We consider that the existing arrangement (that is, on the premise of the SFC's respect for Article 63 of the Basic Law and section 388(3) of the SFO, the SFC
has the power to prosecute relatively minor summary offences before a Magistrate's Court) can already achieve the policy objective of effective regulation of the securities market and maintenance of its fair and orderly operation. The SFC's discharge of its regulatory duties and exercise of its statutory powers, including the prosecution power, are restrained by a number of measures, and such measures cover many aspects, including the SFC's governance structure and internal administrative procedures, ordinances related to enforcement, and so on, to ensure high accountability and a fair, just and impartial attitude in the discharge of its regulatory duties. I will go through them one by one now.

First of all, Hong Kong is an international financial centre, so it is imperative that our regulators meet the expectations of the international community on regulators of securities markets. In this connection, one of the important principles established by the International Organization of Securities Commissions (IOSCO) is that regulators should be operationally independent and highly accountable in the exercise of their functions and powers. The SFC's board of directors plays a role in such accountability and checks and balances. Any major policy of the SFC, including regulatory policy and major enforcement decisions, must be approved by the board of directors, and the SFO stipulates that the number of SFC non-executive directors, who shall be appointed by the Government, shall exceed the number of executive directors, in order to ensure that the board of directors plays a role in monitoring the work of the SFC's executives and exercising checks and balances on it.

Second, the party concerned may apply to the Securities and Futures Appeals Tribunal (SFAT) for review of individual regulatory decisions made by the SFC. The SFAT was established under the SFO, independent of the SFC. It is chaired by a Judge of the High Court and assisted by two external members well-versed in market operation. Regulatory decisions against which an appeal can be lodged to the SFAT include licensing, disciplinary actions, issuance of restriction notices, and so on.

Third, the SFC's criminal prosecution power is restricted by the SFO. As I repeated several times earlier, the SFC can only conduct summary prosecutions in the Magistrates' Courts, usually for some relatively minor cases. As for more serious offenses, only the Prosecutions Division of the DoJ can conduct the relevant procedures in the District Court or the Court of First Instance.
In addition, the SFC entered into an agreement with the DoJ in 2007, agreeing to refer all potential market misconduct prosecutions to the DoJ to decide whether the case should be prosecuted on indictment by the DoJ in the higher courts or summarily by the SFC in the Magistrates' Courts. Before receiving the DoJ's views on how to prosecute the case, the SFC will not initiate proceedings in respect of any market misconduct.

The fourth point is about a rather important checking measure. We have formed the Process Review Panel (PRP). The independent review panel was established by the Chief Executive in November 2000. The PRP is currently chaired by Dr Moses CHENG and comprises nine industry players with ample experience, a representative of the DoJ and the Chairman of the SFC. The PRP is tasked to conduct reviews of the operational procedures of the SFC and determine whether the SFC has followed its internal procedures and operational guidelines to ensure procedural justice, fairness and impartiality. The panel will also advise the SFC on the adequacy of the SFC's internal procedures and operational guidelines. The areas covered by the panel's review include licensing of intermediaries, inspection of intermediaries, authorization of investment products, receipt and handling of complaints, processing of listing applications, and so on.

The PRP will select certain cases for detailed reviews and submit an annual report to the Financial Secretary, the content of which generally includes the observations made by the PRP in the review process, recommendations to the SFC and improvement measures. In circumstances permitted by law, the Financial Secretary will release the report to the public. Over the years, the PRP has made recommendations on the SFC's work in various areas, and the SFC has also been proactively complementing the PRP's work.

Examination of the SFC's work by the PRP from the perspective of a "third party" independent of the SFC and the parties involved helps ensure fairness and consistency in the SFC's exercise of its powers. I have noted that some Members, including Mr Christopher CHEUNG, queried in their speeches earlier whether the SFC was fair in its investigations, disciplinary actions and exercise of prosecution power. I would like to point out here that when the SFC conducts investigations or exercises its powers, all the work is monitored by the PRP, and the PRP very much welcomes direct presentation of views by industry players.
I reiterate here that both the authorities and the SFC attach great
importance to the public's expectation of accountability from regulators. We
believe the aforesaid series of checking measures can already achieve that policy
objective. This does not only refer to the internal examination conducted by the
authorities and the SFC as mentioned earlier, but also, as I said just now,
monitoring exercised by international organizations on the SFC of Hong Kong
under the principles set by the IOSCO in relation to accountability. Case
reviews and the examination system are already part of the standing mechanism
for checks and balances on the SFC. We therefore consider that a review as
proposed by Mr Christopher CHEUNG is unnecessary. Likewise, we consider
that the third amendment as proposed by Mr Albert HO is undesirable. In fact,
the SFC and the Independent Commission Against Corruption are not directly
comparable because they are different in terms of organization, structure,
functions and powers, among others.

Mr Albert HO also suggested that members of the public should be allowed
to access the SFC's prosecution documents on grounds of public interest. We
consider this proposal unfeasible. Some of the information obtained by the SFC
during investigations may have been obtained by exercising its statutory powers
in respect of the cases under investigation. If such information is released to the
public, the criminal prosecution procedure may be affected. Moreover, those
being investigated and those assisting in the investigation, including those having
reported the cases in question, may all be affected, and the information in
question may also carry market-sensitive materials. Therefore, we oppose the
amendment proposed by Mr HO.

Regarding the question of whether it is necessary to review the existing
functions of the SFC, as well as the arrangement of having multiple regulators to
oversee one industry, as put forward by Mr Kenneth LEUNG and some Members,
in fact, since the 1990s when there were quite a number of regulators under the
entire regulatory system, the banking, insurance and securities industries had been
grouped under a so-called "super-regulator", but after the Asian financial crisis
and the global financial tsunami some years ago, the situation has changed, and
now the previous practice of parcelled regulation has been restored. Therefore,
arguably, there is no universal best option for the financial regulatory system, but
consideration must be given to the market situation itself. As far as regulatory
coopération is concerned, the SFC constantly maintains close communication
with other regulators. In addition, the authorities have set up the Council of Financial Regulators and the Financial Stability Committee to strengthen co-operation and co-ordination among regulators.

Although we are of the view that the current financial regulatory framework is most suitable for the situation of Hong Kong, it does not mean that we see no room for improvement in the existing regulatory system. On the contrary, both the authorities and the regulators keep a close watch on the developments related to regulation in the international community and the changes in the local market. From time to time they examine the existing regulatory system and propose improvement measures. Therefore, we do not consider it necessary to deliberately and separately launch a strategic review within two years.

President, the Government has always attached great importance to the sustainable development of the securities industry and the continuous improvement of the securities regulatory system. Although today we do not support some Members' specific motions and amendments, we believe that as far as the existing framework is concerned, we work in fact in the same direction in furtherance of the spirit and objective of fair and impartial regulation advocated by these motions.

Again, I thank Mr Tommy CHEUNG for proposing the original motion and other Members for their speeches. I agree with Mrs Regina IP's earlier remark that this is a timely discussion, through which it is also possible to monitor the SFC's work. We will continue to listen to the views of Members of the Legislative Council and maintain communication with the industry. Thank you, President.

PRESIDENT (in Cantonese): I now call upon Mr Albert HO to move his amendment to the motion.

MR ALBERT HO (in Cantonese): President, I move that Mr Tommy CHEUNG's motion be amended.
Mr Albert HO moved the following amendment: (Translation)

"To add "a series of incidents occurring in the financial sector in recent years, including the 'Lehman Incident' and the 'Citic Pacific Incident', etc., have reflected that the regulatory regime of Hong Kong's financial system needs to be further reformed and the protection for bank clients and investors strengthened; in this connection," after "That"; to delete "studying amending the legislation to assign SFC's" after "including" and substitute with ": (1) to vest SFC with the"; and to delete "to be under the sole responsibility of the Department of Justice, thereby achieving separation of powers and checks and balances, so as to ensure SFC's impartiality and independence, and make its work better accord with the public interest" immediately before the full stop and substitute with ", and where appropriate and necessary, the Department of Justice may step in and exercise the prosecutorial responsibility in respect of the cases concerned; (2) to allow the public to inspect SFC's prosecution documents on the grounds of public interest, so as to enhance information transparency and protect investors' interests; and (3) to set up under SFC a department similar to the Operations Review Committee of the Independent Commission Against Corruption to review all cases in which the law-enforcement agencies have decided not to institute prosecution or conduct investigation, so as to upgrade SFC's regulatory mechanism".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Albert HO to Mr Tommy CHEUNG's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)
Mr Albert HO rose to claim a division.

**PRESIDENT** (in Cantonese): Mr Albert HO has claimed a division. The division bell will ring for five minutes.

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

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

Functional Constituencies:

Mr Albert HO, Mr James TO, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che and Mr Charles Peter MOK voted for the amendment.

Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr Dennis KWOK, Mr Christopher CHEUNG, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the amendment.

Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr POON Siu-ping and Mr TANG Ka-piu abstained.

Geographical Constituencies:

Mr LEE Cheuk-yen, Ms Emily LAU, Ms Cyd HO, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.
Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr Ronny TONG, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr Paul TSE, Mr Alan LEONG, Mr Michael TIEN, Mr CHAN Han-pan, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Dr KWOK Ka-ki, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted against the amendment.

Mr WONG Kwok-hing, Mr Gary FAN and Miss Alice MAK abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, five were in favour of the amendment, 18 against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 30 were present, 11 were in favour of the amendment, 15 against it and three abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MR ANDREW LEUNG (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Reviewing the functions of the Securities and Futures Commission" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)
PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Reviewing the functions of the Securities and Futures Commission" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr Christopher CHEUNG, you may move your amendment.

MR CHRISTOPHER CHEUNG (in Cantonese): President, I move that Mr Tommy CHEUNG's motion be amended.

Mr Christopher CHEUNG moved the following amendment: (Translation)

"To delete "this Council urges the Government to expeditiously review" after "That" and substitute with ", as the society has divergent views on"; to delete "including studying amending the legislation to assign SFC's duty of criminal prosecution to be under the sole responsibility of the Department of Justice," after "("SFC")," and substitute with "this Council urges the Government to expeditiously conduct a review in this regard,"
including the arrangements for criminal and non-criminal investigations, enforcement and prosecution work, and even the investigation technique of front-line officers, etc. of SFC,"; to add "protect the legitimate rights and interests of practitioners in the securities industry and" after "so as to"; and to delete "make its work" after "independence, and" and substitute with "to make SFC's work more transparent and".

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Christopher CHEUNG to Mr Tommy CHEUNG's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr James TIEN rose to claim a division.

**PRESIDENT** (in Cantonese): Mr James TIEN has claimed a division. The division bell will ring for one minute.

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

**PRESIDENT** (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the results will be displayed.
Functional Constituencies:

Mr Albert HO, Mr James TO, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Dr LAM Tai-fai, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr YIU Si-wing, Mr Charles Peter MOK, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr Christopher CHEUNG, Mr IP Kin-yuen, Mr TANG Ka-piu, Ir Dr LO Wai-kwok and Mr Tony TSE voted for the amendment.

Mr Tommy CHEUNG, Mr Vincent FANG, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr Kenneth LEUNG, Mr POON Siu-ping and Mr CHUNG Kwok-pan abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr Paul TSE, Mr Alan LEONG, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Chi-chuen, Mr CHAN Han-pan, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Mr SIN Chung-kai, Dr Helena WONG, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Mr LEE Cheuk-yan, Ms Cyd HO, Mr LEUNG Kwok-hung, Mr James TIEN, Mr Gary FAN and Dr Fernando CHEUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, 21 were in favour of the amendment and seven abstained; while among the Members returned by geographical constituencies through direct elections, 32 were present, 25 were in favour of the amendment.
and six abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Members have already been informed, as Mr Christopher CHEUNG's amendment has been passed, Mr Kenneth LEUNG has withdrawn his amendment.

PRESIDENT (in Cantonese): Mr Dennis KWOK, as Mr Christopher CHEUNG's amendment has been passed, you may now move your revised amendment.

MR DENNIS KWOK (in Cantonese): President, I move that Mr Tommy CHEUNG's motion, as amended by Mr Christopher CHEUNG, be further amended by my revised amendment.

President, I just wish to point out simply that the main purpose of my amendment is to bring out the idea that under Article 63 of the Basic Law, the power to institute criminal prosecutions is the sole responsibility of the Department of Justice (DoJ). Therefore, it must be said that with respect to all cases of criminal prosecution and all the relevant powers should rest with the DoJ ultimately. And in the existing law, there is not enough room or channel to vest a formal role in the DoJ to oversee the SFC in its exercise of the power to institute prosecutions. For this reason, I still think that there is a need for this amendment proposed by me.

Mr Dennis KWOK moved the following further amendment to the motion as amended by Mr Christopher CHEUNG: (Translation)

"To add "; this Council also urges the Government to require that SFC must abide by the Prosecution Code in handling criminal prosecutions, and to allow the Department of Justice to have sufficient oversight of SFC's criminal prosecution work, and to retain the Department of Justice's ultimate control over all criminal prosecutions in Hong Kong, so as to comply with the constitutional requirement under Article 63 of the Basic Law" immediately before the full stop."
PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Dennis KWOK's amendment to Mr Tommy CHEUNG's motion as amended by Mr Christopher CHEUNG be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may now speak in reply. You still have three minutes and 39 seconds.

MR TOMMY CHEUNG (in Cantonese): President, I will try to be brief. After listening to the Secretary's speech just now, and although I seldom use this expression to describe ladies, I am sorry to say that I have to use it once again. WONG Yuk-man talks about the ulterior motive and about what the Secretary has said, I would think that they are all irrelevant. Their remarks entirely bear no relevance to my motion. I have to remind the Secretary that when so many Honourable colleagues have spoken today, but you just branded them as empty talk and useless and refused to do anything, I think you should really go back and think carefully about it. You said in the opening speech that there was no intention to take action last week. If you reject our request for study and consideration, then I would have great queries about your work.
Mr Martin LIAO is not in the Chamber now. But every word he said in his speech echoes my heart's feelings. I am very grateful to him.

President, I am sure we have all heard the sayings "power corrupts" and "absolute power corrupts absolutely". The meaning is that power can corrupt people and absolute power is bound to be so. Therefore, we must check such power and uphold a fair and just monitoring system. It is not enough if we just rely on the personal ethics and integrity of the enforcement and prosecution personnel, for there should be checks and balances also in this respect. Since there is already the practice of consulting the DoJ for advice and Honourable colleagues have pointed out the stipulations in Article 63 of the Basic Law, my request is only to further expand it by giving consideration to studying legislative amendment and affirming the relevant mechanism so that for all criminal cases, regardless of their types or whether they are simple in nature or not, the advice of the DoJ or the Director of Public Prosecutions must be sought. The SFC should not be allowed to decide on its own.

As to the question of whether the DoJ should be assigned the full responsibility and to separate investigation and prosecution work completely, I would think that we should not rule out the possibility of such division of powers. In fact, I pointed out in my opening speech that there are other places which have different views as to how regulatory bodies should handle criminal prosecutions. I think we should not just discuss one issue and leave out all the others. I know of course that this change concerning the separation of powers can be very complicated and cumbersome. I therefore agree with the point made by other Members, that we should study the relevant issues in depth. Hence I put in the word "studying" before "amending the legislation". The most important thing is to start such study and we should not rule out any possibilities.

President, here I have to thank the four Members who have proposed amendments. Although the Secretary may think that they are unnecessary, I would still thank them for proposing these amendments. Also, I have to thank the 13 Honourable colleagues who have spoken on this motion. Thank you. I hope Members will support this motion.
PRESIDENT (in Cantonese): I now put the question to you and that is: That Mr Tommy CHEUNG's motion, as amended by Mr Christopher CHEUNG and Mr Dennis KWOK, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second Members' motion: "Expeditiously formulating long-term planning for the tourism industry".

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

I now call upon Mr YIU Si-wing to speak and move the motion.

EXPEDITIOUSLY FORMULATING LONG-TERM PLANNING FOR THE TOURISM INDUSTRY

MR YIU SI-WING (in Cantonese): President, I move that the motion as printed on the Agenda be passed.

President, looking around the world, we can see that most developing or developed and advanced countries have made tourism a key industry to drive
their economy forward. The reason is that tourism actually has merits that cannot be replaced by other industries.

From the economic point of view, the tourism industry has a wide coverage and helps boost the economic development of a place. According to the statistics of the World Tourism Organization, there are up to 110 relevant industries that can be influenced, driven and promoted by modern tourism. Tourism spending contributes over 90% to the accommodation sector, over 80% to air and rail passenger services, and over 40% to the catering and retail sectors. Every dollar in tourism receipts can generate an increase of $4.3 in the revenue of the relevant industries.

On the promotion of employment, every additional practitioner in the tourism industry can bring along 4.2 additional job opportunities in the relevant industries and particularly, it is directly helpful to the employment of the grassroots as a large number of low-skilled workers can be absorbed to work in the service sectors.

From the environmental point of view, tourism is comparatively less polluting, and through the conservation of natural resources and precious cultural heritage, it can help promote education on environmental protection.

From the publicity point of view, visits by tourists can enhance the influence of the place in the international community and help attract investors.

President, in Hong Kong, the tourism industry is one of the four traditional major economic pillars. Over the past decade or so, in spite of economic recession brought about by the SARS outbreak and the financial tsunami, the tourism industry managed to maintain steady growth.

According to the statistics of the Census and Statistics Department, in the decade between 2001 and 2011, the share of tourism in the Gross Domestic Product (GDP) almost doubled from 2.3% to 4.5%, with an average growth rate of 13.8%. These two figures have increased at a rate exceeding the growth rate of the other three pillar industries, also far higher than the growth of the GDP.
On the promotion of employment, the number of employees in the tourism industry recorded an average increase of 8.6% over the decade, compared to an average increase of a mere 2.9% in the total workforce in Hong Kong during the same period. As far as we understand it, the tourism-related industries in Hong Kong have taken on 620,000 employees, accounting for one sixth of the working population.

In Hong Kong, tourism is still a sunrise industry, and it is an industry that can persistently develop in Hong Kong and cannot be relocated elsewhere. For some traditional industries, investors will relocate their investment to the nearby areas as long as cheaper labour, lower rental and policy concessions are provided there. Tourism resources are the only exception as it is impossible for these resources to be taken away and so, they will continuously contribute to the local economy.

President, looking around the neighbouring regions, we will see that whether in Macao, Taiwan, Singapore or the Mainland, their governments have all spared no effort in developing the tourism industry as a means to drive the economy forward. The tourism departments in these places have more powers and functions, and they are responsible for a range of duties including the formulation of the overall policy on tourism, regulation of the tourism industry, co-ordination of the development of tourism resources, and so on. Compared to Hong Kong, the biggest difference is that one of the duties of these tourism departments is to assume a leading role and make planning for tourism.

But let us look at Hong Kong. If we review the development of tourism over the past decade, we will see that we have mostly relied on the Mainland's policy on the Individual Visit Scheme (IVS), passively accepting Mainland tourists swarming to the territory in large numbers. This has led to conflicts and even resistance against Mainland tourists in some districts due to problems in their coping capacity. President, many countries or regions, including the European and American countries, all wish to attract Mainland tourists in order to promote their economy and tourism but in Hong Kong, there have recently been voices expressing concern about the number of Mainland tourists increasing too rapidly and a series of incidents has also happened. In fact, the problem boils down mainly to the over-concentration of visitors in the business districts in the Northeast New Territories and some traditionally popular tourist districts. This has led to such problems as rising rentals, closing down of traditional old shops,
increases in the prices of daily goods, and chaos in traffic and social order, thus affecting the normal lives of some members of the public and resulting in public discontent. If the Government can make early projection on the growth in the visitor volume annually, formulate plans for the development of the tourism industry and plough in resources reasonably, public discontent would not have formed.

At present, the Government's Commerce and Economic Development Bureau, which takes a shared responsibility for tourism, puts more emphasis on the development of tourism projects, publicity, and regulation over the tourism industry in its consideration, whereas matters relating to traffic and transport are under the purview of the Transport and Housing Bureau. Other matters relating to tourism, such as hotels, sites for scenic spots, and so on, fall under the ambit of the Development Bureau. Government departments work on their own separately, and given equal powers and responsibilities, no Director of Bureau dares to break down the internal division of work among government departments and proactively take up the responsibility of making overall planning for tourism in Hong Kong. This explains why Hong Kong lacks a clear direction for the future development of the tourism industry.

In proposing this motion today, I hope to "throw out a sprat to catch a mackerel" and work in concert with Members to explore the future of tourism industry of Hong Kong.

Tourism planning is a long-term system engineering project, covering such areas as the development of tourism resources, transport, conservation, development of scenic spots and cultural districts, and so on. All these will take time before results can be produced. Let us make a comparison with our competitor, Singapore. From a city with a scarcity of resources where the scenic spots were monotonous or even entirely unavailable, and from a mere transit point for the route touring Singapore, Malaysia and Thailand, Singapore has gradually developed into a famous tourist destination nowadays. It has been learnt that starting from the 1970s, Singapore has made plans for tourism development for a number of times, including the positioning of Singapore as a Garden City and endeavouring to develop modernized hotels, and injecting capital into rebuilding streets and districts with historical significance and redeveloping scenic spots. Since then, at the end of almost every decade, a tourism development plan for the next decade would be published, and the
Sentosa nowadays is the result of an expansion project planned previously. The financial tsunami in 2008 directly dealt a blow to the economy of Singapore and it was eventually the revenue from tourism that brought relief to the country. This also shows how Singapore can benefit from the results of tourism planning. Let us further look at various provinces, municipalities and regions in the Mainland. Every five years, in accordance with the medium-term outline plan of the State, they will draw up an outline plan for tourism for five years or for an even longer period, having regard to their respective characteristics of tourism resources. In the Mainland, tourism and supporting transport facilities have been developing rapidly, and they have long-term plans for development in these respects. In comparison, our Government has shown to be passive and not aggressive enough.

In the Asia-Pacific Region, Hong Kong has already got most excellent conditions. We have a lot of famous scenic spots; we are a meeting point of Eastern and Western cultures, a place where tourists can enjoy cuisines of different countries, and a well-known shopping paradise. We are located adjacent to the Pearl River Delta and Southeast Asia, and we are easily accessible by sea, land, and air transport. Our transport network will be further improved after the completion of the Hong Kong-Zhuai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link in future. Other than the Mainland, we have 12 other source markets, each of which is bringing over 500 000 tourists to us per annum, and a continued increase is estimated in the number of tourists for the next few years. Coupled with our well-established supporting facilities for business activities, Hong Kong is a great attraction to business travellers or tourists both from the Mainland and overseas.

President, good resources have to be put to good use, or else they will be wasted and even misinterpreted as a burden on us. In order for Hong Kong to maintain and even surpass its existing competitive edges, the Government must attach importance to the tourism industry and change the current situation of passiveness. Hong Kong has been opened up to IVS visitors for a decade and the number of these visitors coming to Hong Kong has increased considerably. Having a project or a scheme but without long-term and overall planning has constituted a bottleneck in the development of tourism in Hong Kong.

The objective of the tourism industry in Hong Kong is to achieve sustainable development. It is also the industry's objective that the Government
will expand the visitor carrying capacity in an orderly manner while striking a balance between promoting the economy and looking after the interests of the local communities to directly benefit members of the public.

To achieve sustainable development, the Government must make commitments for the tourism industry and drum up the resolve to maintain the tourism industry as a pillar industry of Hong Kong, in order not to turn a good thing into a bad thing, and the Government must take actions proactively. I propose that a cross-bureau organization with substantive powers and duties be established on the basis of the existing advisory structure of the Working Group on Convention and Exhibition Industries and Tourism. This organization, to be chaired by a Secretary of Department, will be tasked to formulate long-term planning on tourism and a timetable for development, using a well-planned and step-by-step approach to map out comprehensive plans and conduct objective assessments in respect of the facilities at border control points, development of scenic spots, supporting transport facilities (including the construction of a third runway), injection of tourism resources, regulation of the tourism industry, preservation of monuments and traditional festivals, education on environmental protection and overseas publicity, and then make planning for tourism on a cycle of at least five to 10 years according to the assessment results. In the planning process, I hope that the Government will pay attention to the following several points.

First, we must make scientific judgments on the number of tourists in future, and this is the key to grasping the whole picture. In 2012, the number of inbound tourists was 48.6 million. Based on the growth in the number of inbound visitors over the past three years, we can estimate that in less than five years, the number of inbound visitors may probably exceed 80 million. Think about this: For the various supporting facilities that we have in place now, will they be sufficient when the volume of inbound tourists hits 80 million? What will the Government do to start making suitable arrangements now? All these are the key points of planning.

Second, assessments have to be conducted on popular tourist districts and communities with a high concentration of tourists. Practicable solutions should be proposed for the diversion of visitors to other places, so as to strike a balance in the use of facilities such as roads, transport, scenic spots and shopping malls by
Hong Kong residents and tourists together, thereby mitigating the inconvenience caused by tourists to the local residents. The development of Lantau into a tourism island is a very good proposal. A motion with no binding effect was passed in the Legislative Council some time ago, and I hope that the Government will expeditiously take steps to achieve diversion of tourists according to the proposals made by Members.

Third, on the promotion of business tourism, importance should be attached to studying the differences between Hong Kong and the neighbouring regions while highlighting the advantages of Hong Kong in the region. At present, Hong Kong is still the most important convention and exhibition centre in the region. According to the results of a survey conducted by the Hong Kong Exhibition and Convention Industry Association in 2012, the growth of the convention and exhibition industry in Hong Kong has started to slow down in recent years. In the face of competition from the Mainland, Macao and Singapore, the Government should proactively play a co-ordinating role, in order to give play to the edges of the two convention and exhibition centres, and adopt more aggressive measures and development strategies to maintain the leading position of Hong Kong's convention and exhibition industry in the region.

Lastly, human resources. In recent years, the number of inbound tourists has increased persistently but the industries have generally conveyed the view that they are facing a shortage of talents for positions at the elementary to even middle and senior levels. To enable young people to have good prospects and the relevant industries to identify suitable talents, it is necessary for the Government to expand the arrangements for degree programmes and job training courses to match the demands of the industries reasonably.

President, the Policy Address of the Chief Executive released early this year did not mention much about tourism. I hope that the SAR Government can explore at greater depth the future of the tourism industry and increase its commitment in the light of the actual situation in Hong Kong and incorporate the formulation of long-term planning for tourism into the Policy Address to be delivered by the Chief Executive early next year.

President, I so submit.
Mr YIU Si-wing moved the following motion: (Translation)

"That, given the year-on-year increase in the number of inbound tourists, Hong Kong's ancillary facilities in respect of scenic spots, hotels, transport, shopping and control points, etc., have obviously become insufficient, thus hindering economic development and affecting people's daily lives; in this connection, this Council urges the Government to formulate long-term planning for the tourism industry to alleviate the pressure on traditionally popular tourism districts, raise the visitor carrying capacity, and promote the sustainable development of the tourism industry."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr YIU Si-wing be passed.

Ten Members wish to move amendments to this motion. This Council will now proceed to a joint debate on the motion and the 10 amendments.

I will first call upon Mr Tony TSE to speak, to be followed by Mr TANG Ka-piu, Mr Gary FAN, Mr SIN Chung-kai, Mr WONG Ting-kwong, Mr Ronny TONG, Mr Michael TIEN, Mr Vincent FANG, Mr CHAN Chi-chuen and Mr Paul TSE respectively; but they may not move amendments at this stage.

MR TONY TSE (in Cantonese): President, as I said in my amendment, the tourism industry generates substantial foreign exchange revenue for Hong Kong and at the same time creates a large number of employment opportunities and as such, its impact on the overall economy can be described as significant. In this connection, the formulation of comprehensive and sustainable policies and long-term planning for tourism by the Government is vitally important to promoting the sound development of the tourism industry.

According to the information of the Tourism Development Board, the number of inbound tourists between January and August this year was close to 35.56 million, showing an increase of 12.5% over the corresponding period in 2012. Mainland tourists accounted for the greatest proportion as their number reached 26.82 million, representing an increase of 18.8%, while the number of Russian tourists recorded the highest increase of 25.9%. Moreover, the total
spending of inbound tourists reached a record high in 2012 at HK$296.5 billion, with an accumulated increase of 286% over 2002 or an average year-on-year increase of 14.5%. As for tourist spending, the per capita spending by inbound tourists was close to $10,000 last year.

The tourism industry generates huge economic benefits for Hong Kong annually and is a major economic pillar of Hong Kong. However, given volatilities in the global economy, the tourism industry has been facing more and more difficulties and challenges. In the first eight months this year, the number of tourists from long-haul markets in Europe and America has dropped 4.2%, or 120,000 people less in visitor volume, when compared to the corresponding period last year. The number of tourists from short-haul markets other than Mainland China was also down by about 200,000 people, showing a decrease of about 3.6%. Apart from relying on the Government's support and facilitation for the development of the tourism industry through its policies and measures as well as improvement of the legislation, the ability of the tourism industry to make self-enhancement is also very important in order to enable the tourism industry to continuously make contribution to Hong Kong. This includes whether or not the industry can bring creative thinking and introduce sound and effective modes of operation and management to the entire industry chain and market, and whether it can further upgrade the quality service standard of the tourism industry as a whole. And for that matter, this last aspect depends on, among other things, whether or not there are sufficient practitioners in the industry, whether or not they can keep on moving upward in the qualification framework of the relevant industries, and so on. All these are very important factors.

As regards the Government's promotion of the development of the tourism industry, it is necessary for the Government to assume a more important and active role. In the Dedicated Chapter on the Hong Kong and Macao Special Administrative Regions in the Outline of the National 12th Five Year Plan, the Central Authorities stated that support will be provided to consolidate and upgrade the competitive advantages of Hong Kong, including continuous support for the development of tourism in Hong Kong. In fact, there have been quite a lot of criticisms about the economy of Hong Kong over-emphasizing the financial services and real estate industries, resulting in a lack of diversification in the development of industries. In view of this, the SAR Government should seize the opportunity to expeditiously formulate a comprehensive and diversified policy on the tourism industry, in the hope that by making the "pie" bigger, more
tourists will be attracted to come to Hong Kong for spending. This can boost the economic benefits and at the same time create job opportunities.

President, Hong Kong actually has a lot of conditions and factors for the more diversified development of the tourism industry. A potential area for development is the conservation and revitalization of buildings and the environment to attract more tourists to Hong Kong to enjoy the fruits of conservation with Hong Kong people. During the Summer holiday, I visited Guangzhou with dozens of young professionals from my industry. The purpose of this visit was to study the efforts made in respect of conservation, revitalization and management of facilities in their city, and there is plenty worthy reference for Hong Kong. For example, the Lychee Bay, which has a long history and was initially designed for the purpose of flood prevention, has become a model for conservation and provided many tourists and local residents with a good place to go for leisure and entertainment. The Redtory art and design factory, which used to be a canned food factory, has now been developed into an integrated creativity arts platform, attracting many companies engaging in software development, publishing, advertising, design and TV productions to set up business there and bringing a new source of economic benefits to the place. It has also become a popular tourist attraction. On the contrary, if we look at Hong Kong, it seems that successful revitalization projects that are cost-effective and widely recognized by the public are still lacking. If the Government can combine the three factors of conservation, revitalization and tourism and provide support through policies and measures, I believe these revitalization projects will have the conditions to become new components of the local tourism industry. Having said that, I have to stress that the Government must strike a balance between conservation and development in order not to hinder the development of the tourism industry and the overall development of Hong Kong.

Moreover, I think that in undertaking urban planning, the Government has failed to consider it from the tourism perspective. For instance, a lot of farmland is covered in the North East New Territories New Development Areas, but has the Government considered formulating a comprehensive agricultural policy in line with the new development? Has it considered developing leisure agriculture there? It is because there is a chance for all these to be developed into new tourism projects, especially for local tourists. The Government originally planned to develop the area around the Aberdeen Wholesale Fish Market as a tourism project but after studies and analysis by the consultant, the Government considers that the development of the Aberdeen Wholesale Fish
Market and its vicinity as a tourist attraction is not well-justified and as a result, there is not a definite time for development work to be carried out there. But has the Government studied and considered the formulation of comprehensive plans for tourism in the area stretching from Aberdeen to Hong Kong Island South, including linking up major projects such as the Ocean Park, the Aberdeen Wholesale Fish Market and the Aberdeen and Ap Lei Chau promenades, and enhancing supporting facilities to attract more visitors, thereby increasing the overall economic benefits to be generated? Furthermore, with regard to the areas in Kowloon East stretching from the Kai Tak Cruise Terminal to Lei Yue Mun, has the Government considered ways to take tourists arriving at the Cruise Terminal to the various tourist attractions on the way to Lei Yue Mun? In drawing up plans for the Kowloon East areas, has the Government considered the relevant tourism needs and ways to take forward the development of the tourism industry?

In recent years, the occurrence of a spate of incidents involving coerced shopping and poor receiving arrangements for Mainland inbound tour groups has greatly distressed the tourism industry and even directly dealt a blow to the overall reputation of Hong Kong. It is indeed necessary for the Government to step up regulation. Although the Government conducted a review of the regulatory structure of the tourism industry in 2011 and decided to establish the Travel Industry Authority (TIA) as a dedicated authority responsible for the overall regulation of travel agents, tour escorts and tourist guides, the TIA will commence operation only in 2015 or later the earliest. I, therefore, hope that the Government can speed up its work and expeditiously set up the TIA.

President, the World Economic Forum published the Travel and Tourism Competitiveness Report 2013 in March this year. Of the 140 countries and regions, Hong Kong's ranking has dropped from the 12th in 2011 to the 15th this year. To maintain the strong tourism competitiveness of Hong Kong, it is imperative to make comprehensive planning for tourism, provide software and hardware support and improve the regulatory framework and regime, so that on top of our two traditional attractions, namely, shopping and food, we can identify more elements (The buzzer sounded) … to enhance our appeal to tourists and our ability to progress with the times.

President, I so submit.
MR TANG KA-PIU (in Cantonese): President, my speech and amendment tend to place more emphasis on employment, and the Hong Kong Federation of Trade Unions (FTU) also has affiliated trade unions with exclusive responsibilities relating to the tourism industry.

Let me first cite some figures to give Members a clear picture. All political parties and groupings must admit some facts. First, the number of inbound tourists has increased, and no matter whether it has risen drastically or just gone up, the number has increased anyway. Second, the Mainland China is our biggest source market of tourists. All these are facts that we must admit.

Let us look at the situation of Hong Kong people. Recently, the Census and Statistics Department has published some statistics on visits by Hong Kong people to the Mainland for holiday and business. According to the statistics just released, some 76 million Hong Kong people visited the Mainland for holiday and business last year. Some people said that as Hong Kong is such a small place while the Mainland is a vast country, our number is certainly insignificant. But in fact, 30 million of these people only visited Shenzhen, and Hong Kong visitors each spent less than $1,000 in Shenzhen. From the angle of empathy and as the two cities are close to each other, when 30 million Hong Kong people go to Shenzhen for fun or business a year — this number does not include Hong Kong people visiting relatives and those who officially station in the Mainland for work — so how do they look at this? I very much hope that the Government can have more exchanges with Shenzhen, and I hope that we can look at the situation of tourism as well as the interaction between the two cities in all fairness and from the angle of empathy.

Just now I mentioned that the tourists mainly came from the Mainland and as such, will the market be too homogenous? I wish to cite some other figures. In 2002 before the introduction of the Individual Visit Scheme (IVS), there were 1.3 million inbound tourists from America, and their number increased to 1.78 million in 2012. In 2002, there were 1.22 million inbound tourists from Europe, Africa and the Middle East, and their number was 2.23 million in 2012. Their numbers have all increased in a decade, not only by a few percentage points but have nearly doubled. Let us look at some absolute figures, such as those of the three neighbouring places, namely, Macao, Taiwan and Singapore. For tourists in Macao, certainly a majority of them come from the Mainland and they account for 60% of the total tourist volume. How many American tourists
visited Macao last year? The number was 300,000, and there were 260,000 tourists from Europe. As I said earlier on, last year, there were 1.78 million American tourists and 2.23 million tourists from Europe, Africa and the Middle East visiting Hong Kong.

Let us look at Taiwan. Although Hong Kong people very much like to go to Taiwan, according to the statistics of the Tourism Bureau of Taiwan, there were only 7.3 million visitors travelling to Taiwan last year and of these 7.3 million visitors, one third came from Mainland China. As for tourists from places in Asia other than Mainland China, I think Hong Kong people accounted for a few million of them. But as regards visitors from the West, such as America, Europe, and so on, whom we think have greater spending power, their numbers added up to only 700,000. Let me say this once again: The number of American and European tourists visiting Hong Kong totalled 4 million.

What about Singapore, our eternal competitor? Singapore is located more far away, and it is not one of the four places across the strait, and some people take the view that its westernization is an important factor. Among the tourists visiting Singapore last year, 610,000 came from America (let me say this once again: the number of American tourists in Hong Kong was 1.78 million, which was thrice of that in Singapore); and 1.5 million came from Europe, which is not a small number, but the number of European tourists in Hong Kong was 2.23 million last year. From this we can see that although the 49 cities covered by the IVS policy have indeed brought a large number of Mainland visitors to Hong Kong, the number of inbound tourists from places other than Mainland China has not decreased at the same time. Among a number of cities or places, or among cites or places which are more similar and comparable to Hong Kong, our situation has remained enviable.

Having said that, with regard to the concerns raised by Mr Tony TSE towards the end of his speech just now, I think these concerns are shared by all political parties and groupings. Will the spending pattern and mode of tourism become overly homogenous in Hong Kong as a result of too many Mainland tourists and hence requiring us to make accommodation for them? In this respect, let us look at it from a more rational angle. This does warrant our deep thoughts, and we must reflect on the situation, but we should not be over worried about it. I only wish that we can be mindful of an objective — which is also what the trade unions have told us — and that is, for residents in the Pearl River
Delta cities, Hong Kong does welcome them, but for tourists from more faraway cities who have to travel to Hong Kong by air, such as tourists from Beijing or other more affluent cities in China, we should work for one objective and that is, we hope that after visiting Hong Kong for a few days, they will return again a year or two later, and only in this way can success be truly achieved by the tourism industry of Hong Kong. That is to say, these tourists come to Hong Kong not because we are near for them to do shopping, but because Hong Kong has valuable features worthy of their visits over and over again.

That said, no doubt some problems must be addressed by us squarely. This is why I have proposed in my amendment to "regularly review Hong Kong's capability of receiving tourists" and to establish an inter-departmental tourism bureau to co-ordinate and formulate policies to dovetail with the tourism development, so as to reduce the inconvenience caused by tourists to Hong Kong people's daily lives. In fact, there can be a lot of room for making co-ordination and accommodating arrangements for both sides. For example, with regard to the problem of parallel goods which caused great troubles to us some time ago, obviously, the parallel goods problem was mitigated once the powdered formula restriction order was imposed. Therefore, although some people have said that the IVS policy has led to a myriad of negative problems and that people have a lot of negative views on it, I believe so long as there are well co-ordinated administrative measures and effective management in various departments, the negative problems or social problems can be resolved or ameliorated. Therefore, insofar as this motion is concerned, we think that we should look at it from a more positive angle.

Furthermore, we think that it is timely for Mr YIU Si-wing to propose this motion because of three background factors. First, the IVS has been implemented for a decade. Is there a need for the IVS to be further opened up to cover more cities? This is open for discussion. The positive and negative impacts of the IVS on society are also open for discussion. Second, although there are still two months or so before the year 2013 passes, it is estimated that the number of tourists will exceed 50 million. Third, the State has just given effect to the Tourism Law on 1 October, and this is also a signal. Despite an increase in the number of Mainland tourists visiting Hong Kong during the 1 October Golden Week period, we have learnt from newspapers that there were less negative news or chaos reported during the period when compared to a few years ago. This is actually telling us that the problem can be resolved with
proper and appropriate social management or administrative measures and legislation implemented by departments. In fact, some of these problems would not immediately arise purely from an increase in the number of visitors. Rather, more time is needed for assessment and co-ordination to be made.

I note that a lot of Members have suggested the diversion of tourists to different parts of the territory, and Lantau is mentioned in the amendments proposed by three colleagues. I think this proposal is accepted by us all, and the question is how the tourists can be diverted to different districts of the territory. Certainly, we must have regard to the transport capacity of the districts and consider whether a sudden increase in the number of visitors will affect the living of local residents or cause inconvenience to their lives. All these issues will need to be balanced or taken into comprehensive consideration, and this is also what I am trying to say in item (2) of my amendment.

However, I wish to particularly point out that the FTU Tourism Committee conducted a questionnaire survey in mid-2013. One of the questions asked was: How can the tourism industry bring more diversified job opportunities in line with community development? I found that Hong Kong no longer has new, organic kinds of delicacies and souvenirs that are unique to Hong Kong, and the facilities for night markets or community business activities are most monotonous indeed. We are always envious of the many night markets in Singapore and Taiwan. But why is it that Hong Kong can never promote these developments? This actually has to do with urban planning and the hawker licensing system of Hong Kong.

We have conducted a survey this year and successfully interviewed 500 members of the public. We found that the respondents generally have a very vague idea about night markets and unique delicacies or souvenirs of Hong Kong. They even take the view that no such facilities can be found in Hong Kong. We consider that if we can have unique delicacies and souvenirs or night markets, this will be beneficial not only to tourists. If work can be carried out effectively in this area, Hong Kong people will be able to share the fruits too. While the benefits of night markets require no further elaboration, unique delicacies and souvenirs are an epitome of local community culture and creativity. Therefore, I hope that the Government can take on board our views.
Lastly, we hope that the Travel Industry Authority can upgrade the professionalism and social status of local tour escorts and professional tour guides and facilitate their sustainable career development.

Thank you.

MR GARY FAN (in Cantonese): President, my speech will mainly focus on the Individual Visit Scheme (IVS). I thank Mr YIU Si-wing for proposing this motion for debate, which gives me the opportunity to review the situation. I have also seen that more and more colleagues in the Legislative Council have expressed their concerns. In fact, I had repeatedly talked about the negative impact of the IVS on Hong Kong on different occasions last year.

There is no denying that when it was first introduced in 2003, the IVS did bring momentum for the recovery of the local retail and tourism industries after the SARS outbreak. However, over the past decade, we have seen that the volume of visitors has kept on increasing drastically following the expansion of this policy. Hong Kong is a very tiny place and it is now crammed with people just everywhere. This has led to a spate of problems, causing nuisances to the people's living. If we do not deal with these problems properly, public discontent will continue to arise.

It seems that there is now an equal sign drawn between tourism in Hong Kong and the IVS. The uncontrollable influx of tourists under the IVS has resulted in homogeneity in the local tourism industry, causing rents and prices to rise and driving local small shops out of the market. It has turned out that while business is brought in by the IVS, all the people of Hong Kong have been made to pay a high social price for this IVS policy. In 2009, the implementation of the "multiple entry permits" system in Shenzhen also brought the problem of serious smuggling activities by parallel traders in Hong Kong.

President, I certainly understand that tourism has all along been an important industry of Hong Kong, providing many different jobs for a lot of Hong Kong people and employees in the tourism industry to make ends meet. But as other colleagues have said, we need to look at the figures indeed. At what rate has the number of Mainland tourists increased since 1997? Their number now is 13.8 times or almost 14 times higher than that in 1997. In 1997, only two out of
every 10 overseas visitors were from the Mainland but nowadays, their number has increased to seven Mainland tourists in every 10 tourists.

The Gross Domestic Product (GDP) of Hong Kong has increased by 49% over the past 16 years, representing a year-on-year increase of about 3% (below 3%) but at the same time, by how much has Hong Kong's inflation rate risen? In 2012, for instance, the inflation rate was 4.1%, meaning that the spending power of Hong Kong people has decreased rather than increased. In other words, while many members of industries and colleagues in this Council opined that the IVS has brought huge economic benefits to Hong Kong, sorry, I have to say that according to what is actually happening now, it is not the general public but the businessmen and major real estate developers who can benefit most from the IVS.

President, the Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong conducted an opinion poll entitled "The Individual Visit Scheme: A Decade in Review" early this year. The findings of the survey showed that only 30% of the Hong Kong people agreed that the IVS has improved local employment; close to 60% of the people did not agree that the IVS can enhance the mutual trust between Hong Kong people and the Mainlanders; and it was even found that 70% of the people considered that the IVS has led to an increase in shop rental. This is an objective fact that we cannot evade. Members of the pro-establishment camp may use these statistics as proof that Hong Kong has to leverage on the Motherland, telling us to take an accommodating attitude towards and give way to tourists' behaviour that can easily lead to cultural conflicts or behaviour which we consider to have shown a lack of civic awareness on their part. I think this handling approach shows that importance is attached only to quantity but not quality in tourism development. If the local tourism industry excessively relies on Mainland tourists and homogeneity is hence resulted, any economic recession that will take place in the Mainland in the future will lead to unhealthy development of the tourism industry of Hong Kong.

Moreover, as many members have mentioned, if Hong Kong is now faced with the problem of having a tourist volume beyond its receiving capacity, can the problem be attributed to the lack of ancillary facilities in terms of hotels, transport, shopping and control points? But let us look at the figures. In 1996, Hong Kong had 76 hotels of different types in total, providing 32 000 rooms. In 2011, the number of hotels substantially increased to 184, with the number of
rooms doubled to 62,000 in total. In other words, over the past 15 years, the number of hotel rooms has increased by more than double. Coupled with the completion of other tourist attractions one after another, can the diversion of tourists to different tourists spots be truly achieved theoretically? Why do many members of the public maintain that Mainland tourists who come to Hong Kong under the IVS have affected their daily lives?

I always cite an example that can be understood by a "housewife in Ngau Tau Kok" or a taxi-driver. If you are a boss who runs a restaurant capable of providing banquet services to 80 or 100 tables of customers, you cannot receive customers without a limit, making the restaurant extremely crowded and forcing customers to share tables with other customers, or receiving more customers than the restaurant can attend to and even pulling down the staff washrooms and rest room. Is this a healthy way of doing business? Can this really be the way how Hong Kong should extend hospitality to tourists as a travel destination? This is obvious to all. The answer is certainly "No".

In citing this example I wish to point out that there are indeed too many tourists in Hong Kong now and we must address this problem. The policy must be adjusted because the objective effect that has been produced now is a deviation from the original objective of the policy.

North District, Sheung Shui, Fan Ling, Tai Po, Sha Tin, and so on, are originally communities. They are not core tourism districts, but the IVS has brought to these districts a large number of parallel traders engaging in smuggling activities and snapping up daily necessities. More and more pharmacies have opened in Sheung Shui now, and there are 31 pharmacies in the town centre of Shek Wu Hui which is just about the size of four to five sports grounds. I wonder if Secretary Gregory SO has ever visited these places.

In December 2012, the Coastal Defense and Anti-Smuggling Office of Guangdong Province disclosed for the first time on its official website that 95% of the travellers commuting between Guangdong Province and Hong Kong several times on the same day were parallel traders. Should we sit by idly and turn a blind eye to this? Even though the Government has launched such operations as the "Windsand" operations, can the problem be truly tackled and mitigated, just as colleagues have queried earlier on?
The shortage of powdered formula early this year had brought unspeakable hardships to the public. Secretary Gregory SO, have you ever squeezed into the crowded East Rail trains during the rush hours in the morning? Have you had the experience of having your shoes wheeled over by the trolleys of parallel traders engaging in smuggling activities? Have you ever been pushed and shoved by others when you and your family members are pushing a baby stroller on the street or supporting an elderly while crossing the road? Have you ever had the experience of not being able to find a shop that sells daily necessities in the community where you live? Have you ever had the experience of having to scout around several communities in order to have a chance to queue up for powdered formula? President, the parents all carry a sullen face now. Secretary, if you understand their plights, next time you should step into their shoes and play the role of a sympathetic official who is concerned about the misery of the people in front of the camera, so that you would not look as if you want to cry but have no tears to shed, just as you did yesterday. You would be able to cry, because the public are faced with these plights. I hope you will understand it.

President, my amendment calls on the Government to expeditiously implement the "one trip per day" policy and certainly, it is even better to abolish the "multiple entry permits" system which has given rise to the problem of a large number of parallel traders engaging in smuggling activities, in order to reduce their negative impact on Hong Kong people's daily lives and the retail industry. I also hope that the Government will consider refusing the entry of people who have repeatedly committed smuggling offences into Hong Kong, so as to create an effective deterrence against smuggling activities on parallel trades.

Some Members have suggested the setting up of shopping centres in the vicinity of the control points and border areas, which I do understand. But we all know that tourists who come to Hong Kong will not just stay in certain areas, and a large number of visitors will still go to the various core tourism districts and communities and so, the effectiveness of this proposal is questionable.

President, "while the waters can keep a boat afloat, they can also overturn it." The IVS was well-intentioned when it was first introduced but due to a lack of proper control, monitoring or appropriate adjustment, it has heavily burdened Hong Kong, and it is imperative to make adjustments to this policy. In this connection, I have proposed some handling approaches in my amendment which I hope Members can take into consideration. The Neo Democrats once again
urges the Government to expeditiously complete the study on Hong Kong's visitor carrying capacity which is mentioned by the Chief Executive and Secretary Gregory SO and openly explain the findings to members of the public, with a view to capping the number of tourists under the IVS with scientific and objective justifications.

Thank you, President. I so submit.

MR SIN CHUNG-KAI (in Cantonese): President, I thank Mr YIU Si-wing for proposing this motion. I declare that I am a Board Member of the Hong Kong Tourism Board (HKTB), but I am speaking on behalf of the Democratic Party, not the HKTB.

Mr Gary FAN said just now that Mainland tourists accounted for 70% of the tourist volume in Hong Kong. But if we just look at the first eight months this year, their proportion has already reached 75%. My amendment focuses on ways to improve the monitoring of the tourism industry and the reorganization of the division of work among tourism organizations and departments in Hong Kong.

As we all know, the Travel Industry Council (TIC), which was established in 1978, is in itself a trade association. But subsequently, the Government wished to step up regulation of outbound tour operators and after the establishment of the Travel Agents Registry (the Registry) in 1985, the TIC was given some of the regulatory powers to assist in the monitoring of outbound tours initially. Later, the authorities gradually introduced legislative amendments after 2000, enabling the TIC to monitor some inbound tours. In 1999, the Government set up the Tourism Commission and in 2001, the HKTB was reconstituted from the former Hong Kong Tourist Council.

President, after more than a decade of development, we think that the problem now is that inbound tours have given rise to many complaints and problems of regulation over the past few years, which the Government has also noticed. While the TIC had taken some steps in the past, there were criticisms of "insiders regulating insiders" against the TIC. Therefore, the Government has since two or three years ago proposed the establishment of a Travel Industry Authority (TIA). This, the Democratic Party supports, but we have seen that even though the Government has conducted two rounds of consultation, the
relevant bill has yet been tabled before the Legislative Council. My amendment aims to urge the Government to expeditiously submit the bill to the Legislative Council, and I believe this part of my amendment will command the support of the Government. At a meeting of the Legislative Council Panel on Economic Development in July this year, the Government accounted for the progress of the legislative exercise. But we hope that the Government can speed up its work, so that Hong Kong will have in place more comprehensive legislation to impose overall regulation on inbound and outbound tours, travel agents, tourist guides and tour escorts, and so on.

Another part of my amendment particularly puts forward specific proposals on sanctions for travel agents. In order to strengthen regulation, we hope that the Government can target travel agencies closed down previously for breaching the law but then continue to operate in breach of the law by opening another travel agency. As regards licensing of travel agencies, we expect that the TIA to be set up in the future will take over the current licensing functions of the Registry and that a demerit point system will be put in place to punish the non-compliant travel agents. Certainly, the TIA should replace the Registry in the future.

My district office has also received complaints against the marketing practices of travel agents before. We found that some shops had adopted underhand tactics by changing the names of their shops in order to continue doing business in a non-compliant way. In view of this, we hope that the Government can enhance the demerit point system to particularly target the registered authorized representatives of travel agents and forbid them to serve as authorized representatives once they have incurred full demerit points. The objective is to prevent travel agents from changing their names to evade sanctions or continuously adopting those practices to bring disgrace to the tourism industry.

Moreover, the TIA to be set up in the future should be tasked to monitor not only travel agents, but also employees, including tour escorts or tourist guides, in order to prevent the recurrence of such incidents as the "Ah Chun" incident. In the "1 October Golden Week" just passed, we saw that actions were taken against some "zero-fare tours" or tours charging an extremely low fee under the Mainland law. Having said that, I believe the businessmen are fast-thinkers and they will soon come up with counter-measures and new tactics. The Government should pay more attention to this.
According to the information of the HKTB, the number of tourists recorded an increase of 12.5%, reaching about 35.55 million in the first eight months. Projecting on this basis, we estimate that the number of tourists may reach a new high of 53 million this year. However, we should not feel too encouraging at seeing this figure because there is a decline in the numbers of tourists from such countries as Canada, Australia, Singapore and the Netherlands. We understand that the HKTB has already channelled most of the resources (70%) to the international markets other than China and only 30% are put into the Mainland market and yet, Mainland tourists still account for almost 75% of all inbound tourists in Hong Kong. From this we can see that Hong Kong seems to be over-relying on the Mainland market passively. In the face of this situation, what can we do? We really need to consider the coping capacity of Hong Kong. In this connection, a few Members mentioned the need to make planning for tourism and this, we support.

We certainly support the original motion of Mr YIU Si-wing but as we all understand, the Tourism Commission can actually assume the planning role. As regards the many other amendments, the Democratic Party actually supports most of them, except that we have some reservations about the amendments of Mr TANG Ka-piu and Mr Paul TSE, mainly because they propose the establishment of a tourism bureau. Take the Commerce and Economic Development Bureau headed by Secretary Gregory SO as an example. There are already voices calling on him to set up a technology bureau and if the setting up of a tourism bureau is proposed now, would it be that Secretary Gregory SO would have nothing to do by then? In order to give effect to the proposals made in the original motion of Mr YIU Si-wing, all the Government will need to do is to clearly give the Tourism Commission the role of make planning for the tourism industry.

The position of the Democratic Party is very clear. We consider that a TIA should be established expeditiously to monitor travel agencies operating inbound and outbound tours, tourist guides and tour escorts, and so on, and this is the most pressing task. The TIC certainly should continue to play its role as a trade association, while the Tourism Commission should take up the planning role.

We welcome the amendments proposed by Mr Ronny TONG, Mr WONG Ting-kwong, Mr Michael TIEN and several other Members, for their amendments are related to mine with regard to how tourists can be diverted to different types of places, including the proposal on the development of green tourism or leisure
fisheries industry, and so on. In fact, nuisance has been caused to the local residents in some places given visits by an excessively large number of tourists while some other places nevertheless cannot attract visitors. How can the tourists be spread out in a better way? We think that it is a good thing that Members who proposed amendments have put forward a diversity of proposals.

Mr CHAN Chi-chuen's amendment proposes that the "multiple entry permits" measure be reviewed. We consider that there is room for conducting a review but we need to consider one point for all policies and that is, we must ensure equity. Hong Kong people are actually travelling to and from the Mainland over and over again. If these restrictions should be reviewed, we should first review the restrictions on Hong Kong people or whether it is necessary to impose restrictions on Hong Kong people in travelling to and from Shenzhen. Having said that, consideration must be given to the receiving capacity. So, we will abstain in the vote on the amendment of Mr Gary FAN, but we will vote for Mr CHAN Chi-chuen's amendment because there is room for the "multiple entry permits" measure to be reviewed.

All in all, the Democratic Party considers that tourism development is very helpful to the economy and employment in Hong Kong. As for how tourists can be diverted to reduce the nuisance caused to local residents, this is a topic that warrants studies but we must not impose a total ban on them in one go.

MR WONG TING-KWONG (in Cantonese): Being one of Hong Kong's pillar industries, the tourism industry employed 230 000 people and brought $85 billion in revenue in 2011. A thriving tourism industry can serve multiple purposes for not only can it create abundant job opportunities, it can also generate enormous economic benefits, promote cultural exchanges between various places, and publicize Hong Kong's characteristics. Long-term planning is thus indispensable to the sustained prosperity of the tourism industry.

In order to formulate long-term planning, we must first understand the conditions of the tourism industry. In 2012, not only about 70% of the 48 million inbound tourists were from the Mainland, Mainland visitors also accounted for 75% of the total spending of inbound tourists, which stood at $240 billion. This shows that Mainland tourists are a key client source for the local tourism industry.
Given its large number of tourists, which was originally a blessing, Hong Kong is envied by many other places. It is nonetheless a pity that Hong Kong is a small place with inadequate facilities and limited coping capacity. The large number of tourists, which has given rise to all sorts of conflict in society, is a problem rather than a blessing. For instance, the overwhelming number of tourists has made some popular tourism districts overcrowded. The scrambling for Hong Kong goods by Mainland tourists has also pushed up prices, thereby aggravating the people's burden. Worse still, conflicts often arise during our daily contact with some Mainlanders because their living habits are different.

In view of these conflicts, some people have proposed a "closed door policy" and even such tactics as discriminating against and rejecting Mainlanders. We think that such an attitude is not only erroneous but also stupid, especially when places all over the world are thinking hard to find ways to attract tourists for the development of their tourism industry. It was only last week that the United Kingdom announced the streamlining of its visa formality for Mainland tourists, in order to attract Mainland tourists in droves. Under such circumstances, do we still want to drive Mainland tourists out of Hong Kong? This is absolutely ridiculous.

Hong Kong is a liberal and open market for businesses. If there are excessive clients, we should provide more facilities and expand our capacity rather than driving our clients away in a most impolite manner. The overwhelming number of tourists is actually just a blessed problem. It is like a farmer who has failed to reap his crops in time and finds his barn not big enough in times of a bumper harvest. By the same token, we should think hard to work out solutions, and there are no reasons for us to reject a "good harvest".

Currently, the biggest challenge facing Hong Kong's tourism industry is that there are too many people in a small place with insufficient capacity. Besides traditional tourism districts, such as Mong Kok, Tsim Sha Tsui and Causeway Bay, being flooded with tourists, even parts of the New Territories, such as Sheung Shui and Sha Tin, have slowly become overcrowded, thus affecting the daily lives of the local residents. Since the cause of the problem is insufficient capacity, we should administer the right cure by expanding the capacity and providing more tourism facilities to serve the tourists while minimizing the inconvenience caused to local people.
Currently, many Mainland tourists who are particularly confident in the goods sold here have visited Hong Kong mainly for shopping. Some have even made a special trip to the territory and returned home direct after shopping. The large number of such shopping tourists has indeed exerted much pressure on various districts.

Targeting this tourism spending model, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) released a proposal on 6 October on the setting up of a business and shopping centre South of Lok Ma Chau. Under the proposal, a major business and shopping centre should be set up in the border area near the Lok Ma Chau Control Point to, on the one hand, provide an additional shopping destination for Hong Kong people and, on the other, attract Mainland tourists by taking advantage of the convenience offered by the Hong Kong-Shenzhen railway.

The centre proposed to be set up will serve not only as a business, retail, entertainment and catering hub, but also as an exhibitions and sales venue for international and local brands. With the setting up of this centre, we can attract Mainland tourists to go shopping in the border area so that the flow of people in various districts can be diverted, thereby enabling us to do business with tourists while minimizing the inconvenience caused to the residents and really achieving the objective of expanding our capacity. Furthermore, the business and shopping centre can give a boost to the economy of its adjoining areas, create tens of thousands of job opportunities, and reap multiple benefits.

For the relevant details, Members may refer to our proposal. We believe the proposal can provide us with the opportunity to help the tourism industry overcome challenges and enjoy sustainable development. We also hope that the Government can seriously study our proposal and give it active consideration.

Certainly, in order to enable the sustained development of the tourism industry, besides the setting up of the business and shopping centre mentioned by me just now and facilitating tourists in admiring the glamour and convenience of Hong Kong, the Government can also promote eco-tourism and develop leisure agriculture and fisheries industries to enable tourists to savour our relaxed and serene natural scenery. With people paying more and more attention to environmental protection and knowing how to savour the beauty of nature, we should seize this trend to enrich the substance of our tourism industry and showcase the charm of both the active and passive sides of Hong Kong. As
regards the proposal on developing leisure agriculture and fisheries industries, Mr Steven HO from the agriculture and fisheries sector will give a further explanation later on. I hope that the Government can listen to him carefully.

This motion today is very meaningful because it reminds Members once again to pay attention to the development of the tourism industry. Having made tremendous contribution to Hong Kong, the industry is now facing the challenge arising from its poor capacity. We should work together to resolve the conflict and expand its capacity rather than evading the problems and shutting ourselves up. In this century of globalization, we all yearn for living in a global village rather than an isolated village closed to the outside world.

Discriminating against others will lead us nowhere. For the sustainable development of the tourism industry, we must be forward-looking, expand our capacity and open our doors to welcome our guests.

President, I so submit.

MR RONNY TONG (in Cantonese): President, I think it is not at all exaggerated to use an "amazing journey" to describe the transformation of Hong Kong from a small fishing village to an international metropolis today. The course of its development was definitely once a much told tale in Southeast Asia.

President, besides the enterprising spirit of the people of Hong Kong, its natural and geographical advantages also have a role to play in its success. After the outbreak of the Second World War, China was still closed to the outside world. Naturally, Hong Kong served as its front yard, for it was considered by everyone as China's window. It has been the desire of many people since the 1950s to take a look at China, which was closed, through its window, Hong Kong.

Nevertheless, with the opening up of the country, Hong Kong's status as its frontyard is disappearing. President, the opening up of China still benefits Hong Kong, and by this I mean Hong Kong can still play the role of a transit point for China, for tourists will stay in Hong Kong for a while before heading for China. In fact, many tourists make this decision naturally in making arrangements for their trips. However, we must look forward and consider how long this will last.
President, with the continued opening up of China, we can see in the near future that, due to the integration between China and Hong Kong, the latter will be reduced to just a small city of the former, devoid of any unique appeal.

President, the second factor which contributes to the success of Hong Kong in becoming a tourism hub is its reputation as a shoppers' paradise since the 1950s. Nevertheless, how long can this reputation last? In other words, how long can we play the role of a shoppers' paradise in the days to come?

President, one of the consequences of the high land price policy of the SAR Government — this issue was discussed last week — is the rising costs of all trades and industries, including the costs of goods for sale. Compared with our neighbouring countries, our economic power — excuse me, it should be competitive edge — our competitive edge is diminishing.

In view of this, the Government of the previous term spared no effort in promoting the Individual Visit Scheme (IVS), and the State was ready to complement its effort, too. But, honestly, the IVS will soon lose its appeal. Because of the criticism of the problems caused by the so-called "zero-fare" shopping tours in Hong Kong, these tours have almost disappeared altogether. In other words, because of the various factors I mentioned just now (including Hong Kong's high land price policy), the number of tourists who visit Hong Kong purely for shopping will dwindle someday.

What can we do to maintain Hong Kong's status as a tourism hub? President, the Secretary should understand the reasons why the Legislative Council calls on the Government to formulate comprehensive planning having regard to the challenges Hong Kong will probably encounter in the future. I believe the Secretary will also agree that it is a task that brooks no delay.

To support the development of the tourism industry, as I mentioned just now, it is unwise to rely on Hong Kong's appeal to the Mainland, shopping convenience or low prices. Instead, we should explore new tourist spots for selection and consideration by travellers from all parts of the world.

President, Members who are mindful of the major trend of global tourism development will find that many countries and regions are vigorously developing their natural environment, cultural conservation, and even movie locations as
their selling points. For instance, the recent rapid development of tourism in New Zealand is attributed to the large crowds of travellers drawn by the movie "The Lord of the Rings" to visit the country to admire its natural sceneries.

When tourists around the world have already got tired of the Eiffel Tower in Paris, the Sydney Opera House and the Big Ben in London, they will naturally wish to admire natural scenery. In this respect, Hong Kong is actually just as good. President, I wonder if you have had a similar experience. I will make a trip to the east of Hong Kong every week and head north from Sai Kung. I find that the beautiful scenery of Hong Kong definitely matches that of many other popular tourism destinations in Southeast Asia, such as Phuket and Koh Samui. If Members have visited these places before and compare them with the 1 000-odd islands and clear blue water of Sai Kung, they will find that Hong Kong is absolutely up to par. Why is the tourism development in Phuket and Koh Samui so successful, but Hong Kong gets unnoticed even though its "backyard" is just as beautiful?

President, Hong Kong Geopark is also unique, but the Government seems to be unconcerned. If Members have a chance to go to the Sai Kung Pier on holidays, they will find many small boats taking people to Hong Kong Geopark for just $10 or $20, though these boats are very dirty. Furthermore, pollution in Hong Kong Geopark and country parks is very serious, too. It is really heartbreaking to watch a special programme shown on television last week about the problem of littering in Hong Kong Geopark and country parks. The refuse found everywhere includes not only lunch boxes, soft drink bottles and cans, but also tissue discarded by someone after using the toilet.

President, why does the SAR Government lay to waste these attractive tourist spots in Hong Kong? Despite the existence of legislation in Hong Kong, it is not enforced. Moreover, it is confined merely to prohibiting people from throwing refuse into the sea. Why are tourist attractions, including such picturesque places as Tai Long Tung Wan and Tai Long Sai Wan, are littered with refuse? President, for the development of these tourist attractions, the authorities must enact legislation and enforce it. Moreover, the public must be educated to conserve and cherish Hong Kong's natural environment. Certainly, publicity is essential, too.
I hope that the Secretary can tell Members in his reply later on what comprehensive plans the Commerce and Economic Development Bureau has for the development of a tourism industry embracing the natural environment element as a substitute for the tourism industry relying mainly on shopping. I hope the Secretary can tell Members that the authorities have this idea.

Thank you, President.

MR MICHAEL TIEN (in Cantonese): President, I am quite pleased today with my script which is tailed-made for Mr Vincent FANG, who is present here. First of all, I would like to thank Mr YIU Si-wing for proposing this motion. President, a steam can carry a boat, yet it can also cause it to capsize. The Individual Visit Scheme (IVS) has become a target of love and hate to Hong Kong people since its implementation. Having been in the retail industry for years, I have witnessed the impact of the IVS on Hong Kong, and I would like to share with Members my feelings.

Nowadays, the IVS, which emphasizes quantity rather than quality, has caused various problems in Hong Kong society. As a result, we can find all sorts of conflicts and cultural differences between China and Hong Kong, exorbitant rents, poor capacity in tourism districts, parallel goods, and streets filled with goldsmith shops and pharmacies. All of these have not only caused nuisances to the public but also undermined the balanced economic development of Hong Kong. Worst still, many Hong Kong people have begun to demonstrate disgust with the IVS policy in various ways, and a strong negative sentiment is brewing. What is more, some political parties attempt to sow discord by advocating anti-communist assimilation. In my opinion, not only is it pointless to do so, but sentiments of polarization can also be stirred up. Hong Kong people appear to have forgotten about how we were led out of the economic doldrums as a result of the introduction of the IVS. Back in 2003 when the economy was shrouded in doom and gloom, had there not been the support rendered by the IVS, the local retail industry should originally have been plunged into a great depression. The IVS has indeed rescued many small and medium enterprises and families. As the saying goes, when one drinks water, one must not forget where it comes from. So, how can we kick off the ladder once we have got what we wanted? The IVS policy is definitely a source of revenue for
Hong Kong. I believe Hong Kong is the object of envy to many other places in the world because we have this major source of income.

The problem of the IVS today is attributed to our "flooded" situation. Optimistically, it is a happy problem. After all, the undesirable consequences are attributed to the Government's lack of a blueprint for the overall development of the tourism and retail industries. The Government has merely considered the economy while turning a blind eye to its negative impact on society. The crux of the problem lies in the failure of the authorities concerned to expand room for the retail sector accordingly having regard to the prosperity of the tourism and retail industries. In fact, I believe both Secretary Gregory SO and Paul CHAN have heard me raise this question numerous times before. Actually, there is nothing I can do but work with perseverance. Given the opportunity, I will bring up this issue again and again. Since the problem lies in the "flooded" situation, the solution should be like flood control — the water should be diverted rather than blocked.

It is already an enormous pressure for such a small place as Hong Kong to carry 7 million people. In the past year, however, we have received 48 million tourists in total, which means a flow of an additional 130,000 people on average in downtown business districts. On weekends, many Hong Kong people dare not set foot on such busy districts as Tsim Sha Tsui, Causeway Bay and Mong Kok because they do not want to struggle with Mainland tourists in these crowded places. Nevertheless, I think that the worst solution is to put a halt to the IVS policy. Why should we reject these endless economic benefits simply for this reason? Is it not the same as cutting our own food and water supplies?

Such being the case, we think that the best solution is to divert tourists to non-downtown areas, or even build a mega shopping complex with hotels in new development areas. Firstly, this can substantially increase the overall area for our retail industry, mitigate the crowded condition in popular districts, and ameliorate the imbalance of the retail business economy caused by the proliferation of goldsmith shops and pharmacies, thereby diverting IVS tourists to the remote districts. The best sites for a mega shopping complex with hotels would be the Northwest New Territories, because of its proximity to the Shenzhen Bay Port, and then North Lantau, which is near the Hong Kong-Zhuhai-Macao Bridge. These areas can greatly relieve the pressure exerted by huge crowds of people on downtown areas. Last but not least, the
construction of a shopping complex in these areas can give a boost to the job opportunities there. In particular, new arrivals are most suitable for related tourism services, such as the retail sector, because they can speak in Putonghua to entertain IVS tourists speaking the same language.

Another merit of nearby employment is that housewives can then have the opportunities to work without travelling a long distance from home. This can release the labour force of housewives and improve the financial condition of low-income households. It was pointed out by a report compiled by the Commission on Poverty recently that 85% of the households of the working poor had only one breadwinner, whereas the wives had to stay home to look after the children. That is why nearby employment is crucial to these households.

When LEUNG Chun-ying ran in the Chief Executive Election, he told the New People's Party during a meeting that giving a boost to nearby employment would be his top priority after being elected. I had asked him many times what proposal could create opportunities of nearby employment more easily than the construction of a shopping complex in the remote districts. During my numerous contacts with the residents in Tin Shui Wai, Tuen Mun and Tung Chung, I was frequently asked why the Hong Kong Government did not do more to introduce the retail sector into their districts because they were well versed in the sector and hence they could take up the jobs easily. What is more, they would not have to take a long bus trip to go to work, and it was simply impossible for them to leave home for a long period of time. Therefore, their demand is actually pretty obvious.

Simply put, since the Hung Shui Kiu new town development project has already been proposed, I put forth this proposal to Secretary Paul CHAN recently at a meeting of the Panel on Economic Development, too. Actually, the Hung Shui Kiu station to be built there will provide areas for commercial buildings, but I find this not enough. Therefore, I appealed to the Secretary to take this opportunity to directly build a commercial station inside the new railway station to be built in the new town of Hung Shui Kiu, so as to integrate a hotel with a shopping mall which might cover at least 100 000 sq m. Insofar as the entire Hung Shui Kiu new town development project is concerned, nearly all the job opportunities mentioned therein can support the residents there. What is more, the elementary labour force in such districts as Tin Shui Wai and Tuen Mun can even be channelled there to take up employment.
Certainly, a project to actively develop a new town in Tung Chung is also underway in the lead-up to the commissioning of the Hong Kong-Zhuhai-Macao Bridge. In my opinion, it is very worthwhile for the Government to study these two projects. It is definitely a beneficent measure if the LEUNG Chun-ying Administration is willing to proceed to undertake planning and studies for the projects. In the long run, the grass-roots people in Hong Kong, particularly those living in the Northwest New Territories and North Lantau, will be very grateful to the Government for having such foresight.

Basically, my proposal is targeted at these two districts and their employment situation. I hope Members can support it. Thank you.

MR VINCENT FANG (in Cantonese): President, the motion today, tourism, is originally not at all controversial, but 10 Members have proposed amendments to it. This reflects the fact that Hong Kong's tourism industry is now at a controversial and critical juncture of survival. I am absolutely not exaggerating. Owing to the failure of our ancillary tourism facilities to complement the rate of increase in the number of inbound tourists, especially IVS tourists from the Mainland, Members can see the growing China-Hong Kong conflicts and, what is more, calls for the abolition of the IVS, simply because Hong Kong is unable to cope with such a large tourist volume.

Having been in the tourism-related retail industry for decades, I have never seen any country or city tell tourists not to return by blaming their lack of hotels and tourist destinations, overcrowded airports, overcrowded transport facilities, and lack of shopping facilities and restaurants. If people hear us make such remarks, they will think that Hong Kong must be sick.

Transportation, food, accommodation and entertainment are the basic preparations all tourism cities must make to attract tourists. Moreover, the more tourists they attract, the happier they will be. It is because the resources brought by tourists can be used to develop their own cities, such as improving their public transport facilities, building more hotels, developing more tourist spots and consumption outlets, and even beautifying their cities, so that their own citizens can enjoy the benefits brought by tourism development. All of the aforesaid projects will only bring benefits instead of harms, because more investments and job opportunities will be created and the standard of living of the people can thus be upgraded.
If the Government calls on the State to abolish the IVS policy without itself evaluating and studying and making ancillary planning for the simple topic of the impact of the IVS on Hong Kong facilities since the opening up of the Mainland 11 years ago to allow IVS tourists to visit Hong Kong, it is actually hindering itself from making progress. Such an approach will simply make the whole world laugh because more and more countries welcome IVS tourists from China because of their higher spending power.

We have failed to make proper planning for Hong Kong's visitor carrying capacity, thus turning the business opportunities arising from the opening up of the country to allow IVS tourists to visit Hong Kong into crises. We should now proactively address the crux of the problem and carry out a review of our visitor carrying capacity before formulating short-, medium- and long-term measures with regard to the number, demand, accommodation, catering and model of spending of inbound tourists, with a view to turning crises into opportunities of making contribution to Hong Kong's sustainable development.

In my opinion, in order to formulate long-term planning for tourism development, we must first expand Hong Kong's tourism contents and scenic spots. In the past, the only tourist spots in Hong Kong were the Ocean Park and the Golden Bauhinia Square. What new tourism contents do we have since our successful bid for the establishment of the Disneyland? The answer is "No". Actually, Mainland IVS tourists do not visit Hong Kong merely for shopping. They can be found all over country parks, beaches and Tai O, too. Moreover, quite a number of Japanese and Korean tourists visiting Hong Kong will make a trip to Pat Sin Leng.

Is it true that there is no more space for development in Hong Kong? Certainly not. In our aspirations for the Policy Address and Budget in 2013, there were calls for the Government to make more efforts in exploring tourist spots, particularly in South Lantau which is endowed with abundant tourism resources and at the initial stage of development. Later, during a debate held in this Council on perfecting the development of Tung Chung, I further explained in detail the advantages of South Lantau. In fact, if Lantau, including South and North Lantau, can be explored, the business and employment opportunities brought by this largest island in Hong Kong cannot be underestimated. Furthermore, the landing point of the Hong Kong-Zhuhai-Macao Bridge (HKZMB) is in Chek Lap Kok, which is right beside Lantau. Another good
opportunity will be wasted if ancillary and streaming work is not done properly today in preparation for the commissioning of the HKZMB.

Although the third airport runway is still at the EIA stage, the two airport runways should, as mentioned in one of the oral questions today, reach capacity as early as 2015 or 2016. However, the airports in our neighbouring tourism cities, such as Seoul and Singapore, are pursuing development ahead of us. Should we fail to expedite the construction of the third runway or study the feasibility of a second airport, Hong Kong will definitely lag behind the general international climate.

The increase in China-Hong Kong conflicts is mainly attributed to the implementation of the "multiple entry permits" measure on the Mainland, thereby resulting in increasingly rampant activities by parallel traders. Because of these traders, supplies in the Northwest New Territories (NWNT), due to its proximity to control points, are tight. In addition, as the activities of same-day IVS tourists take place mainly in the NWNT, there are frequent conflicts between the local residents and them for transportation, food and purchase of daily necessities. The Liberal Party agrees that there is a need to mitigate the inconvenience caused to the local residents, so we will appeal to the State to revise the "multiple entry permits" to "one trip per day". It is hoped that this measure, which is expected to ameliorate the activities of parallel traders within a short period of time, can minimize the nuisance caused to residents in the NWNT. Nevertheless, the spending power of Mainland tourists should absolutely not be overlooked. In order to reduce the pressure exerted on certain districts, the best way is to divert the tourists. One of the measures adopted by many international cities is to build more shopping malls in their border areas.

Furthermore, if we can increase the number of hotels of different classes in various districts with planning to satisfy the need of tourists, they will be lured to stay for a longer period, thus further adding value to the tourism industry.

As regards the travel agents' service quality and the professional standard of tourism practitioners, which have stirred up many controversies in recent years, we agree that their standard needs to be upgraded. For this reason, we support the proposal put forward by other colleagues on the establishment of a Travel Industry Authority.
President, the Mainland has merely opened up 49 cities to allow their residents to visit Hong Kong under the IVS. With the Mainland's economic development, however, a gradual expansion of the IVS to allow Chinese citizens to travel aboard freely is a general trend. Should we refuse entry of Mainland tourists into Hong Kong because of our inadequate visitor carrying capacity and failure to upgrade it, not only will business opportunities be shut out of Hong Kong, we will also lag behind the pace of global development.

Hong Kong's failure to provide adequate ancillary tourism facilities has not only caused inconvenience to tourists, but also brought troubles to Hong Kong people. After all, the Government is accountable. Since this Council and political parties realize the crux of the problem and know very well the significance of the tourism industry to Hong Kong, they should join hands to press the Government to step up efforts in formulating long-term planning for the tourism industry, enhancing Hong Kong's tourism facilities, offering solutions, and preventing Hong Kong's reputation from being tarnished. I hope colleagues can agree with my observation and support the original motion as well as my amendment. Thank you, President.

MR CHAN CHI-CHUEN (in Cantonese): I have to thank Mr YIU Si-wing for proposing the motion today on "Expeditiously formulating long-term planning for the tourism industry". I believe Mr YIU and all Members who have proposed amendments will agree that formulating long-term planning for the tourism industry is crucial.

I recall that the tourism industry was called the smokeless industry when I was a pupil. Hong Kong is now branded as the Pearl of the Orient and a Shoppers' Paradise, with the tourism industry, accounting for more than 4% of the Gross Domestic Product, being one of its pillar industries. Nevertheless, there have been fears in recent years that Hong Kong's reputation as the Pearl of the Orient might be tarnished. While figures on the surface seem not bad, there are fears that Hong Kong's tourism industry lacks long-term planning. As pointed out by Mr YIU, Hong Kong's ancillary facilities in terms of scenic spots, hotels, transport and shopping are insufficient.

The amendment proposed by me actually contains two key points already mentioned by a number of Members. Firstly, I propose a review of the "multiple entry permits" measure. Mr Gary FAN proposes in his amendment considering
the abolition of the "multiple entry permits" measure, whereas Mr Vincent FANG also proposes reviewing the measure. The intention of the "multiple entry permits" measure is actually good, because the Government can know in advance the number of inbound Mainland tourists to avoid Hong Kong's visitor carrying capacity being exceeded as well as any adverse impact on Hong Kong people's daily lives. The emphasis of this proposal is on local interest, and Mainlanders are not targeted in particular. Neither is there any exclusion or anti-Mainland sentiment, so to speak. Nevertheless, I will not dwell on this argument here.

Another key point in my amendment is to develop tourism with local characteristics, with a view to alleviating the pressure on traditionally popular tourism districts and raising the visitor carrying capacity. I believe no one will object to this general direction. It is now generally felt that Hong Kong's tourism industry is biased towards consumption-oriented tourism. As a result, tourists are found mostly in consumption hot spots, such as Tsim Sha Tsui, Causeway Bay and Central. I hope tourism can be developed on various fronts, so that tourists can be channelled to various districts. Regarding the so-called "other tourism projects", it is mentioned in Hong Kong Yearbook 2012 that while work on boosting family and business travels continued, special efforts were made to promote MICE (Meetings, Incentives, Conventions and Exhibitions), cruise tourism, mega events and "green tourism".

Today, I will propose two tourism projects for development in Hong Kong, and I hope the SAR Government or tourism-related departments and Policy Bureaux can give consideration to my proposal.

The first tourism project is related to spiritual tourism, which is different from consumption-oriented tourism emphasizing eating, drinking and entertainment. When it comes to spiritual tourism, I believe Mr Kenneth CHAN, Secretary General of the Legislative Council, is most familiar with it. Not only would he make a trip to the Plum Village in France to follow Thich Nhat Hanh for meditation or a spiritual retreat, he would also visit Bhutan to admire the temples there. In fact, Thich Nhat Hanh was here in Hong Kong this year to attend some holiday and meditation camps. It was very difficult to enrol in these camps because they were always full. In fact, it is not that we do not need to pay for spiritual tourism — a three-day meditation camp might cost $3,000.
In recent years, many spiritual tourism projects are operated in the Mainland and Taiwan. Certainly, it is a good thing if Hong Kong can build spiritual tourist spots and villages to lure people from around the world to visit Hong Kong. Otherwise, we can still invite some internationally renowned spiritual instructors to come to Hong Kong to host classes for people from other parts of the world. Currently, spiritual tourism is well developed in Taiwan and the Mainland. Many Hong Kong people also visit these two places to attend the spiritual tourism programmes offered there.

Both hardware and software are crucial to the development of spiritual tourism. Insofar as hardware is concerned, there must be a holiday resort with good ancillary facilities. Currently, there are not many such places in Hong Kong. The only one is in Wu Kai Sha — a place for wargame as well as meditation. Actually, it is very difficult to book major holiday villages such as the one in Wu Kai Sha. As regards software, as I said just now, spiritual instructors from other parts of the world can be invited to Hong Kong.

Spiritual tourism has given rise to temple tourism, too. Like a theme park, a renowned temple can give a boost to the economy of an entire community. Members might have no idea that before joining this Council as a Member, I had participated in a temple tourism development project besides working for radio, television and online stations. For instance, in 2008, I participated in a construction project involving a Tang-style temple in the Nanshan Temple, which is a Buddhist theme park situated in Sanya Municipality, Hainan.

In the Mainland, temple development is regarded as a tourism project. Besides communicating with the State Administration of Religious Affairs, we had to hold discussions with the China National Tourism Administration, too. The Nanshan Temple is a celebrated Buddhist theme park, where temples of different schools can be found. At that time, we were responsible for reviving a lost Vajrayana temple in Tang-style. According to their concept, the temple is actually like the Winnie the Pooh house in Disneyland.

Thanks to its Guanyin statue, which is surrounded by sea on three sides, the Nanshan Temple is so popular that it can actually make enough money during the golden week of the Lunar New Year to fund its annual operation. Its business opportunity is also enormous. The temples in Hong Kong actually have this strength, too. For instance, the Big Buddha and Wisdom Path are hugely successful tourism projects. Although the huge Guanyin statue in the Tsz Shan
Monastery in Tung Tsz, Tai Po was regarded as a place for Buddhist practice rather than a tourism project when the relevant application was made, I believe it will become a very popular tourist attraction in the long run.

We should learn from Japan's experience if Hong Kong is to develop temple tourism projects. In Mainland China, temples will scramble for patronage because worshippers will not go to another temple after visiting one temple. In other words, they will make donations to one temple only. In Japan, however, temples are grouped into clusters. For instance, the 33 temples of the Saigoku Kannon Pilgrimage in Osaka, Kyoto have formed themselves into a cluster. Pilgrims who have visited one of the temples will be encouraged to visit the remaining 32 temples. Instead of minding their own business, these temples interact with one another. I think Hong Kong can follow this practice.

I wonder if the Bureau is interested in temple tourism. I have a lot of experience because I once practised Buddhism as a monk in Koyasan in the Wakayama prefecture of Japan. That temple is an excellent destination for temple tourism, too.

I would also like to take this opportunity to propose another project concerning gay spending and tourism. In fact, the concept of the so-called "pink economy" or "pink dollar" has been introduced in European and American communities for years. The gay group is indeed a group of good tourists, for their demand can give a boost to regional economy. Most of the gay people are better-off and have higher spending power mainly because they have no burden for the next generation. Since they do not need to save up for bearing and raising children or supporting their education, they can travel at any time for probably eight to 10 times a year, and spend on high-end products. Many cross-enterprise corporations have set eye on these business opportunities and provided gay-friendly services in a wide range of industries from fashion, beauty and finance to tourism.

This Saturday, I will visit Taipei to participate in "Taiwan Pride", an annual gay pride parade. With the number of participants estimated to exceed 100,000 this year, this is the biggest gay event attracting the largest number of participants in Asia. Moreover, it will make tremendous contribution to Taipei's tourism industry, for all the hotels in Taipei and air tickets to Taipei will be fully booked over these two days. Not only will the annual "Taiwan Pride" bring a lot of peripheral economic growth, it is also not purely a philistine tourism project.
Hong Kong can also be turned into an accommodating city if gay tourism can be given consideration here. This year, Hong Kong is selected by a travel magazine as one of the liveable cities. I do not remember whether it is ranked 12th or 15th, but at least its ranking has risen. One of the reasons cited is Hong Kong's high tolerance because a gay Member has been elected. Although I do not think it bears any relevance, a high level of tolerance in a city is indeed helpful to its tourism industry.

In fact, gay parades have been staged in Hong Kong before. Although the number of participants in the last gay parade already broke through 4,000, the number was still very small compared to that of Taiwan. The number of participants in the event called Pink Dot in Singapore this year has exceeded 20,000, too. In this respect, I think that Hong Kong has lagged behind Singapore.

I hope the Hong Kong Government or tourism-related departments can seize this opportunity. For instance, many tourists from around the world, not necessarily gay people, might regard the gay parade in Hong Kong as a carnival or an event which they would like to join.

In fact, there are some gay consumption events in Hong Kong, such as Pink Season. Although it has been included by the Hong Kong Tourism Board (HKTB) in its event calendar to inform tourists from all over the world of the staging of this event here, I still feel that not enough efforts have been made. The HKTB can actually highlight this annual gay event for publicity. Even though Hong Kong may not challenge Taiwan, I hope it can at least rival Singapore.

My purpose of proposing spiritual tourism and gay tourism today is to give Members more directions, so that Hong Kong needs not rely entirely on IVS or cater to the taste of Mainlanders. I hope Hong Kong's tourism industry can become more global and diversified.

I so submit.

MR PAUL TSE (in Cantonese): President, to a very great extent, I agree with and support the original motion and amendments. In particular, I would like to thank Mr YIU Si-wing, who took up the baton from me, for putting forward some
long-term planning proposals which are of great concern to the whole tourism industry. In fact, the motion debate proposed by me in this Council on 13 May 2009 was similar to my proposed amendment today in terms of contents. They both seek to call on the Government to adopt a unified and consolidated approach rather than allowing various government departments to mind their own business and discharged not clearly demarcated responsibilities. I believe there is no need for me to elaborate on the merits of doing so. The tourism-related areas are indeed too many and too extensive. Certainly, it will be an excellent starting point if a consolidated approach can be adopted in respect of the industry and its number of practitioners, categories and modes of operation.

More importantly, the pace of the contemporary world is indeed too fast. Very often, the tourism industry faces the problem of making prompt responses. In the event of emergencies, such as tourists being switched to another travel agency without their knowledge, the occurrence of accidents or problems, including the Philippines hostage accident, which is still a matter of great concern to us, the handling of such crises will become a major issue. In times of natural and man-made disasters or political turmoil, a unified approach is very often required to deal with matters promptly and swiftly. In this respect, the establishment of a tourism bureau to take charge of various matters definitely has an advantage.

On the other hand, in the face of global competition, we can no longer mind our own business. We are now facing rivals from all over the world. In particular, Singapore, the country often mentioned, and even Macao, our friend, have been in constant competition with us. As the saying goes, one either forges ahead or gradually falls behind. If our tourism industry clings to the old model and adopts a relatively passive and non-intervention approach, I am afraid it will only lose out.

While speaking on my amendment, I am also mindful of the occurrence of many events lately and the speeches delivered by a number of Members just now. Hence, besides speaking on my amendment, I would also like to say a few words about some current affair. But, first of all, I would like to make a point to colleagues in the Democratic Party. In his speech just now, Mr SIN Chung-kai expressed reservations about the establishment of a tourism bureau as proposed in my amendment. I would like to remind Members from the Democratic Party that an amendment was proposed by Mr Fred LI to a similar motion proposed by me on 13 May 2009. Basically, the amendment was saying that the
establishment of a tourism bureau was not important, for even the setting up of a statutory body could be considered, provided that it followed the same direction of handling various tourism-related problems in a unified manner. Judging from Mr SIN Chung-kai's speech today, it appears that this background has been forgotten altogether. In fact, my motion was supported by a number of Members at that time. Hence, before casting their votes today, I hope that they can review their position back then and examine if they need to continue with their support for this direction, or prefer frequent changes in their position.

Regarding the question raised by a colleague just now, I also agree with many Members that it was a "happy problem", so to speak. However, it is also a problem for metropolises all over the world, not only Hong Kong. It is just that, compared to other metropolises such as New York, Paris, London and Tokyo, where they can find many other places for retreat, Hong Kong is small in size.

However, we must bear in mind that the number of tourists faced by those places is by no means smaller than that in Hong Kong. Their visitors come from all parts of the world, not only confined to local tourists or tourists from nearby continents. If Hong Kong worries that it is incapable of receiving tourists from numerous Chinese provinces, it should think of these places, such as New York, Paris and London, for they even have to receive tourists from all over the world, including Asia, North America, South America and other continents. These tourists would like to get to know these metropolises if they have the chance, spare money and time to do so.

If Hong Kong is to become a megalopolis, it must not evade this appeal and trend. Should Hong Kong reject Mainland tourists, currently our major source of clients, for the sake of relieving its burden, it is merely hindering itself from making progress and shutting its door to the outside world. Hong Kong as a world city should definitely not demonstrate such a vision and readiness in doing so. On the contrary, I agree with several Members who said just now that the Government should endeavour to turn crises into business opportunities and find a "happy solution" to this "happy problem".

Actually, there are just a few options. Usually, we can begin with space or time when the number of tourists is too large or expectations are too high. Insofar as space is concerned, as pointed out by a number of colleagues just now, the Government can consider providing more facilities, scenic spots and hotels in
the remote areas in the New Territories or Lantau. In addition, can the authorities explore room for collaboration with our neighbours, such as Macao and Shenzhen, in order to achieve synergy and exploit Hong Kong's advantages by borrowing certain space in the two places to address the problem? I will not dwell on the specific details here, for this is just an abstract idea.

Furthermore, are there any ways to prevent, by all means, all the tourists from visiting Hong Kong during certain periods? We have already experienced the power of the Golden Week and the extremely crowded and terrible conditions. Can the authorities explore ways to spread out the tourists by all means, so that they will visit Hong Kong in different periods? For instance, the Government may consider introducing various projects during different seasons or coming up with various initiatives, such as additional concessions, to attract the tourists to visit Hong Kong in different periods. On the positive side, more concessions can be offered. As regards the negative side, although I disagree with the proposal of making reference to Thailand's recent initiative of introducing a landing tax, this direction can be considered. While I certainly disagree with this proposal, I think the offer of more concessions in the direction of a negative landing tax is worth considering. I also believe that doing so can scatter the time of arrival of tourists by all means.

President, we can also attract inbound tourists on various fronts in the light of their preference, background and experience. For instance, as suggested by Mr CHAN Chi-chuen just now, we may explore the market for spiritual and temple tourism, and even gay tourism. Actually, these tourists belong to different segments and different natures. Hence, we can attract them to Hong Kong by different means, over different periods and from different places.

We really have to adopt an accommodating attitude towards these most numerous and troublesome IVS tourists who have never left their hometowns, travelling abroad for the first time. In this regard, I hope colleagues from the Democratic Party, who object to allowing Mainland compatriots to visit Hong Kong, can come to understand this: In advocating the values of democracy, have we considered our compatriots living on the other side of the boundary, who have been restricted from travelling freely over the years? Many of these compatriots, whose DNA and blood are the same as ours, have been unable to enjoy the freedom that Hong Kong people have always taken for granted.
I wonder if we can fulfil certain responsibilities. Not only can we share with them the economic benefits reaped by Hong Kong as a highly prosperous city, but we can also share with them this city's values, freedom and space with a relatively high degree of democracy. Hong Kong can even play a key role in China's road to revival and progress. In this regard, we had better encourage them to travel far and wide rather than teach them some highly detached principles. If they are allowed to visit Hong Kong, they might end up, like Muslims paying pilgrimage to Mecca, having their vision completely changed after just one trip.

By the same token, if more Mainland compatriots are allowed to visit Hong Kong, we might hopefully send a message to them, that they should adopt a brand new vision to appreciate the beauty of Hong Kong and the rest of the world. I hope colleagues from the pro-democracy camp can display such an accommodating mindset and refrain from hindering themselves from making progress, or else they will only further undermine Hong Kong's status as an advanced and civilized international city. I hope to share this with those colleagues who often advocate shutting our door to the outside world and level malicious verbal attacks at Mainland tourists. Thank you.

MR JEFFREY LAM (in Cantonese): To begin with, President, I would like to tell Members a story. I recall that when I went to China for a business trip 30 years ago, I chatted with a mayor and he told me that another mayor …

PRESIDENT (in Cantonese): I should first call upon the Secretary for Commerce and Economic Development to speak. Secretary for Commerce and Economic Development, please.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, first of all, I am grateful to Mr YIU Si-wing for proposing this motion today.

We have all along attached great importance to the development of the tourism industry in Hong Kong. The fact that 10 amendments are proposed to this motion today reflects the weight given by Members to this motion. Tourism is a major industry of Hong Kong, accounting for 4.5% of the Gross Domestic
Product. Employing a workforce accounting for 6.6% of the total working population in Hong Kong, the tourism industry brings considerable economic benefits and employment opportunities for us.

We understand that Rome is not built in one day. Hong Kong can develop into a world-class destination for leisure and business tourists not only because of our characteristics of being a meeting point of the East and West and our sceneries as a metropolis. It is also attributed to our sound infrastructure facilities, convenient transport networks and services, and good law and order, coupled with a great variety of events, cuisines and goods as well as quality and professional services consistently on offer to tourists. I believe Members have many friends from the Mainland and overseas countries who have spent their holiday in Hong Kong, and when they sum up the experience of their stay in Hong Kong, they will tell you that Hong Kong is very convenient, very safe, a place of great fun with a plethora of shopping options and wide choices of delicacies, very comfortable, and a place where highly professional services are offered. This achievement is indeed the result of the concerted efforts made by the Government, the tourism sector and even all members of the public in joining hands to overcome all challenges over the years.

In spite of this, competition is ever intensifying in the tourism industry in the Asia Pacific Region in recent years. The neighbouring regions have, one after another, injected huge amounts of resources into the development of new tourism facilities, organization of major international events, and conduct of extensive publicity and promotional campaigns to attract tourists. But against this backdrop, the tourism industry of Hong Kong has continued to be thriving. As Members have pointed out, the number of inbound visitors reached a new high of $48.6 million in 2012, proof that the tourism industry has remained competitive. As reflected by the views of inbound tourists collected in surveys done by the Hong Kong Tourism Board, the satisfaction rate of tourists has consistently remained at a high level. Certainly, we must make ongoing efforts to speed up the pace of development on various fronts and with greater diversification.

To this end, we are taking forward the next phase of expansion of the Hong Kong Disneyland and Ocean Park, developing more diversified cruise tourism products, organizing major events and promoting the development of ancillary facilities for tourism, such as hotels, through a multi-pronged approach. We will, of course, also promote our beautiful sceneries and historical monuments to
tourists and encourage tourists to explore different districts of the territory. This will promote visitor flow and tourist spending in the districts, while helping to ease the flow of people in traditional tourism districts, so that the proceeds from tourism can benefit various sectors and strata of the community as much as possible. A number of Members have expressed views in this respect earlier on.

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

In the long term, we are actively making preparations for the introduction of a new regulatory regime for the tourism industry, conducting an assessment on the overall visitor carrying and receiving capacity of Hong Kong, as well as studying in depth and proposing forward-looking policies and other ancillary measures required for supporting the development of the tourism industry.

Deputy President, I would like to listen to other views of Members on this motion before giving a detailed response later on.

Thank you, Deputy President

MR JEFFREY LAM (in Cantonese): Deputy President, I would like to tell Members a story first. About 30 years ago when I went to China for a business trip, a mayor told me about a mayor from another municipality who paid him a visit. Because of traffic jam, he was late when he arrived at his office. So, the first thing he did was to apologize, but the visiting mayor did not at all mind. Instead, he smiled and said, "It is wonderful here that a traffic jam might occur. Our place is so remote that nobody would like to come. It is really difficult to run into a traffic jam."

Upon hearing this, Members should realize that Hong Kong is enviable, because many people wish to come here for sightseeing, shopping and doing business. However, our tourism industry is now confronted by both internal and external troubles. We need to consider ways to develop additional scenic spots and new tours with characteristics, provide more hotels and attract tourists to stay in Hong Kong for one more day.
Let me begin with our external troubles. During a recent visit to China, British Chancellor of the Exchequer George OSBOURNE announced that Britain would simplify the visa formalities for Chinese citizens. In my opinion, such a move is not only meant to be a "big gift" for Chinese tourists, but also a win-win proposal. Given that many Chinese tourists are big spenders, they have become the target coveted by countries around the world. Now, they have come to the rescue of the consumption trades and industries of the European and Amerian economies, which are still being overshadowed by economic depression. Hence, besides Britain, even Ireland has offered Chinese tourists visas for individual visits. Many regions in Asian, including Korea, Japan and Thailand, are battling for Mainland tourists by offering visa-free treatment to Chinese citizens one after another.

In the past few years, despite the assistance rendered by Mainland tourists to our tourism, retailing and catering industries, they have also affected the lives of some Hong Kong residents and intensified competition. Deputy President, Members should understand this problem, and we should also think hard to work out solutions. On the contrary, some people have expressed such comments as anti-IVS. These comments are, in my opinion, inconsistent with the essence of Hong Kong as an open society. Moreover, people will be given the impression that we do not welcome tourists or even wish to drive them away. This approach runs counter to the general trend in overseas countries which are racking their brains to "attract tourists" in order to stimulate their economies. Such comments will only discourage tourists from coming to Hong Kong. As there are still many places for tourists to choose from, not only will Hong Kong's tourism industry suffer, many tourism-related trades and industries will also be implicated in the end. Members can easily imagine that unemployment problems will follow if Hong Kong economy is subject to such impact.

One of the internal troubles facing Hong Kong's tourism industry is that there have been no new tourism projects in the past few years. Where else can tourists go besides shopping in Causeway and Tsim Sha Tsui? Are there any other tourist attractions besides Disneyland and Ocean Park?

When it comes to shopping, Europe is full of brand-name shops, with London, Milan and Paris being major attractions for tourists around the world. Compared to Hong Kong, these places have an competitive edge in high-end markets. Despite their relatively remote geographical location compared to Hong Kong, a growing number of Chinese tourists have been visiting the
European continent in recent years. The fact that the growth in Hong Kong's retail industry has slowed down and the queues outside the up-market shops in Hong Kong have shortened does reflect that some rich Mainland consumers have already switched to Europe.

Another internal trouble facing Hong Kong's tourism industry is our monotonous tour options. If we take a look at our neighbouring regions, we will find that Taiwan has abundant tourism resources, including high mountains and deep valleys, night markets and home stay with hot springs. Its tourism contents have become even richer with the development of cycling activities around the island in recent years. Meanwhile, Singapore is also making a lot of efforts in developing Sentosa and a world-class attraction, the Universal Studios. Looking at Hong Kong, we will find that no new tourist attractions have been introduced after the completion of Disneyland. Should this situation remain unchanged for a long time, there is no need to tell others not to come, for simply no one would like to visit Hong Kong.

Deputy President, it has been a decade since the opening up of the Mainland to allow IVS travellers to visit Hong Kong and Macao. Today, the mindset of outbound Mainland tourists has changed. Nowadays, more and more tourists would like to experience different cultures rather than merely go shopping. While Taiwan has a bookstore culture, what can Hong Kong do in this respect? What can we do to satisfy the need of this new tourism and consumption pattern?

As regards the inconvenience caused by certain IVS travellers to the Northeast New Territories (NENT) residents, can we consider setting up trade zones at the boundary? This can enable Hong Kong people to do business there while minimizing the impact on NENT residents, thereby turning the negative problems facing Hong Kong into development opportunities.

We have also mentioned to the Hong Kong Tourism Board the new expectations of tourists for tour options. Hong Kong has 18 districts in total, with each district having its special characteristics, but some of them remain unexplored. We should make more efforts in collaborating with people in the districts to explore places with special characteristics in their districts, such as the old Hong Kong in Tai O and the night market at Temple Street in Yau Ma Tei, with a view to turning these places into new picks for tourists.
In order to ameliorate the problem of the homogeneous source of tourists, we must also fully exploit the newly built cruise terminal to broaden our source of tourists because cruise passengers, who mostly come from overseas countries such as Europe, the United States and Australia, are up-market spenders. We can provide proper ancillary facilities and make arrangements for them to visit various on-shore scenic spots and shopping districts. There is indeed much we can do in this regard.

Deputy President, I so submit.

MR CHRISTOPHER CHUNG (in Cantonese): Deputy President, a famous line by HEGEL, a German philosopher in the 19th century, reads, "Don't throw the baby out with the bathwater." I believe all Members will understand the reason behind it, but actually, quite many "stupid parents" in this Council choose to throw the baby out with the bathwater just because they do not want the dirty bathwater. The original intention of the motion proposed by Mr YIU Si-wing today is to formulate long-term planning for the tourism industry, but some "stupid parents" make use of the subject under discussion to propose setting a ceiling on the number of tourists, abolishing the "multiple entry permits" measure, and even vetting and approving Mainland tourists before deciding whether they should be allowed to come to Hong Kong. Such Fascist proposals are indeed baffling, and I can only use one word — no Deputy President, it should be two words — "utterly ridiculous" to describe these Members.

Honestly, we find it hard to put up with the behaviour of a small number of inbound Mainland tourists, but we cannot shut our door to all Mainland travellers just because of this handful of people. To do so is as ridiculous as "throwing the baby out with the bathwater". Furthermore, the Central Government has already noticed the various problems caused by outbound nationals and exercised regulation with the recent enforcement of a Tourism Law. We believe improvement can be seen in these tourists as time goes by.

Whether colleagues like it or not, Mainland tourists already make up the largest consumer group for Hong Kong's retail, catering and hotel industries. Have those extremists who propose rejecting Mainland tourists considered the number of people in Hong Kong who are working in industries related to Mainland tourists? Hong Kong people will bear the brunt of the impact should Mainland tourists are refused entry. According to the information provided by
the Census and Statistics Department, as of 2011, the employment size of inbound tourism and related consumption trades and industries reached 206 000. Some academics even estimated in early 2012 that 700 000 people in Hong Kong would become unemployed without the IVS! Today, I believe this figure will only go up rather than down.

Members from the opposition have all sorts of ridiculous arguments, such as ethnic discrimination, to deter Mainland tourists from coming to Hong Kong. For instance, it is said that Hong Kong must reject Mainland tourists because of its inadequate reception capacity. However, I have never heard of complaints from restaurant proprietors about closing the door because of too many customers. If their supply of food lags behind, they should hire more chefs and expand their restaurants. By the same token, if Hong Kong's reception capacity cannot really cope, we should consider ways to boost our capacity rather than putting the cart before the horse, that is to say, close the door and drive away the tourists.

Furthermore, Members from the opposition often associate the smuggling of parallel goods with tourists, which is obviously an act of confusing right and wrong. The purpose of parallel goods traders coming to Hong Kong is to make profits, whereas the purpose of tourists is to spend money. They should not be lumped together for discussion. In this connection, the Governments of Guangdong and Hong Kong have promptly introduced a series of measures, and the effects of these measures are evident to all.

Let me now get to the point. For the sustainable development of Hong Kong's tourism industry, I think two problems must be addressed. They concern, firstly, inadequate scenic spots in Hong Kong and secondly, the enhancement of our reception capacity. In fact, there is a correlation between the problems of scenic spots and poor reception capacity. Due to the traditional scenic spots being packed with people every day and the slow development of new scenic spots, it is simply impossible for the standard of reception to be raised. Therefore, it is imperative for the Government to develop new scenic spots to prevent tourists from concentrating on certain places. In fact, the DAB holds that Hong Kong has all sorts of natural, historical and cultural resources which can be examined for development into new scenic spots.

The fact that Hong Kong was chosen recently for the location shooting of a Hollywood movie, the fourth episode of Transformers, does demonstrate that
Hong Kong is still a big draw to foreigners. Furthermore, the fact that the shooting took place in such old districts as Quarry Bay and Sham Shui Po shows that foreign tourists are attracted by not only the Disneyland, Ocean park, high-rise buildings and Michelin-rated restaurants, but also many things with local characteristics, such as the colourful neon light signboards, savoury street food, hawker stalls with characteristics, unique local cafes, and even our fishing villages and old tenement buildings, which cannot be found elsewhere. However, it is a great pity that the Hong Kong Government is not proactive in the preservation of things with historical or cultural value. Sometimes, it even goes so far as to destroy its own advantage. For instance, the stalls and hawkers in Mong Kok, Sham Shui Po and North Point are very popular with foreign tourists. However, the policy of the Hong Kong Government is not to facilitate their operation. Instead, it seeks to expedite its effort to push these stalls and hawkers into a corner and eventually out of business or institute prosecution against them with a view to reducing their numbers. In another example, after the banning of trawling in Hong Kong, the authorities have not come up with any effective ways to assist in the transformation of the fishery industry into tourism industry, so that tourists can get to know the history of the fishing villages in Hong Kong. Moreover, the Government has been dragging its feet in offering assistance. What is more, it has even imposed all sorts of restrictions. Hence, I hope the Government can take a few steps by expeditiously providing more new scenic spots to divert the tourists.

Furthermore, Mr WONG Ting-kwong from the DAB has proposed an amendment today in the hope that a business and shopping centre can be built at the border or the northern part of the New Territories, and "one-stop" services be provided with the development of more scenic spots complemented by theme parks. His proposal can, on the one hand, divert tourists and, on the other, address the needs of Mainland tourists for shopping in Hong Kong without affecting our daily lives. I hope it can be taken on board by the Government.

Deputy President, I so submit.
various local communities, it is not difficult to see tourists carrying backpacks and pulling suitcases. Not only does the increase in inbound tourists bring employment opportunities, it also drives Hong Kong's economic development. Last year, the tourism industry contributed 4.5% to the GDP but at the same time, since Hong Kong is a densely populated small place, occasionally, conflicts between tourists and members of the public would occur. The striking of a balance between the development of the tourism industry and its impact on public living is actually a major issue.

According to the information of the Hong Kong Tourism Board, as at the end of August this year, the number of inbound tourists has increased by 9.4% year on year and among them, the numbers of tourists from such places as Central America and Australia saw a decrease, whereas those from Mainland China increased by more than 13%. Therefore, in discussing the development of the tourism industry in Hong Kong, we are actually facing three issues, the first being how to receive the large number of travellers from Mainland, the second being how to attract tourists from other regions to visit Hong Kong and the third being how to protect the rights of employees in the tourism industry in Hong Kong and raise service standards. It is only by taking into consideration these several areas that the tourism industry in Hong Kong can achieve healthy development.

A characteristic of tourists from Mainland China is that the proportion among them who return to China on the same day is relatively large. According to information, even as the number of tourists from Mainland China has increased, as of August this year, the proportion of tourists to Hong Kong who did not stay overnight increased by 35% year on year. In view of this characteristic of many tourists from Mainland China, that is, they would leave on the same day after shopping or visiting a couple of major scenic spots here, I support the construction of additional large-scale shopping facilities near border control points or along rail lines to make it convenient for visitors to do shopping and ease the pressure on the city centre.

The increase in the number of tourists from Mainland China has made up for the drop in overseas tourists. However, various countries around the world are competing for the high-end market in tourism and recently, the United Kingdom has simplified the visa application procedure for high-end Mainland China tourists to attract them to spend money in the United Kingdom. How Hong Kong can attract more high-end tourists to Hong Kong is a major challenge
for the tourism industry in Hong Kong. I believe that since Hong Kong is a place where Chinese and Western cultures converge and an international metropolis, it still holds some attraction for overseas tourists.

In discussing the development of the tourism industry in Hong Kong, I cannot but speak up for the front-line employees in the tourism industry in Hong Kong. All along, the front-line employees in Hong Kong's tourism industry have been making great contribution to the industry and quietly putting up with all kinds of unreasonable treatment. Some travel agencies, in order to make up for the cost incurred in receiving tour groups at low fares, require tour guides to pay them and pay deposits in order to get work, described by members of the industry as "buying heads" and "buying envelopes", and tour guides are also asked to force tourists to make purchases when leading tour groups. There are many malpractices in the industry and as a result, tour guides have to bear tremendous pressure in their work. Therefore, all these issues call for improvement.

In order to improve the quality of the tourism industry, last month, the Tourism Law came into effect on the Mainland and the offer of zero-fare tours or those at unreasonably low fares by travel agencies on the Mainland is prohibited. However, since the new measures have only been implemented for a short time, it will take some time before their impact on the tourism industry in Hong Kong can be assessed. Therefore, I call on the Government to monitor the development of the situation and assist the affected employees.

To resolve the issue of unfair arrangements made by receiving agents with tour guides, the Hong Kong Tour Guides General Union under the Federation of Hong Kong and Kowloon Labour Unions reached an agreement and signed the 1 August Agreement with close to 30 travel agencies receiving Mainland China tourists, with a view to standardizing the tour group reception services provided by tour guides and the charges, so as to make improvements to some of the industry malpractices and raise service standards. I suggest that the Government and members of the industry make reference to and promote it, so as to raise the quality of the tourism industry together.

Deputy President, recently, some xenophobic sentiments have indeed emerged in Hong Kong, but I do not agree with rejecting inbound tourists because of their effects on the lives of the public. However, the Government must assess comprehensively Hong Kong's visitor carrying capacity, so as to make
arrangements accordingly. To rashly encourage tourists to come to Hong Kong would only intensify the conflicts between tourists and the public and ultimately, affect Hong Kong's reputation as a hospitable place.

Deputy President, I so submit.

IR DR LO WAI-KWOK (in Cantonese): Deputy President, the motion "Expeditiously formulating long-term planning for the tourism industry" moved by Mr YIU Si-wing today is an important and timely proposition. It can also draw the attention of various sectors in society to the importance of the sustainable development of the tourism industry in Hong Kong. The tourism industry is one of the pillar industries of Hong Kong and according to the latest statistics, from January to August 2013, the number of tourists to Hong Kong exceeded 35 million person trips, an increase of 12.5% year on year. Of course, the number of Mainland tourists among them has increased over the years but the increases in the numbers of visitors from such new markets as Russia, the United Arab Emirates, India and Vietnam were also very significant. Together they have brought to Hong Kong significant amounts of foreign exchange income and generated a large number of employment opportunities.

Meanwhile, the various ancillary tourism facilities in Hong Kong, including scenic spots, hotels, shopping malls, transport facilities and control point facilities prove to be increasingly insufficient. Not only has this impeded the development of the industry, conflicts between visitors doing their shopping and residents in local communities have also occurred from time to time due to the insufficient capacity of some traditional shopping areas, thus affecting people's daily lives. Some negative voices can even be heard in society, for example, it is proposed that a cap be imposed on the number of inbound tourists under the Individual Visit Scheme each year and that the measure of "multiple entry permits" be abolished. However, I think these proposals are too negative, no different from giving up eating for fear of choking. While cities around the world visited by tourists are actively finding ways to attract tourists from Mainland China, even though Hong Kong possesses geographical advantages, it wants to shut Mainland tourists out instead. Not only does this move mean foregoing huge amounts of earnings and numerous employment opportunities, it would also damage Hong Kong's reputation as an international tourist destination.
We must bear in mind that both missed opportunities and lost customers would not return easily. How can the tourism industry in Hong Kong solve the problems facing it now and go on to look for new opportunities? To give the matter its fair deal, the current-term Government also attaches great importance to this issue. In January 2013, the Government announced the establishment of the Economic Development Commission with the Working Group on Convention and Exhibition Industries and Tourism created under it and Mr Jack SO appointed as the Convenor. Its members include industry players from such areas as scenic spots, hotels and travel agencies. We hope that the Working Group can put forward proposals on the long-term and comprehensive planning for the tourism industry as soon as possible.

Deputy President, long-term and comprehensive planning for the tourism industry actually constitutes part of urban planning as a whole and one of the key elements is ancillary infrastructure. As I pointed out in moving the motion on 9 October that called on the Government to formulate long-term infrastructure planning to promote sustainable development, Hong Kong is in great need of a comprehensive integrated strategy to tie in with, among other things, the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge to be completed in future, such that the ancillary transport facilities in the Hong Kong section should be put in place as soon as possible in order to create a strategic road network with the western part of the Pearl River Delta Region and the surrounding regions.

Meanwhile, the Hong Kong International Airport also badly needs upgrading and expansion. Between 1998 and 2012, the passenger throughputs, air cargo throughput and air movement at the airport in Hong Kong have more than doubled. If a third runway is not built at an early date, full capacity will be reached very soon. At present, the airport in Hong Kong still has relative advantages in respect of international services but the other airports in the Pearl River Delta Region are being constantly expanded and international routes are also being actively added to them. Therefore, the SAR Government should join hands with the Airport Authority Hong Kong in completing the environmental impact assessment and the relevant planning of the third runway as soon as possible. In the long run, it is even necessary to consider the development strategy subsequent to the completion of the third runway. More importantly, the long-term planning centring around the airport in Hong Kong should be comprehensive and diversified.
The airport at Chek Lap Kok and its surrounding areas are gradually forming a large-scale integrated transport hub where flight routes, express railways, highways and ferry routes converge. The authorities should actively make reference to the experience of the Amsterdam Airport Schiphol in the Netherlands in developing its airport city by using the Hong Kong airport as the core in planning and developing a sky city incorporating such functions as tourism, convention and exhibition, business, retail, catering, and so on, so as to attract tourists from around the world and Mainland residents to visit and spend in Hong Kong.

Meanwhile, the contents and scenic spots of tourism in Hong Kong also need to be enhanced as a matter of urgency. For example, the relevant development plans for Lantau should be expedited. Not only is Lantau large in area, the infrastructure projects surrounding it are also being completed gradually. The "one hour living circle" covering Guangdong, Hong Kong and Macao will become a reality and the development potential will be infinite. Therefore, active consideration can be given to the development of such industries as tourism, convention and exhibition, logistics and environmental protection, so as to create employment and entrepreneurial opportunities at various levels.

Of course, we also have to deal with the balance between development and conservation properly. There are a lot of natural sceneries, rural customs and flavour and community characteristics on Lantau. All these are very good selling points and should form an important element in planning, so that local eco-tours and cultural tours can be developed and Lantau turned into a leisure and tourism resort with special characteristics. Therefore, the authorities should establish a Lantau development committee as soon as possible. Apart from representatives from the relevant Policy Bureaux, its members should also include representatives from such professional sectors as planning, architecture and engineering, those from such industries as tourism, logistics and environmental protection, as well as people from its surrounding areas, so as to pool collective wisdom and put forward practicable planning proposals.

Deputy President, planning for the tourism industry in Hong Kong and its implementation involve various policy areas, including land and hotel planning, development of scenic spots, land, marine and air transport networks, border control point facilities, training of workers in the tourism industry, overseas promotion of travel to Hong Kong as a brand name, regulation and enhancement of service quality, and so on. The authorities have to adopt an open mindset,
communicate adequately with various stakeholders as well as doing a good job in inter-departmental co-ordination. Moreover, they also have to seek co-operation with other relevant regions before it is impossible to achieve twice the result with half the effort.

Deputy President, I so submit.

MR STEVEN HO (in Cantonese): Deputy President, first of all, I thank Mr YIU Si-wing for moving this motion. As we all know, the tourism industry can be described as a big gold egg for Hong Kong, but there is really no knowing if this gold egg would get smaller. As Mr YIU and other Members said, since the number of tourists coming to Hong Kong is on a continued rise — as regards the question of where they come from, I am not going to talk about it and they may come from the Mainland or overseas — naturally, the ancillary facilities are becoming insufficient and the pressure on busy districts is mounting, and no method to relieve it can be found. Some people voiced the criticism that the excessive short-sightedness and lack of planning have made Hong Kong lose its local customs and flavour and the goldsmith shops, cosmetic shops and brand name stores lining the streets in Hong Kong have made Hong Kong devoid of character. If no more new scenic spots are developed, not only would it be impossible to revitalise our economy, this gold egg may even become smaller. My Mainland friends visiting Hong Kong think that the major scenic spots in Hong Kong are becoming dull, so recently, they have shifted their attention to such places as Pui O to undertake "in-depth travel". Therefore, I believe that there is absolutely no time to lose in carrying out long-term planning on and work towards the diversification of the tourism industry. As Mr WONG Ting-kwong of the DAB said, the leisure agriculture and fisheries industries are definitely one of the highly feasible directions.

Why do I say so? In fact, the Hong Kong Tourism Board (HKTB) also knows full well that in the minds of tourists, Hong Kong used to be a fishing village founded on the fisheries industry. The attraction of this point to tourists is no less than that of the brand name stores. However, after visiting a number of local communities, I found that there was not much by way of the aura of a fishing village. What often meets the eyes of tourists coming to Hong Kong is the logo of a fishing boat of the HKTB but other than that, there is not much else. Not that there are no fishing ports in Hong Kong as they can be found in various districts, such as Aberdeen, Tuen Mun, Tai Po and Cheung Chau, but one can
only look at them. Sometimes, my friends also told me that it looks as though they had boarded a pirate ship and that hardly any aura of a fishing village can be found, so ultimately, they think they had better go shopping.

Some people asked me if there were no leisure agriculture and fisheries industries in Hong Kong. This is not so. Can angling on fish rafts and picking strawberries be considered as such? Of course, they can be but the problem is that support from the Government is not at all adequate, and there are no policies. In fact, in various countries, the leisure agriculture and fisheries industries definitely generate a great deal of revenue. Take the United States as an example, the financial income from the leisure fisheries industry amounts to as much as US$20 billion, while the economic earnings from the conventional fisheries industry is only one third that of the leisure fisheries industry. Coupled with the fact that Hong Kong has a coast line of 360 km and a rural culture with a long history in the New Territories, I believe it is not sheer fantasy to develop leisure agriculture and fisheries industries that can draw people and money. Hong Kong is actually uniquely endowed.

At present, the attitude of the Government towards the leisure agriculture and fisheries industries is just like the disgust for a piece of dirty towel. When it is compelled to do something about it despite its reluctance, it would find some excuse not to do so. As soon as the development conflicts with any existing law, it would immediately call a halt to it and stop working, thus missing out on many projects that have developed vibrantly and are generating a great deal of earnings in other regions. We have to know that these are new industries in Hong Kong, so regulating them with old laws is like making a baby put on adult clothes, which would not help in any way. If the clothes are worn all the same, the outcome would surely be very laughable. Some examples are very laughable, so let me tell Members some of them.

For example, at present, it is provided that recreational fishing can only be in the form of angling on fish rafts but no food and drinks can be provided, and nothing else is allowed. Therefore, anglers have to bring their own bread and it may be necessary to get a licence to sell anything. Therefore, some fishermen said it would not work to go on like this, so they asked if barbecuing could be allowed. Of course, we have to pay attention to safety or fulfilling the requirements. However, the Government, citing outdated fire safety, catering and sewage discharge laws, said that nothing whatsoever could be allowed. I remember a personal experience: An officer of the Fire Services Department
holding a record book inspected a fish raft for recreational fishing and asked a very silly question, "Why don't you install an automatic sprinkler system on your fish raft?" An automatic sprinkler system would sprinkle water when something breaks on contact with heat. Buddy, that was an open-air fish raft for recreational purpose, so how can an automatic sprinkler system be installed? Even now, I still cannot figure it out. On going home, I thought, "Why is barbecue allowed in country parks, whereas it is not allowed on fish rafts surrounded by sea?" Or is it true that the policy is not working at all? In the final analysis, there is actually no policy.

In addition, whenever the development of projects relating to fishing village culture is proposed, the Government would cite a consultancy report to shift the responsibility, saying that the cost-effectiveness of implementing projects relating to fishing village culture, seafood dining and waterfront promenade is very low. Therefore, I have to talk about the SAR next to Hong Kong that was mentioned last week. Its Fisherman's Wharf has been operating with great success and this year, it has even begun reap profit. It was only a short while ago that our Disneyland became profitable, so why could it be built? At present, many fishermen want to convert their fishing boats into fishing-cum-sightseeing boats but again, the Government cited the law to prohibit "using one boat for two purposes". We also work on them, so why is this not allowed? The trouble is that the authorities neither conduct any studies nor introduce any policies. The Government has put forward a very laughable proposal that is being implemented now. Not that I do not support it but it is only a transitional proposal, that is, fishermen can buy pleasure vessels on their own to take customers out to the sea to watch fishing boats in operation. On this, I cannot help but ask, "What is the point of watching on a pleasure vessel? It is better to go home and watch the Discovery Channel. Why is it necessary to watch there?" Macao has given the Hong Kong Government another slap in the face. With the support of the Marine and Water Bureau, Macao introduced the programme "休漁漁家樂(fisher folk fun during fishing moratorium)" for people to go sightseeing on fishing boats. I wonder if the Government can make reference to it.

At present, the Government also does not allow farmers to build recreational facilities in leisure farms, including catering or related ancillary facilities. This may be an issue related to land use that restricts the development of leisure farms. However, Taiwan — I wonder if it would become a special administrative region in the future — has also given the Hong Kong Government
another slap in the face. It prescribed the "Regulation for Counseling and Governance of Recreational Agriculture" to promote lodging, catering, processing, exhibition of agricultural products and rural artifacts, education centres, and so on. What do the examples cited earlier on tell us? It is said that "it is more distressful not to pack up the baggage in time than it is to ruin a family", so does the Government want to do something? Whether or not there can be any development depends on the willingness of the Government to do something. If the Government is unwilling to do anything, of course, something would not work. However, precisely because of this, Hong Kong has wasted many years of time. In my opinion, it is precisely because of this kind of thinking that the tourism industry offers little variety.

In sum, the leisure agriculture and fisheries industries are highly popular throughout the world and I believe the public would also applaud loudly if there are more nice places to visit. In addition, as I said at the beginning, the diversification of the tourism industry is a way to revitalize the economy. If the industry is stagnant like a pool of still water, it cannot keep up with the ever-changing mentality of tourists and the development of the world. Therefore, I hope that apart from developing the leisure agriculture and fisheries industries, the Government can also consider other areas, keep close tabs on the needs of tourists and keep abreast of the times, and in addition to examining the various industries in Hong Kong from a macro perspective, it should remove barriers and formulate policies conducive to Hong Kong's overall development, so that Hong Kong as a whole can develop in a sustained manner.

Deputy President, I so submit.

MR ALBERT CHAN (in Cantonese): In this Chamber, it has been a long time since so many Members from various political parties and groupings are playing the same tune on a subject. The differences among Members of the legislature over many issues are quite clear. However, on this question of "Expeditiously formulating long-term planning for the tourism industry" today, in terms of the overall tone, basically, 90% of the Members have expressed similar attitudes and orientations in their speeches, that is, they have all expressed dissatisfaction with the Government, demanding that the Government provide assistance in promoting various types of tourism projects and tours. Be it developing fisheries tourism, the gay pink tours proposed by Mr CHAN Chi-chuen or even the leisure tours,
eco-tours, cultural tours and historical tours proposed by many friends, they all point to the inadequacy of the Hong Kong Government in this regard.

When it comes to the development of tourism, it can be said that Hong Kong has never changed in the past several decades and no progress has ever been made. The whole world is making progress but Hong Kong is still marching on the spot and a very simple manifestation of this is the cruise of the Victoria Harbour. If we visit various cities in the world, including Mainland cities that many friends will visit frequently, we will find that the river boat cruises on offer in Guangzhou are being constantly improved, not to mention the tours in other large cities like Paris. The night cruises in Paris are unforgettable for life. However, in Hong Kong, I know that some time ago, there was a boat that was somewhat more up to scratch but for several decades, an old boat converted from a ferry of the Hongkong and Yaumati Ferry Company Limited, which looks like a cargo boat, has been used in the past several decades for night cruises to look at the Pearl of the Orient at night. On tourism projects as a whole, including the fisherman's wharf or other projects mentioned by many friends, no progress can be seen for decades.

Many years ago, I already pointed out that the present inadequacies were structural. Unless the senior echelon of the Government cares very much about a project, for example, the development of tourism through the construction of the Disneyland, which was built very quickly, it can be said that projects not approved by the senior echelon of the Government and not requiring the assistance of government departments in implementation could rarely be found, and they all ended in utter failure. Back then, I proposed that a spa resort be built in Sai Kung, Cheung Sha or some other places and a great deal of study was done subsequently. A consultancy report was also compiled but in the end, it was still aborted and no development whatsoever was carried out. Therefore, on tourism projects, if the Government does not devolve its powers or change the existing structure with a view to developing and promoting tourism projects, surely there would not be any success. At present, the District Offices are responsible for promoting tourism at the local level and generally speaking, District Officers are Administrative Officers with little experience. They may be new appointees to their posts in their early thirties who have come to a district to learn the ropes. The most important thing after a District Officer has been posted to a district is to avoid making mistakes, establish connections with the rich and powerful and help the DAB look for benefits or development projects.
Then, he will get a promotion and backing. However, in the local districts, without the co-ordination and assistance rendered by one with perseverance, vision and capabilities, tourism in local districts can never be taken forward.

An example that I have cited in the Chamber for many years is the Bao Mo Garden in Panyu, which has been developed for more than two decades. Some two or three decades ago, when the reform and opening up policy had just been introduced, the local government carried out development gradually based on a theme and over the past couple of decades, the Garden has generated innumerable amounts of money for Panyu, and then further development is carried out gradually. However, in the local communities in Hong Kong, this is absolutely impossible. If something is to be implemented in the local districts, it has to clear one hurdle after another and in the end, it will be stifled by red tape.

I have talked with Mr LAU Wong-fat for many years about the creation of a Hakka village in the New Territories to attract tourists. Many years ago, I proposed that since the Cheung Po Tsai Cave on Cheung Chau had such a nice name and a film had been made about it, it could be turned into a proper tourist attraction to attract people to dress up as pirates or revisit history. I also want to talk about the silver mine in Mui Wo. Mines are tourist attractions and they can be found in many cities and towns. Many years ago, I visited the Yellow Stone National Park and passed by a place with only some 100 residents. This place relies on an exhibition hall built in a mine, the entrance fees paid by visitors and the sale of such souvenirs as minerals, T-shirts and hats to support the living of more than 100 people in the village.

It can be said that there are countless such projects. Hong Kong is a treasure trove and be it the sights of the Victoria Harbour at night, a Hakka village, the silver mine or the Cheung Po Tsai Cave on Cheung Chau, many special features found in the local districts can be developed into excellent tourist attractions. At present, many cities are promoting bicycle touring, eco-tourism and green tourism. In terms of the number of tree species, Hong Kong is a treasure trove in the world and on Lantau alone, the number of tree species stands at over a hundred, while there are only some 30 tree species on all of the British Isles. Therefore, if one wants to watch butterflies, dragonflies and insects, Hong Kong is a treasure trove. However, the Government has no interest whatsoever in pursuing development in this direction and all that it talks about is the Ocean Park and Disneyland, with the Ngong Ping 360 being its greatest pride, that is, the
"Sam Luk Ling" mentioned by the former Chief Secretary for Administration, Henry TANG.

On tourist attractions, it is only with the devolution of power by the Government to local districts to enable them to actively carry out development that they can compete with one another and find the will, room and motivation to survive. Therefore, if this situation persists and this problem is discussed for another 10 or 20 years, we will still be marching on the spot and remain stagnated. Due to the lack of ideals in the bureaucracy, Hong Kong will only continue to move towards *(The buzzer sounded)* …

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

**MR MARTIN LIAO** (in Cantonese): Deputy President, the number of tourists from various countries drawn to Hong Kong each year runs to tens of millions. As at August this year, the total number of inbound tourists exceeded 33 million person trips, an increase of 12.5% year on year. As one of the four major pillar industries of Hong Kong, the tourism industry employs about 230,000 people and contributes 4.5% to the GDP, so it is crucially important to Hong Kong society, the economy and public living.

With the agreements on 20 tourism co-operation measures following the signing of CEPA and 10 Supplements, the Individual Visit Scheme has opened the door of travelling to Hong Kong to the residents of 49 cities on the Mainland. According to the latest figures of the Hong Kong Tourism Board, the number of Mainland tourists coming to Hong Kong has exceeded 26 million person trips this year, an increase of about 19% year on year. Hong Kong has become the largest market of bilateral sources of tourists. With the ongoing integration of China and Hong Kong, the scale of the bilateral tourism markets for the two places will exceed 180 million person trips.

At the same time, potential problems exist in the tourism industry in Hong Kong. In recent years, it faces keen external competition and various places in the Asia-Pacific Region have spared no efforts in expanding the domain of their tourism industries by striving to develop the Mainland tourist sector and upscale tourism projects. In Indonesia and Thailand, great efforts have been made to improve the law and order situation and cityscape and various kinds of travel
concessions were introduced; in South Korea and Japan, the procedures for visa application have been streamlined and new tourist routes developed for Mainland tourists; in Singapore, great efforts have been made to develop the gambling industry and huge sums of money has been spent on the construction of novel scenic spots. Taiwan and Macao are not to be outdone either and have seized the opportunity of the Mainland's relaxation of the restrictions on travelling abroad. As a result, the numbers of Mainland tourists visiting these places have also soared. Even in such faraway places as Europe, a relaxation of the visa arrangements for Mainland tourists is also being actively examined.

Deputy President, Hong Kong is a focal point in the Asia-Pacific Region. In the face of the great challenges from surrounding regions, we must constantly strive to improve ourselves and apart from consolidating our existing advantages, the pressing task on hand is to strive to attract tourists. Moreover, we have to be flexible and creative, so as to give greater impetus to the tourism industry. In the short run, we have to solve various problems and in the long run, we have to plan the strategy for the development of tourism.

Hong Kong is a small place. As of August this year, the number of visitors staying overnight in Hong Kong stood at 17 million, an increase of 8.5% year on year but the number of hotel rooms only increased slightly by about 2%. As such, the number of completed hotel rooms is lagging far behind the increase in the number of visitors staying overnight, thus greatly compromising Hong Kong's ability to receive tourists and service quality.

Deputy President, the pressing task now for the SAR Government is to assist the industry in solving a series of pressing problems, for example, inadequate hotel rooms, parking spaces for coaches and even toilets, the active diversion of the crowds in Tsim Sha Tsui and Causeway Bay to resolve the problem of competition for space between people and vehicles, the overcrowding resulting from an excessive number of tourists, and the many resultant social conflicts between tourists and members of the public.

Deputy President, if we make reference to overseas experience, we will find that the key to the success of various places around the world in generating an incessant flow of tourists and making them feel treasured and at home is closely related to the positioning of the plans made by the local governments, the orientation of the policies, land supply, complementary transport facilities, planning on human resources and even the strengthening of on-the-job training.
The SAR Government must be far-sighted in formulating a package of long-term strategies for the development of tourism to enhance Hong Kong's long-term competitiveness in receiving and attracting tourists. They include providing more sites for hotels, developing shopping and sightseeing areas, creating new scenic spots, improving tourism facilities, in particular, setting up dedicated tourist zones, speeding up the study on the feasibility of developing Tung Chung on Lantau and exploring the feasibility of opening up the closed area at the boundary, so as to separate the entertainment, shopping and leisure areas dedicated to receiving tourists from the urban areas where the public lead their daily lives. In this latter aspect, the impact of the tourism industry on public living in areas with limited space can thus be reduced.

Deputy President, it is incumbent upon the Government to be alert to the challenges that lie ahead, prepare for the rainy day as well as consolidate and enhance Hong Kong's advantage as a shopping paradise.

I so submit.

MR LEUNG CHE-CHEUNG (in Cantonese): Deputy President, first of all, I would like to thank Mr YIU Si-wing for proposing the motion on "Expeditiously formulating long-term planning for the tourism industry", so that various political parties and groupings and Members may express their views on the question.

At present, the regulatory framework for the tourism industry in Hong Kong includes several major organizations, including the Travel Industry Council of Hong Kong (TIC), Hong Kong Tourism Board, Tourism Commission, Travel Agents Registry and the Travel Industry Compensation Fund. Will these organizations bring better development to the tourism industry? We may gain some insight into the situation from certain figures. In 2012, inbound tourists to Hong Kong reached a record-high of 48.6 million visitor arrivals, an increase of 16% in comparison with that of 2011. What was the total destination consumption of inbound visitors in 2012? It was HK$ 238.4 billion, whereas the total spending by Mainland visitors reached HK$ 178.7 billion, accounting for 75%. These figures reveal that even if those organizations do nothing, inbound visitors have already brought tremendous benefits to Hong Kong.

Apart from being one of the major sources of income for Hong Kong people, the tourism industry has also made Hong Kong a famous city. However,
this has not brought forth a happy and joyful atmosphere. On the contrary, some people complain that the large number of visitors to Hong Kong has affected the daily life of the public and aroused disputes, and even brought extremely unhappy experiences to them. Under these circumstances, what has the Government done? I noted that, none of the above organizations has put forth any proposal or method to ease the worry arising from the growth of the tourism industry. The DAB once suggested to the authorities that it should review the operation and regulatory framework of the tourism industry in Hong Kong and consider upgrading the Tourism Commission to an institute similar to a Tourism Bureau, and the Tourism Bureau so established may be given full charge of policy planning and co-ordination. But to date, the Government still relies on these five organizations to exercise supervision, enforcement, promotion and even regulation in the tourism industry. They can only perform some piecemeal work, unable to bring better prospects for the tourism industry in Hong Kong.

Earlier on, I heard some colleagues say that if the situation was allowed to run its course, the tourism industry of Hong Kong would be short-lived. When tourist attractions grow old and lose their appeal, what will we face? The tourism industry will decline sharply. If so, what can we do to facilitate the sustainable development of the tourism industry? The establishment of the Tourism Bureau as a co-ordinating organization for the future development and better planning of the tourism industry is what we look forward to. In the debate proposed by Mr YIU Si-wing and the speeches made by many Members today, the establishment of a similar organization or framework has been mentioned. We think that the Government should consider setting up this organization or framework as soon as possible to make better co-ordination.

Hong Kong has a wealth of tourism resources. We have the Hong Kong Disneyland, Ocean Park, Hong Kong Wetland Park and the attractive scenery of the Victoria Harbour, as well as a lot of monuments. It is a delightful blend of Chinese and Western cultures. These scenic spots can hardly be found in other Asian countries or regions. We often say that Hong Kong is a shopping paradise. This has attracted many Mainland tourists to shop at Hong Kong, yet it pushes up goods prices in Hong Kong. Mr Martin LIAO said earlier that the public could not afford the expensive rents and this had aroused discontent among the public. This is definitely an inherent and unique advantage enjoyed by Hong Kong, yet it has also posed a great obstacle before us. It is hoped that the Government will conduct more in-depth study on planning in this respect, such
that more desirable guidance can be provided to the tourism industry of Hong Kong in the future.

Members have also mentioned the possible influence of Mainland visitors on Hong Kong. What is the influence exactly? Apart from the problem of high visitor flow, what will happen if Mainland visitors grow tired of Hong Kong after repeated visits? They will stop coming to Hong Kong. At present, we have a volume of 40-odd million Mainland visitors, but the number is decreasing. What can we do if no one visits Hong Kong? The tourism industry in the Mainland is developing rapidly nowadays. As some colleagues mentioned earlier, cities in the Mainland have their own characteristics, and in recent years, options like driving tours and leisure farming have developed well. Following this trend, the tourism industry in Hong Kong will be put in a disadvantaged position. We hope the Government will drum up its resolve to develop overall planning properly, in particular, it should make further efforts to ensure proper planning for certain tourism spots which Hong Kong enjoys uniqueness.

I so submit. Thank you, Deputy President.

MS STARRY LEE (in Cantonese): Deputy President, I am grateful to Mr YIU Si-wing for proposing the motion today, so that we can discuss the supporting measures relating to tourism in the Council again. Actually, this subject has been discussed a number of times in the Council. The China's "golden week" has been the focus of all, for the Tourism Law of the Mainland also came into effect on 1 October. Prior to its implementation, various sectors were pessimistic about the new law, for they considered the new law seeking to combat forced shopping at designated stores would reduce the number of Mainland visitors. Unexpectedly, the law had brought in an increased number of visitors and robust business. It is reported that the number of visitors had increased, rather than decreased, by 14%, bringing a 12% increase in business turnover of the retail industry. It reflects that Hong Kong's attractiveness to Mainland visitors has not diminished. However, at the same time, we have noticed many hidden worries. Despite the increase in turnover of the retail business, the increase is lagging behind the increase in visitors, which may be an indication of the loss of business as a result of inadequate reception capacity.

Deputy President, in the face of this situation, we must handle it carefully. If we can seize the opportunity to cope with the development, it will boost the
economy of Hong Kong. But if we drag on in responding to the change, we will lose this golden opportunity at the very least and cause a surge in rental and prices in Hong Kong to the greatest extent. Worse still, it may intensify the conflicts between Hong Kong and the Mainland.

If we refer to certain figures briefly, we can easily notice that serious shortage of supporting measures in Hong Kong at present. Last year, the selling prices of retail shops had increased by 39%, whereas rentals had risen by 12%. The bottleneck problem is obvious. We will understand why the increase had been so alarming when we look at the figures. The total value of sales of goods was $200 billion in 2005, which had increased to $400 billion in 2011, on 100% increase. However, the total retail floor area had only increased from 9.52 million sq m to 10.79 million sq m, a year-on-year increase of 2%. Given the shortage in supply, it is only natural that shop rentals keep increasing. According to an international study report, rentals of shops in Causeway Bay have knocked New York's Fifth Avenue off the top of the list of the most expensive shopping district in the world.

Come to think about this, when the Hong Kong-Zhuhai-Macao Bridge is completed in 2016 and the Hong Kong section of the Express Rail Link comes into operation in 2015, the number of tourists and business travellers will only increase rather than decrease. If visitors still flood to Canton Road and Causeway Bay as they do now, or if they continue to squeeze into North District, how can these districts cope with the increase? Shop rentals will keep scaling new heights, will they not?

Therefore, the crux of the problem lies in dealing with the capacity. At present, facilities of the hotel, retail and catering industries have almost reached their full capacity, resulting in a drop in quality. Apart from the shopping districts along both sides of the Victoria Harbour, such as Yau Ma Tei, Tsim Sha Tsui, Mongkok and Causeway Bay, North District in the vicinity of the border is also overcrowded with visitors. We may consider the problem of shortage of supporting measures from several aspects in order to find a solution to it. The first aspect is the diversion of visitors. It is undeniable that many visitors come to Hong Kong for shopping, so Hong Kong should significantly increase the number of retail outlets and tourist shopping streets. The Government should consider adopting certain policies to encourage the development of underground cities. It should proactively examine the development of commercial and trading centres in the border area, in order to alleviate the pressure on popular
shopping spots in urban areas on the one hand and provide employment and business start-up opportunities in remote districts on the other. I believe this approach will be conducive to alleviating the pressure of rental increase.

The second aspect is to provide diversified choices to visitors. At present, goods offered at Hong Kong shops or local scenic spots are largely uniform, and visitors do not have many choices. For instance, goods on offer are often familiar brand-name products and cosmetics. As for scenic spots, there is a lack of novelty. It seems that visitors coming to Hong Kong must go to places like Ocean Park, the Avenue of Stars, Tian Tan Buddha and the Peak. However, as Mainland visitors in recent years have grown more mature, their interest in tourist spots in Hong Kong is no longer confined to shopping and theme parks. They will now visit alternative tourist spots such as Cheung Chau, Sai Kung, Tai O and Lamma Island to experience the other specialities of Hong Kong. Therefore, the Government should make vigorous efforts to develop leisure tourism, including tourism options like leisure fishing and farming tours, as well as cultural exploration tours, as mentioned by Mr Steven HO earlier. Moreover, the authorities should work together with the industry and District Councils in exploring more unique scenic spots in the 18 districts, which may help diverging visitors and stimulating the development of local community economy.

Deputy President, due to the time constraint, I cannot discuss too many issues today. But no matter how, I have to raise with the Secretary the problems arisen in various districts due to insufficient tourist ancillary facilities. Take Hung Hom and To Kwa Wan as examples. Hung Hom and To Kwa Wan are traditional and old districts. Due to the narrow width of streets, traffic congestion is common. Moreover, in recent years, many restaurants and shops in the district have focused on serving Mainlanders. As a result, a large number of tourist coaches will park in the area in the morning, at noon and in the evening for visitors to board and alight. The traffic becomes increasingly jammed. Triple parking is found in many sections of roads. As a result, residents often complain that they cannot alight in places near their homes. Since shops specifically serving Mainlanders are often crowded with Mainland customers, residents complain that the visitors are blocking the pavements and they cannot pass by. These conflicts seem to be trivial, but when these problems of visitors jamming and blocking road accesses and triple parking happen near the homes of the people, it will intensify the conflicts between Hong Kong people and Mainlanders. To alleviate the tense relationship, in the short term, we very much hope that the authorities will consider sending additional tourist
ambassadors to tourist spots popular among Mainlanders. They may help maintain order and advising visitors to stand aside to ensure free access along the road and to avoid triple parking, thereby reducing the nuisance caused to the local residents. On the other hand, these tourist ambassadors may promote the culture and programmes in Hong Kong. In the medium term, the Government should ensure that proper support is provided. It should identify sites in the districts for the provision of additional parking spaces for tourist coaches, so as to minimize possible conflicts. In the long term, the Government should revise the planning of old districts, so that the supporting facilities of these districts can match the new development trend.

Deputy President, on the whole, the Government should accord priority to increasing the visitor carrying capacity of Hong Kong and alleviating the insufficiency in tourist ancillary facilities, or else it will only intensify the conflicts between Hong Kong and the Mainland.

MR WU CHI-WAI (in Cantonese): Deputy President, the discussion today is about the Hong Kong Tourism Board (HKTB), a significant organization responsible for the external promotion of the tourism industry of Hong Kong. However, the comments I have heard suggest that the HKTB is worthless. I have browsed the website of the HKTB and found that it falls seriously short of our expectations. We have visited many cities overseas. The local tourist information centres will provide one-stop services, which include introduction to all kinds of routes and different types of tourist spots, as well as guidelines on journey planning. However, as we browse the HKTB website, we can only find some piecemeal information, which may make it difficult for visitors under the Individual Visit Scheme to plan their trip. It may be one of the reasons why visitors are still flooding to the few popular and familiar tourist spots.

(THE PRESIDENT resumed the Chair)

The number of inbound visitors has been on a constant rise, reaching 48 million passenger trips in 2012. However, according to the figures, nearly 50% or half of these visitors were same-day arrivals. Come to think about this, we may only need to think of ways to deal with same-day arrivals, for the remaining overnight visitors will usually stay in the urban areas. Will this kind
of streaming reduce social conflicts? What are the purposes of same-day arrivals visiting Hong Kong? Many people think that the main purpose of these visitors is shopping. For this reason, during the early discussion concerning the "powdered formula restriction order", we had raised the need to develop a shopping city at the border to meet these demands, providing a relief option to visitors when they disturb the daily life of the public in Hong Kong.

Some places in Hong Kong are always crowded, such as Causeway Bay and Mong Kok, and these places are popular night markets in Hong Kong. I notice that in Taiwan, they set up the Shilin Night Market first, followed by the Ximending Night Market, and then other night markets were opened to divert customers. We have visited the various night markets in Taipei, and they are still very crowded. But since the local government has increased the overall capacity of night markets to divert customers to different markets, the inconvenience caused to the daily life of local residents has been reduced. Moreover, night markets, as the name suggests, are opened only at night, and visitors will usually flood in between five o'clock in the evening and a certain time at night, which has also reduced the impact of tourism development on the daily life of the people. What should we do then? In fact, this is something the current-term Government may do as part of its function. But will the Government do so? Will it consider opening night markets at different locations? Let me cite an example. Each of the 18 districts throughout the territory has an obvious location attracting people to gather there. For instance, in Yuen Long, it is at Yuen Long Main Road; in Kwun Tong, it is at Kwun Tong Town Centre and in Wong Tai Sin, it is around the Wong Tai Sin Temple. Each district has a unique location to draw people there. If these places can be developed into night markets, will it be conducive to the tourism industry of Hong Kong? Colleagues are correct in saying that if we do not deal with the issue of diversified development of tourism today, it will affect the attractiveness of the city of Hong Kong in the long run. However, this must be handled carefully. First-time visitors are generally happy to visit shopping venues and the so-called top-ten famous tourist spots. However, as visitors become more mature, they may look for something simpler, or they may want to dig deeper into the culture of that place. In the 1980s, when the economy of Hong Kong took off, we had experienced the same process as we started travelling overseas. I recall that in early years, people would mostly go to Bangkok to do shopping, but later they went to places farther away. These changes will take place as visitors accumulate more travelling experience.
However, I am also worried about the point mentioned repeatedly by colleagues earlier, that various ancillary facilities have to be provided in Hong Kong to promote the development of a certain place. This must be handled carefully to strike a balance between development and preservation of the uniqueness of a place. As such I agree that apart from making planning for more tourist spots, the Government should be reminded to pay attention to the balance of such planning. It should avoid adding too much artificial elements to the scenic spots, overshadowing the natural environment or historic footprints which we intend to promote initially. If historic footprints are lost in the course of development, it will undermine the attractiveness of the tourist spots in future.

President, Hong Kong as a modernized city should not fear the increase in visitors. We only need to think of ways to absorb the economic benefits brought by visitors and assist residents in coping with the impact on their daily life. We should adopt a multi-pronged development approach to divert visitors to different locations, so that they may experience the life and cultural features of Hong Kong people. By doing so, we may carry on despite the difficulties and solve the problems. I hope that the Government will take bolder actions in this respect, so that the tourism industry in Hong Kong may develop further (The buzzer sounded) … and become a significant pillar in the economy and society of Hong Kong. Thank you, President.

DR KWOK KA-KI (in Cantonese): President, the wordings of the motion title today is good, "Expeditiously formulating long-term planning for the tourism industry". It has never occurred to me that no planning has ever been made for the tourism industry of Hong Kong. I cannot but query that, for it is unreasonable. The Hong Kong Tourism Board (HKTB) has a history of several decades, and it has a grandiose brand name. Besides, we have a Commissioner for Tourism. There is no reason that the Commissioner for Tourism together with the HKTB would have never made any planning for the tourism industry. No one will believe that.

Let me cite some examples to get across my point. Some time ago, I made a district visit to Yuen Long. An old man grabbed me by the arm and said that Yuen Long would soon collapse. He said that he could no longer buy Yakult at Yuen Long Main Road, for all the Yakult had been snapped up by Individual Visit Scheme (IVS) visitors. Second, he said that the prices of goods
had kept increasing. It is true. Sometimes, when I visit Yuen Long, either for work or for other purposes, I will eat in the district. I notice that the prices of goods there are more expensive than those in urban districts like Jordan and Mong Kok. The reason is simple. Like a boat rises as the water rises, and prices increase as the rental rises. The residents are having a hard time.

Some people say it should be good to have more visitors, and we now have some 40 million visitors coming to Hong Kong. However, in the context of tourism, the large number of visitors does not necessarily mean an increase in the number of tourists. The problem should be attributed to the "multiple-entry permits" arrangement and the IVS. I am not opposing these measures, for they are the reality and conductive to the economy in a definite measure. At issue is the complete mess in coping with the increase and thoughtless response of the authorities to the situations. We notice that many visitors are making same-day trips. As many Members said earlier, half of the visitors, around 20 million, are same-day arrivals. These visitors may visit Hong Kong several times a day to bring home powdered formula, Yakult and drugs, and all kinds of goods. Since not many shopping spots are available to these visitors and the Government lacks planning, these visitors go to the same shopping spots patronized by the general public of Hong Kong. This is the case in Sheung Shui of North District, as well as in Yuen Long and Tuen Mun. Wherever the general public go shopping, the visitors will shop there too.

Recently, a shopping mall called "V city" was completed in Tuen Mun. Before the shopping mall came into operation, Tuen Mun town centre next to San Hui was left in peace. However, prior to the opening of that shopping mall, loads of complaints had been lodged by residents about the continual rise in the rental of San Hui in the vicinity. A pineapple bun is much more expensive now. Besides, the majority of residents of Tuen Mun will in no way benefit from the opening of the shopping mall. The President should know that the shopping mall is selling goods like watches, brand-name products and powdered formula, and so on, most of which being goods not needed by the residents of Tuen Mun. This sheds light on Hong Kong people's dislike of IVS visitors. Hong Kong people did not dislike them in the first place. But if you, President, are living in North District, Tuen Mun or Yuen Long, you would have pondered what has gone wrong. Why do they seem to be whining all day long when so many others are in great happiness.
Some people may query if these residents are really getting nothing when so many others have benefited in one way or another and when the economy has improved. President, it is definitely not the case. The improvement in the economy is felt only by a small group of people, owners of shops and land. I guess that in the past couple of years, the Wharf (Holdings) Limited would have been the happiest, for it has reaped handsome profits from Canton Road. However, how will wage earners benefit? Not much indeed. For a large part of the profit generated from operation has to be spent on rental payment. I need not elaborate on this point here. In the past five to 10 years, there was no increase in the salary of grass-root workers. Even employees of brand-name shops are earning a petty salary. When they buy lunch boxes, they will notice the actual reduction in their salary against the rising prices.

Therefore, if the Government continues to open Hong Kong to receive additional visitors, allowing more and more of them to come to Hong Kong for shopping under the IVS or "multiple-entry permits" arrangement, society will definitely be torn apart, a term which I use quite often. I agree with the view that for visitors coming to Hong Kong for shopping, the authorities should build some shopping centres or shopping cities at the border area to meet their shopping need. The most important point is that they would not affect the majority of the general public. By doing so, the sense of dislike among Hong Kong people for visitors will be reduced, which is also conducive to the integration of Hong Kong and the Mainland.

Moreover, I would like to point out that the present situation of the tourism industry is to make "quick money". Visitors will come in naturally without making any great effort. As a result, Hong Kong has not done any planning in the past few years. Regarding plans made in the past, including the enhancement of the harbour and the construction of the Fisherman's Wharf, they have all disappeared. All these are hollow planning, for visitors have been flooding in continuously even though none of these plans has materialized. But indeed, this is the greatest hidden worry.

Tourism services include low-end tourism and high-end tourism. For Hong Kong, the further development of high-end tourism is our target. The expectations of these visitors are higher and they hope that conservation policy, cultural tours, cultural heritage and suitable ancillary facilities will be available in Hong Kong. These include tour services provided by voluntary organizations in different languages, but not only the tour guides distributed at the airport.
Recently, a friend of mine visited Seoul of Korea. He told me that some university students were offering assistance to tourists voluntarily at busy areas, giving route guidance and introduction to local culture to tourists. Do you think Hong Kong needs this, too? Has such service ever been provided? No, definitely not.

The approaches we have now adopted are destroying Hong Kong, for we keep lowering our targets. As far as we notice, many visitors come here either via the IVS or designated shopping tours. Some may even be on swindling shopping tours. These will not build up the reputation of Hong Kong. Worse still, I guess tourists from Europe and America may at any time choose not to visit Hong Kong. How would they like the IVS? Would they like to visit Disneyland or Ocean Park? This is also true to local residents. Many of my friends used to bring their children to Disneyland or Ocean Park, but they will not go there now, for they know Hong Kong residents will have to squeeze their way through crowds of people, which is a bad experience.

If the Government does not make any planning and careful consideration for the tourism industry, the tourism industry in Hong Kong will not make any headway. More regrettably, this will intensify the division in society and tear society further apart.

I so submit. Thank you, President.

**MR FRANKIE YICK** (in Cantonese): President, the tourism industry is one of the pillars of the economy of Hong Kong. The volatile European and American economies have in recent years affected the global economy. However, thanks to the measure of the Individual Visit Scheme of the Mainland, the number of inbound visitors has been rising persistently. In the early half of 2013, inbound visitors reached 25.36 million passenger trips, an increase of 13.6% over the same period last year. Mainland visitors account for 75% of the total number of visitors. Mainland visitors are a major source of customers of the tourism industry of Hong Kong, and their spending power is higher than that of other visitors, with a per capita spending of $8,700 on average.

In view of the importance of the tourism industry to the economy of Hong Kong and in increasing employment opportunities, the Financial Secretary
emphasized the promotion of the tourism industry in the Budget released early this year. The measures announced include the further development of Ocean Park and Disneyland and the extension of the Mega Events Fund, which are all worthy of support. I believe a certain number of visitors will be attracted to visit Hong Kong. However, when we try to attract more visitors to Hong Kong, we should at the same time give regard to the adequacy of the carrying capacity of the existing tourist facilities and ancillary facilities in meeting the continual rise in the number of visitors.

In the past couple of years, Macao, our neighbour, has conducted a study focused on the tourist carrying capacity of the place. The Hong Kong Government has indicated the intention to study the issue, but so far, no action has been taken. To enhance the competitiveness of the tourism industry of Hong Kong, we consider that the Government should expeditiously conduct a comprehensive assessment on the increase in and profile of visitors. After that, the authorities may prescribe suitable remedies to address the problems through long-term planning related to scenic spots in Hong Kong, hotels, transport, shopping and ancillary facilities at border points, so as to further enhance Hong Kong's tourist carrying capacity effectively and promote economic development.

Since the completion of Disneyland, no new large-scale tourism infrastructure has been constructed in Hong Kong. So far, only new facilities have been added to existing tourist spots. But this has resulted in the over concentration of visitors in certain locations, bringing an additional load to existing tourist ancillary facilities. To enhance the competitiveness of the tourism industry of Hong Kong and to attract visitors from a variety of sources, the authorities must develop more tourist spots.

As early as 2004, the SAR Government put forth the idea of developing Lantau Island in the Policy Address. The Lantau Development Task Force, headed by the incumbent Financial Secretary, was set up and several rounds of public consultation conducted. Back then, the Liberal Party proposed building a casino and resort complex on Lantau Island, but regrettably, the proposal was rejected. The casino in Singapore, which has now opened, and the Universal Studios there have become new tourist spots of the country. Later in November 2005, the authorities announced the Public Consultation Report on Concept Plan for Lantau, and then in 2007, the plan was updated and amended. But to date, none of the proposals in the report has been implemented, as if the plan has died in the womb.
In fact, we must examine ways to divert tourists to alleviate the pressure on the conventional tourist spots in urban areas, and Lantau Island is an option for diversion. Now, a number of tourist spots have been established in North Lantau, including Disneyland, Po Lin Monastery at Ngong Ping, the Big Buddha and Tung Chung cable car, as well as AsiaWorld-Expo and hotels. With the construction of additional large-scale shopping facilities or brand-name outlets like those overseas, and the enhancement of existing transport support in the district, Lantau will be developed into a tourist zone. At present, residents of Pearl River Delta (PRD) visiting Hong Kong mainly take cross-boundary ferries docking at the Macao Ferry Terminal at Sheung Wan or the China Ferry Terminal at Tsim Sha Tsui, or they may cross the border on land at Huanggang. If they have to go to tourist spots on Lantau Island or in Tung Chung, or to attend meetings and exhibitions at the AsiaWorld Expo, they will have to take a tortuous route to Lantau and Tung Chung by going round the urban districts, which is really time-consuming. Therefore, I hope that the authorities will consider opening up the SkyPier at the Hong Kong International Airport, so that residents of PRD may have direct access to tourist spots in Lantau and Tung Chung. This arrangement will shorten the travelling time of tourists and divert the tourist flow, avoiding an over concentration of tourists in urban areas and alleviating the traffic load there.

One of the factors contributing to Hong Kong's success in becoming a cosmopolitan city is its diversified and ramified web of external and internal transport services. Infrastructure projects now underway, including the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the South Island Line, the Shatin to Central Link, Tuen Mun Chek Lap Kok Link, Hong Kong-Zhuhai-Macao Bridge and Liantang/Heung Yuen Wai Boundary Control Point, and so on, will enhance the road network in Hong Kong, providing more convenient and faster transport services to visitors. However, the two runways of the Hong Kong Airport will soon reach their full capacity and airport services cannot be expanded further as a result. This will definitely hinder the development of the tourism industry. Therefore, the Liberal Party hopes that the Government will quicken its pace in the development of the third runway.

In fact, if the authorities fail to provide suitable support to cope with the increase in the number of visitors, it will not only make tourists feel discontented, but also tarnish the reputation of Hong Kong and intensify the conflicts between the public and visitors. Since the authorities recognize the importance of the
tourism industry, it should plan ahead in formulating long-term planning for the tourism industry to promote the sustainable development of the industry.

President, I so submit.

MISS ALICE MAK (in Cantonese): President, we all seem to agree that the development of the tourism industry relies on the development of additional tourist spots. Insofar as the development of the tourism industry is concerned, the exploration of new tourist spots will encourage visitors to revisit Hong Kong, which has an extremely important bearing on the income and other aspects of the tourism industry.

Though we all agree that more tourist spots should be developed, the Government may refute on the ground of land shortage. It may rebuke with this claim "where it can get the land", for it has to identify sites for housing for the time being, but then Members request that sites be found to develop more tourist spots. I suggest that the Government may consider reserving sites for developing unique tourism trade in planning new development areas, such as the Hung Shui Kiu New Development Area.

Mr Michael TIEN proposes in his amendment that a mega shopping complex be built in the Northwest New Territories and North Lantau. I do not object to this proposal. Hong Kong is after all a shopping paradise and many visitors come here for shopping. If a mega shopping city can be built in Hong Kong for visitors, I believe this will satisfy their needs and fulfil their expectations.

Having said that, I think tourism development should adopt a diversified approach rather than merely relying on the spending and shopping of visitors. Some time ago, the Hong Kong Federation of Trade Unions completed a planning proposal on the Hung Shui Kiu New Development Area. We proposed that the Government might promote the market culture of the New Territories, build a comprehensive cycling track network to link the historic and cultural monuments in the district, such as Yeung Hau Temple, and construct a traditional technique and arts centre and Chinese martial arts centre. All of this, complemented by the established advantage of the district, will enable the development of a unique tourism option.
According to our understanding, many countries, whether developed or not, will designate certain districts for preservation of the local features to promote special tourism. For instance, in countries like Vietnam, Korea and Japan, they all promote cycling tourism. But in the case of Hong Kong, the local cycling track network is incomplete. More often than not, cycling tracks are on the roadside, which will in no way attract tourists. As for local residents, they simply regard cycling as a kind of sports, not an option for touring around.

We hope that a comprehensive cycling track network will be set up in the Hung Shui Kiu New Development Area, connecting the existing Ping Shan Heritage Trail and the Yeung Hau Temple in the district. If so, Hong Kong will be able to develop the brand new cycling tourism. I think that in comparison with previous ideas on promoting tourism via shopping, cycling tourism is a relatively novel idea.

President, this motion is titled "Expeditiously formulating long-term planning for the tourism industry". In my view, the authorities may have planning, yet they lack the boldness and vigour to implement the planning, and thus not much achievement has been made. As I said earlier, the construction of the cycling track network for promoting cycling tourism will involve a lot of concerns ranging from numerous regulations to inter-departmental co-operation. Whether or not the proposal can be implemented successfully depends on the boldness and far-sightedness of the relevant Policy Bureaux and government departments in promoting the development of cycling tourism, a new option for touring Hong Kong. This will lead the tourism industry of Hong Kong to scale new heights.

The development of the tourism industry relies on an innovative mindset. The Government should stop sticking to the old rut. Otherwise, if visitors can only do shopping every time they visit Hong Kong, they will soon find that there is nothing new here. On the contrary, many Hong Kong people will visit Taiwan or Japan for more than once in a year because they can go to different scenic spots. Whether tourists will revisit a place has a significant bearing on the income of the local tourism industry.

I had participated in the initial design work of a theme park. The primary consideration was how to attract visitors to visit the theme park again. Visitors
may visit a theme park for the first time out of certain thoughts, but a theme park must have innovative and creative ideas to attract visitors to keep revisiting it.

We are aware of the need for the tourism industry of Hong Kong to make a breakthrough. Therefore, the Government should act immediately, leading the tourism industry of Hong Kong to scale new heights with a new mindset.

President, I so submit.

MR CHAN KIN-POR (in Cantonese): President, tourism is one of the four pillar industries in Hong Kong. Last year, over 48 million visitors came to Hong Kong, among whom over 34 million were Mainland visitors. According to the estimate of the industry, some 600,000 people are engaging in the tourism industry and other related industries, bringing $270 billion of income to various industries in Hong Kong. It is an indispensable and important link in the economy and employment market of Hong Kong. Back then, right after the SARS, the revival of the market in Hong Kong was enabled by the Individual Visit Scheme.

But since the tourism facilities and the visitor carrying capacity of Hong Kong have failed to cope with the rapid increase in visitors, Mainland visitors in particular, it has given rise to some economic and social conflicts and brought inconvenience to the public. These concerns include the cultural conflicts between visitors and local residents, the problem of parallel traders and the overload of the public facilities, and so on. We must face these problems squarely and solve them as soon as possible. However, I disagree that the pace of the development of the tourism industry should be slowed down because of the emergence of social conflicts.

In fact, among the four pillar industries in Hong Kong, the logistics industry has long since lost its competitive edge. It will soon fail to maintain its third position in the world. As for the financial industry, it is facing strong competitors and its prospect is worrying. The growth of the producer and professional services has been very limited in recent years and there is not much room for further development. The tourism industry is the only industry that keeps growing, making it a reliable pillar of our economy. Hong Kong is
experiencing a weakening of its competitiveness and an imbalance in industrial development. If the development of the tourism industry is slowed down deliberately, we will be likened to digging our own grave.

As I said earlier, the influx of Mainland visitors to Hong Kong has given rise to many problems, one of which being the problem of parallel traders. Parallel traders have caused nuisances to residents of North District. The snapping up of powdered formula by parallel traders has aroused discontent among many parents in Hong Kong. I will not dwell on the specific details here. There are views proposing abolishing the "multiple-entry permits" arrangement and reclaiming the power of vetting and approval under the Individual Visit Scheme. But I think it is putting the cart before the horse. These proposals are suggesting that if certain visitors do not observe the rules, all visitors should be punished together. In a free society, this is an unfair approach. Besides, it puts parallel traders on a par with visitors.

Indeed, we should stamp out parallel trading activities but not visitors. Actually, efforts of combating smuggling of parallel goods, such as the powdered formula restriction order and other arrest operations, have achieved results in some measure. If parallel trading activities continue to cause nuisances to residents of the New Territories, we may request the Government to deploy additional law-enforcement officers to maintain the order of the community and step up its operation in investigation and arrest. To fully combat illegal parallel trading activities, we may construct large shopping malls in the border areas or control points in the long run, so as to divert visitors coming to Hong Kong for shopping. These are proactive and desirable solutions we may adopt to address the problems, whereas measures to hold back visitors from coming to Hong Kong are tantamount to cutting one's toes to fit the shoes. Not only is it not beneficial to Hong Kong and the Mainland, it will intensify the conflicts between the two places.

Moreover, the cultural difference between Mainland visitors and Hong Kong residents will indeed provoke social disputes, so it has to be handled carefully. Honestly, some visitors like to yell aloud and behave rudely, and some even commit uncivilized acts, which are considered offensive in society. However, we should give the matter its fair deal, for these uncivilized visitors are only in the minority. Moreover, I believe that with popular education and the
need for the Mainland to integrate into the international community, Mainland visitors will change gradually in the long run. The case is comparable to that of Hong Kong in the 1970s to 1980s. Back then, Hong Kong people travelling overseas were often criticized for being rude, but now, we seldom hear such criticism.

The Government may also take the initiative to step up its publicity effort, which will surely bring some effect. For instance, littering is subject to heavy penalty in Hong Kong and most of the visitors will receive the relevant information upon arrival, and in recent years, the number of visitors involved in littering or spitting has decreased relatively. Similarly, the Government may step up its promotion efforts, say reinforcing the promotion work in Mainland travel agencies and control points in Hong Kong to remind visitors of the points they need to note and the regulations they have to comply with, or to point out that certain behaviour, such as relieving themselves wherever they like, are liable to prosecution. I think these measures will achieve deterrence in some measure.

At the same time, Hong Kong may draw reference from the overseas practice of setting up a visitor police force. For instance, a team of 101-strong tourist police has been set up in Seoul recently. I believe the visitor police will not only protect visitors, for they may shoulder the responsibility of maintaining the order of visitors, too. Though it entails a certain amount of resource input, it will surely be effective in some measure in reducing the incidence of disputes between visitors and the public and combating frauds by visitors. These merit further consideration indeed.

As for the problem of overload of public facilities, the existing tourism facilities in Hong Kong are indeed ageing and insufficient. The Government should make improvement as soon as possible and we have to render full support to the relevant work. I would like to raise the concern about the construction of a third runway in particular. In view of the rapid increase in passenger and cargo flow, the existing runways of the airport are expected to reach full capacity of 68 movements per hour in 2015, though it is expected to reach its full capacity in 2018 initially, for the present usage has reached 64 movements per hour. In other words, the runways will reach capacity sooner than expected. When the airport reaches its full capacity and if the movement capacity cannot be increased over a long period, it will fail to meet with the freight demand. Given the
shortage of airline seats, prices of air tickets in Hong Kong will definitely go up. By then, it will seriously affect the local tourism industry, which will in turn deal a severe blow to commercial and trade activities in Hong Kong. Therefore, the third runway must be constructed as soon as possible.

I so submit.

MR CHAN HAN-PAN (in Cantonese): President, during the outbreak of SARS, Hong Kong had an economic downturn and part of the reason for our economic recovery subsequently is the Individual Visit Scheme (IVS). I agree with what Mr YIU Si-wing said just now, that the tourism industry makes a great contribution to Hong Kong in many aspects, and that the Government is somewhat passive in respect of the tourism industry. I think it is unfortunate to see that people with ulterior motives are making use of the problems resulting from the IVS as an excuse for their work in the so-called "resisting the communist assimilation and causing destruction to Hong Kong". The Government should therefore wake up to this early.

Over the past 10 years, we can see that the Government has tried to publicize Hong Kong as a shoppers' paradise and a gourmet's paradise. But it seems that it has not done anything concrete. We do not have to do anything and there are already some 40 million people coming to visit Hong Kong in a year. The number is even greater than the number of visitors to Thailand. We may think that our Government must have done a great job when so many tourists come here. But the fact is: there are so many people coming here while the Government has not done anything is not because the Government has done a great job, it is just the sign of the times. However, I would think that the Government should do more given the influx of so many tourists.

The tourism industry in Hong Kong now faces two great problems. The first problem is about how to make the oven larger, so to speak, in order to bake a larger pie. As they are, our tourist facilities cannot receive such a large number of visitors. Many Members have said earlier that now the visitors are concentrated in certain locations, without other places to go. We should develop more elements in tourism so that the visitors can be diverted to different places. Members have talked about such views many times, so I need not dwell on them any further. The second problem is how to make more people take a slice of the
"pie", so to speak. Now our tourism industry can only benefit some large companies and for most people of Hong Kong, they cannot benefit from the development of the tourism industry. They cannot see the point of having more tourists. So the Government must think more about how best to share the "pie" among the people.

First, let me talk about how to make the oven bigger. I remember when I was young, I read an essay by a famous writer called LIU Zong-yuan of the Tang Dynasty. He wrote an essay describing the trip he made to Xi Shan (West Mountain) during his leisure time when he served as an official in Yong Zhou. His essay ends with the feeling of supreme ecstasy as he describes how he was filled with elation as he travelled with the Creator of the universe, lost in the awe-inspiring beauty of nature. It is true that nature gives us a pleasant feeling. Can we do something about this in Hong Kong? We may not have lofty mountains like those in Yong Zhou. But I think our mountains and hills are likewise beautiful. Lantau Island, for example, has got scenic spots with mountains and waters. As they are not very far from the city, it is very convenient. Whenever I would go to Lantau Island to savour the beauty of its mountains and waters, I have a feeling that it is really a paradise on earth.

Many Honourable colleagues have talked about developing the Lantau Island. This idea is not at all new. We have heard local groups and members of District Councils talk about this time and again. But it seems that the Government is deaf to all of these views expressed. I suggest that the Government should roll out new measures to develop the Lantau Island as soon as possible. First, it should add certain matching strategies in tourism to its Tung Chung development project. This can solve the employment problem of that district and the problem of crowding there as well. I know that planning matters may not be related to the Secretary, so we have suggested earlier that there should be an inter-departmental committee on the development of Lantau to co-ordinate the development of Lantau as a whole. I mentioned this point in the motion I proposed last time. I have not seen any reaction from the Government to date. I hope that the Secretary can carry this message back to his office and urge the departments concerned to put this into practice expeditiously. Also, the suggestion to develop eco-tourism in Southern Lantau has been under discussion for a long time. I think our beaches are certainly not inferior to places like Kenting in Taiwan or Koh Samui in Thailand.
Cheung Chau Island which is just opposite Lantau Island is packed with visitors during weekends. If we have been to Cheung Chau, we would know that there are only two or three streets on the island that are busy. The residents of the island have sought help from the Government for many years, hoping the Government can put in more resources in Cheung Chau and build more scenic spots. An example is to build a plaza next to the Tin Hau Temple near the Cheung Po Tsai Cave. The idea is to attract some visitors there. Certain departments say that this is a religious matter. So they are all reluctant to assume any responsibility and just shirk their responsibility. The Government should ask itself whether it has done anything or put in any resources to solve the problem of congestion on Cheung Chau? Members have suggested many ideas for a long time. Mr WONG Ting-kwong has proposed the idea of a shopping city and Mr Steven HO has put forward the idea of leisure fishing and farming. But it is sad to see that they have all fallen on death years. I hope that the motion today can make the Government put in more resources and improve the existing facilities so that the oven can be made bigger.

The second problem is to enable more people to have a share of the pie, so to speak. It is true that by building large-scale facilities, our visitor carrying capacity can be enlarged. But I do not think most of the people will stand to benefit. We know that these major infrastructure projects are usually run by large companies and if we want more people to benefit, we should let the general public have a chance to take part in them. I therefore suggest that the Government should set up a $5 billion fund on the development of the tourism industry so that members of the public can take part in the efforts. Let me give an example. I once went hiking in Sai Kung and saw some deserted village houses. I felt that was a pity and if these houses could be turned into lodges, it would be a good idea and this is how ordinary members of the public can take part.

Secretary, if you step into the shoes of the general public, you will see that so many people flock into Hong Kong and they seem to be competing with the local people in riding on modes of public transport, fighting for a place in the restaurant and shopping for goods. On the other hand, if you are a tourist, you will find that the place is packed with people whenever you go travelling, have a meal or make purchases. And you will think this is not a good tourist destination. So I hope the Secretary can make use of the opportunity today to solve the problems. He should not make any more delays. We have opportunities all around us and Secretary, the important point is to stand up and
take action. You should do something more for the people and carry on the fighting spirit of Hong Kong "Under the Lion Rock".

President, I so submit.

MR KENNETH LEUNG (in Cantonese): President, I am grateful to Mr YIU Si-wing for proposing this motion of "Expeditiously formulating long-term planning for the tourism industry". In the Global Code of Ethics for Tourism published by the World Tourism Organization of the United Nations, the first chapter is on "Tourism's contribution to mutual understanding between peoples and societies". Let us see whether or not tourism in Hong Kong can fulfil this goal.

In order to achieve the said goal which is rather lofty, I think that in formulating long-term planning for the tourism industry, we should consider the following three principles: First, the economic benefits brought to Hong Kong; second, the visitor carrying capacity of Hong Kong; and third, the promotion of local culture and other kinds of cultural exchange.

According to information from the Census and Statistics Department, in 2011, the tourism industry accounted for 4.5% of the local GDP and of this the tourism retail trade accounted for 1.2% of the local GDP. Information from the Hong Kong Tourism Board shows that in 2012, there were more than 48.61 million inbound visitors, of whom 34.91 million came from the Mainland. These Mainland visitors accounted for about 70% of the total number of inbound visitors. During the period from January to August 2013, the increase in Mainland visitors was 18.8%. This shows that the tourism industry can bring economic benefits to Hong Kong and the local tourism industry relies heavily on Mainland visitors. But does this over-reliance on the spending of Mainland visitors have any negative impacts? Certainly there are.

According to a report from an economic magazine, since the economic growth on the Mainland has slowed down, the purchasing power of those visitors under the Individual Visit Scheme has declined. Certain jewelry shops in Hong Kong have issued profit warnings. It is expected that profits will be significantly lower than last year and the rate of decrease is more than 20%. If we rely too much on a single pattern of consumption or a single aspect of tourism, in the long run, will this mean healthy development for the Hong Kong tourism industry?
Under this singular pattern of consumption, the retail business in Hong Kong has lost its diversity and autonomy. We can see that there are goldsmith and jewelry shops, brand name shops and pharmacies all over the place and rents just soar drastically. But it seems that the Hong Kong Government is doing nothing about the situation. As many people would say, the way to promote the tourism industry is just like pouring out the contents of a gold bottle. In fact, there must be diversity in the tourism industry and the tourists we attract must come from diverse backgrounds and the ecology of the tourism industry must be diversified as well. Only this can bring prosperity to the tourism industry.

Causeway Bay can be said to be a disaster-stricken area under this singular pattern of consumption. There are many old shops like Lee Yuen, or the Sum Kee noodles shop in Percival Street, as well as the bakery in Leighton Road which has a history of more than 40 years and for which I am a long-time patron, plus the Denmark Bakery where we will patronize as we go to watch a ball game in the Hong Kong Stadium — all these shops may have to close down because of the radical rise in rents. The rise is radical and it is not an increase by 10% or 20%; it could be many times of the existing rents. These visitors under the Individual Visit Scheme can bring tremendous economic benefits to Hong Kong. But with respect to the long-term development, I would think that there should be diversity in our economic development, as well as in the products offered by the tourism industry.

Next I would like to talk about the carrying capacity of a city. Scholars from the University of Waterloo in Canada have undertaken a study on what the carrying capacity of a city is in the context of tourism. They think that it refers to the maximum number of visitors a city can receive on the major premise that no unacceptable changes are made to the actual environment of the place and there will be no unacceptable decline in quality as experienced by visitors. Another method to measure this carrying capacity is that there is no unacceptable and negative impact on the community, economy and culture of a place of tourism.

In 2010, the total number of inbound visitors was seven times that of the population of Hong Kong. But for decades, urban planning in Hong Kong has never taken into account this drastic growth in the number of visitors. For example, in certain areas like Yuen Long and Sha Tin which are not conventional tourist areas and they may be commercial and residential areas, these visitors
have caused great inconvenience to the local residents. Why does this happen? It is because the Government has never undertaken or considered any tourism planning. The result is that there is no proper distance separating the tourist areas and residential areas. And too many tourist activities will affect the daily life of the people.

When I point out the existence of these problems, it does not mean that tourists are not welcome. Conversely, I only hope that the authorities can improve the ancillary facilities and encourage diversity in tourism.

Apart from our carrying capacity, there is an important task for Hong Kong tourism, and that is, to promote the local culture and foster cultural exchanges with other places. However, when most inbound visitors come from one single source, can we hope to achieve this goal? We value those old shops and small shops on our streets very much. Since Hong Kong is an international metropolis, we cannot just tell visitors that we can only provide them with shopping facilities and they can only buy jewelry here.

For any person who comes here, he is in fact giving us an opportunity to showcase our culture, hospitality and our image and style. Every citizen should take part in receiving the tourists. So when the Government formulates a tourism policy, it should consult the public. If the tourism policy is not agreed by the citizens of Hong Kong, it will only create conflicts and never solve the problems.

President, I so submit.

**MR LEE CHEUK-YAN** (in Cantonese): President, Secretary Gregory SO has an easy job in tourism industry. All he has to do is to promote the Individual Visit Scheme (IVS) and he does not have to bother about any other things. The more visitors from IVS, the better it will be. We do not oppose visitors coming to Hong Kong and we do not target visitors from China. But all this Government thinks is only that the IVS is the magic cure for all the economic ills of Hong Kong. It has never considered the carrying capacity of Hong Kong when there are too many IVS visitors or its negative impacts on our economy. When consideration should be given to a host of factors, the Secretary has not done it. And when consideration should not be given to a host of factors, the Secretary wants to do so. When progress should be made in a gradual and orderly manner,
he does not do it. And when progress should not be made in a gradual and orderly manner, he takes that approach precisely.

The situation of the tourism industry now is very clear. The number of visitors is not increasing in a gradual and orderly manner but in leaps and bounds. Regarding the issue of the licence for free-to-air television, he says that there should be gradual and orderly progress. It is really absurd. President, I hope the Secretary can think carefully about the question of what kind of a tourism industry we should have. The Labour Party opposes this excessive reliance on the IVS that makes the tourism industry in which all that matters is shopping. We oppose the authorities not taking into account the overall economy of Hong Kong and the carrying capacity of our society in the face of these visitors. I do not see how come the authorities do not consider these factors.

I have to make it clear that we welcome visitors. Hong Kong is an international city, so we must have a good image and be attractive. But there should be limits to that. If we do not consider our visitor carrying capacity and if we just let the visitors in, this will only cause our attractiveness to diminish and we will fail to attract visitors. What good will this do? If there is good planning, it would be okay to receive a proper amount of visitors. However, we think that the Secretary only wants to increase the number of visitors indefinitely. We do not know if there is any political consideration involved. Will the SAR Government act like a servant who can only say yes when the Central Authorities want to let more visitors come here? In our opinion, the SAR Government should consider the carrying capacity of Hong Kong and tell the Central Authorities that the IVS should be called to a halt for the time being. It is because it will not work if this state of affairs continues. It will only produce negative impacts on our economy and society and affect the living of the people.

Also, something is seriously wrong about the mentality of the Secretary and the SAR Government. It is because all they know is to increase the number of visitors under the IVS without thinking about who will stand to benefit. Actually, those who benefit are not employees of the tourism industry, the catering industry or the hotels. All they can get is only a job from the boss without any big jump in their wages. They can only keep on working hard and their wages will never catch up with inflation. So if the idea is only to make the bosses happy and increase the GDP, I would think that the life of the ordinary people and wage earners has not been afforded any consideration.
There is also a problem with the direction in which the SAR Government is heading. It should not just consider the interests of the consortia, but also the impact on the economy and people's life. What kinds of influence can we see now? What are the consortia, which stand to benefit? Those who reap the greatest profits are the real estate groups. We can see that shops all sell gold ornaments and jewelry, medicines, watches, luxury handbags, and so on. And the rentals for these premises are most exorbitant. Now the shopping malls look very much alike and they all aim at attracting visitors under the IVS. Does Hong Kong have to be like this?

We really hope that Members can think about it. We should call a stop to all this. We must not try to attract visitors by developing the same kind of shopping malls. The results are only skyrocketing rents and expensive goods, including infant formulas. When things have become like this, a grave impact is produced on the life of Hong Kong people. And there is also the impact on transport. What is the carrying capacity of our transport systems? Do we find it more crowded to ride on an MTR train these days? We will find it unbearable sooner or later.

The Labour Party wants to explain and state its position regarding the amendments today. First, about the amendment from Mr Gary FAN, we agree that Hong Kong's visitor carrying capacity should be considered. I have just talked about this point. As to his idea about "multiple entry permits", we agree that those for Shenzhen residents should be reviewed while those under family reunion should not. At present, multiple entry permits for family reunion are issued to single-parent mothers to enable them to come to Hong Kong to take care of their children. I think we should never do anything to affect these children. So I have to state our position regarding these multiple entry permits. As for those regarding Shenzhen residents, we certainly agree that the authorities concerned should put them under review.

As for the amendments from Mr TANG Ka-piu and Mr Michael TIEN respectively, we oppose them. The reason is we find that there is only one concept in them, namely, to build more shopping malls. We think this is not the proper approach to develop the tourism industry. I have just been to Taiwan and visited a cultural village. It was not a shopping mall but a place for people to drink tea and appreciate cultural artifacts and local life. Why can this kind of
tourist activities not be provided in Hong Kong? Why do we only have shopping and nothing about culture? We cannot go on like that. So we will vote against the amendments by Mr TANG Ka-piu and Mr Michael TIEN.

On the other hand, the amendment from Mr WONG Ting-kwong is acceptable to us. Although it is also about shopping, he states that a certain area will be designated to provide shopping facilities to tourists. I do not know if he is talking about an area for parallel goods or a border shopping area, all put in one place. This will not affect other shopping malls in Hong Kong and the life of locals. Therefore, we will support the amendment by Mr WONG Ting-kwong.

MR WONG YUK-MAN (in Cantonese): President, ever since the Chinese communists have launched the Individual Visit Scheme (IVS), visitors have flocked into Hong Kong. However, this development of the tourism industry has pushed the Hong Kong economy onto the wrong path. In tourist hot spots like Mong Kok, Tsim Sha Tsui, Causeway Bay, and so on, along the MTR line, it can be said that the streets are full of goldsmith and jewelry shops and pharmacies. Just take a look at Nathan Road which I have talked about many times. Members can go to Nathan Road and count the number of goldsmith and jewelry shops, watch shops and stores belonging to the same chain. The area is part of my constituency and I often take a stroll there. I can see that those shops run by sole proprietors that used to be found in the backstreets and alleys near Fa Yuen Street and Tung Choi Street are fast disappearing.

In 2005 my wife opened a shop in Fa Yuen Street. At that time the monthly rent was $160,000. It was increased to $200,000 later and in five years' time, she had to pay $10 million in total as rents. But she was only selling noodles, not drugs. At that time, there were a number of well-known Hong Kong-style cafes nearby and they had been there for many years. Recently, I went there and found that they were all closed down. In one of these cafes, the rent was increased from $250,000 to $450,000. And the rent for another cafe was increased from $200,000 to $400,000. Why do these things happen? It is precisely because of the IVS.

Some people say that the IVS pulls the development of the economy and the retail trade. But what kind of retail trade does it promote? Those so-called
pharmacies which sell infant formulas may really love the IVS, and they love it dearly. But only some or a small part of the retail trade would benefit from the IVS. For others, their losses may never be recovered. As we can see it, in those hot spots for tourists, we can only see jewelry shops, goldsmiths, cosmetics shops, drug stores, and so on. Shops that sell daily necessities find it difficult to survive. President, can you still find stores and provisions stores now? We only see convenience stores like 7-Eleven which are run by giant consortia. It was already the case a long time ago. It is evident that our economy has stopped progressing and economic activities associated with sole proprietors and the grassroots are all gone.

Everyone would agree that the tourism industry should be developed. I agree with all the motions and amendments proposed by Members. This includes the original motion today which raises the idea that the Government should formulate long-term planning. But if we rely too much on the IVS and think that it is everything, then we will find out that this idea will simply not work. Many Members have spoken on the IVS today, but they are slammed by Members from the pro-establishment camp who maintain that the Mainland is trying to save us by allowing Mainland residents to come here in a stream. Dr CHIANG Lai-wan will certainly say later that how should we not be grateful to the Mainland for all its goodwill? But I think we have to look at the negative impacts caused and whether they can be offset. If yes, then I can still swallow it. But the question is, these benefits can never offset our losses. When rents soar, those who run small businesses are denied survival. Just does Hong Kong still have any SMEs?

Now just what are the people who benefit? Look at Canton Road, who makes the most money there? It is Peter WOO. This phenomenon emerged a few years ago. Years ago people could hold a banquet of over 100 tables in the Ocean Palace Restaurant. But the venue has been split into many shops selling brand name goods. Honestly, how could he rent the place to CHEUNG Yiu-wing? If the venue can be recovered and then cut up into small commercial premises, he would be able to make a huge sum of money and the rents collected can be more than 10 times that of the previous rents. This explains why he would not let other people run a nightclub and restaurant in the premises. Things like these are gone forever.
Some people say that the IVS creates employment. But can they produce any proof? We do not oppose the IVS. But we think that some restrictions should be imposed on it when it reaches a certain extent. This is the essential law of all things. For if not, we will be going too far. When the Chinese say, "adhere and stick to the proper and right path", it means that we should keep to the middle of the road. But the Government does not have any plan or policy. In other words, with respect to the long-term development of the tourism industry, the Government only takes the same approach and only relies on shopping and theme parks to attract tourists. And this will never achieve the effect of long-term planning suggested by Mr YIU Si-wing. Do we just have shopping and theme parks in the long run? Can we expect to rely only on the Ocean Park, the Disneyland, plus all those shopping outlets that stud the streets of Hong Kong to fulfil the goals of tourism?

In fact, we do have the conditions in hardware that enable us to develop a diversified tourism industry. An example is besides Phase 1 and Phase 2 of the Convention and Exhibition Centre in Wan Chai, there are plans to build Phase 3. And there is also the AsiaWorld-Expo. So exhibitions and fairs should not just be held in Wan Chai and good use should also be made of the AsiaWorld-Expo. The idea is to prevent the other venue from grumbling and complaining. I am sure the Secretary has heard a lot of views on this, and it is certainly a place for development. In the Policy Address of 2008-2009, the Government states clearly: "To maintain our position as a convention and exhibition capital, we need to increase the exhibition area of the Hong Kong Convention and Exhibition Centre." Then a large number of suggestions which have all been placed in my speech draft were made. However, all these suggestions are just empty talk and they have never been put into practice. I think the Secretary should take responsibility for that.

When these matters were raised in the Policy Address of 2008-2009, the Secretary had already joined the Government and he was then the Deputy Secretary. Donald TSANG raised in the Policy Address then numerous suggestions on convention and exhibition matters like the following: "We will also strengthen collaboration among agencies responsible for promoting Hong Kong overseas", and so on. Secretary, may I ask how many of these suggestions have been realized? This is your responsibility.

Moreover, it can be said that the tourism industry in Hong Kong does not have any unique flavour to attract tourists. In this regard, I think we can draw
reference from the experience of many other places. Mr LEE Cheuk-yan has just mentioned Taiwan. Mr LEE went to Taiwan recently because they wanted to learn something from Taiwan to help them in the Occupy Central movement. They visited the cultural village there. There are indeed many local economy activities and many of them can certainly attract tourists. When Hong Kong people go to Taiwan, they would usually go to the night markets. These night markets in Taiwan do not just cater for the locals. In the city of Taipei alone, there are more than 10 such night markets and all of them can attract tourists. Now many Hong Kong people like to go to Taiwan during long weekends for two or three days. They would only want to go about with their friends and eat. During our visit to Taiwan last time, we chatted with the staff of the Hong Kong Office in Taiwan and they also thought that it is full of fun to go out and eat in Taiwan.

Back in Hong Kong, however, cooked food is not allowed to be offered in the streets and the government policy only drives the hawkers away from the streets. So what can be done? I would therefore think that if we just rely on consumption as the mainstay of tourism, we would never be able to solve the problems.

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

MR JAMES TO (in Cantonese): President, having heard the speeches made by many Members, it appears to me that they think that opposing the Individual Visit Scheme (IVS) runs counter to the essence of a liberal society. They also think that this kind of view which will in effect drive out visitors is not desirable. They doubt how Hong Kong could have turned into a city like that. In my opinion, this view is really a serious distortion of values. And so I would like to put forward my own view on the subject.

I would think that any place should welcome visitors. Hong Kong has little resources and in the past, people used to engage in trading and now they are in the tourism business. This is exactly the nature of a free society. And we should strive to achieve diversity in society and show our hospitality to the visitors. But we should also think, can Hong Kong sustain such a volume of tourists? This is exactly our situation now. This is also clear to the Mainland that if Hong Kong is found to be really unable to cope — this inability to cope
can cover many aspects, such as infrastructure, transport facilities, and so on — then consideration should be given to the question of whether the IVS should be expanded continually. As a matter of fact, from the perspective of the Mainland and that includes the Central Government as well as the provinces and municipalities, the IVS was introduced primarily because Hong Kong wanted a booster to its economy at that time and so a request was raised with the Mainland to permit residents from more provinces and municipalities to come here as tourists.

But the question is, what are the capabilities we have in expanding the measures concerned and the infrastructure to tie in with this development? I would think that our capabilities are limited. In the end and after review, we may think that Hong Kong can only sustain a specific maximum volume of visitors and improvements should be made in line with this volume of visitors in order that the most optimal effect can be achieved. From the economic perspective, the greatest effect of the IVS would have to depend on the effect of different patterns of consumption or different kinds of visitors on the life of the locals, as well as whether or not the impact so caused can be minimized. At the end of the day, this may be the bottleneck and restrictions we have to face.

A number of Members have pointed out that the Government might as well undertake more reviews of its facilities to see how the carrying capacity of Hong Kong can be expanded. This will enable people who stand to benefit from the economic benefits of the IVS to continue improving their economic conditions. As I see it, however, though we should study the question of what the ultimate carrying capacity of Hong Kong is, I believe we cannot make any increase at any large rate anymore.

Recently, a spate of incidents has happened, stemming from cultural clashes and mindset conflicts or differences in values related to the IVS. I would think that this points to problems at a much deeper level. If the impacts of the IVS develop to such a state that they cause a resistance among Hong Kong people to the Mainland or their being fed up with their compatriots, or even some kind of a resistance movement, it would be very bad indeed. We have to bear in mind that it is natural for people to have this kind of feeling when their living conditions are affected. And we can say that this kind feeling is very real indeed.
Let me cite an example. We may as well leave out some faraway examples. Let us take the office workers in Admiralty as an example. If they want to go to Kowloon which is on the other side of the harbour some time between five to seven in the afternoon, they may have to wait four or five trains before they can board one. But in the past, they might just have to wait one or two trains. Now the train platforms are packed with people. There is even a feeling of claustrophobia and people may feel threatened. Of course, people may say that we have to bear with all these unpleasant things because more visitors to Hong Kong mean more buoyant economic activities. Then we have to think, do we really have to board a train after waiting for one or two trains? What about waiting for four or five trains? But we should bear in mind that this unpleasant feeling which starts as people think some change has been caused to their life will gradually gather and it will become stronger and greater resistance will result. In the end this may even develop into hostility and hatred. I think that this is a great problem.

I am sure that even the Central Government can see this. So if Hong Kong finds out after undertaking a review that it cannot really sustain such a large number of visitors, then consideration must be made as to what improvements can be made within this sustainable volume. There are methods to achieve this. But careful consideration must be made and meticulous planning done, too. Or even some construction projects may be in order. Perhaps and speaking in policy terms, this is not a black and white issue. I have heard some Honourable colleagues who expressed their strong opposition earlier to calls for restriction or review of the ceiling of visitors under the IVS. But I would think that Members are duty-bound to reflect what is actually in the mind of the citizens.

MR LEUNG KWOK-HUNG (in Cantonese): President, first of all, I think this Council is ridiculous. It is because Mr CHAN Han-pan has just bluffed Secretary Gregory SO who comes from the same political party as his. If we really had a democratic system, the Secretary would have assumed this post on behalf of the DAB. If he differs from government policies, then he will have to leave. Similar to the incident of deciding behind closed doors not to issue a TV licence, if you do not agree to this, you will have to leave. It is therefore a mess when we consider politics in this Council and politics in the Government. Was Mr CHAN Han-pan really chiding the Secretary, or were they putting on some
sort of a show? How can he chide someone from his own party? Is he trying to force the Secretary to resign? It is very simple …

(Some Members interrupted)

MR LEUNG KWOK-HUNG (in Cantonese): … What? I cannot hear you, are you …

PRESIDENT (in Cantonese): Please face the Chair when you speak.

MR LEUNG KWOK-HUNG (in Cantonese): … When Members do not discuss politics in this Council, what else should they discuss? Do they have to discuss finding two more slices of watermelon to eat? Therefore, I find this Council really lame.

First, what in fact is the Individual Visit Scheme (IVS)? President, I do not know if you like picking your nose when you were a kid. There is a colloquial saying in Cantonese which is to this effect: People like picking their noses even to the extent of making their noses bleed. If we put it less bluntly, it means: Drinking poison to quench thirst. But there is a difference between these two things. People will die of thirst if they do not drink. But for the other, it is something people may like to do. This is the case with us. We cannot tell the difference between these two things. This IVS preceded CEPA, something we cannot help but do. At that time, the Mainland had yet to have an economic take-off and so what could we do at the beginning of CEPA? Did people say right at the beginning that they wanted to have an IPO and cheat people's money or what? What we could do at that time was to move people about just like what the ants do. This is meant to benefit Hong Kong people. What is being done now is moving money about and this is meant to benefit Hong Kong people. But the word "benefit" should be put in parenthesis because it is really having the opposite effect, and that is, doing harm to Hong Kong people.

Honourable Members, just what is the share of the tourism industry in our GDP? Those who do not hate me … It is some 4%, right? The size of our economy is growing bigger and bigger. How many people does the tourism
industry hire? A lot. If it is said that the tourism industry enables many people
to make a living but it takes up only a very small share of the GDP, it means that
people in the industry have a very low salary, right? But you can also say, this
is better than not having a job. If it is said that something should be done to
benefit Hong Kong … President, I wish to seek your advice, what is meant by
economics? Economics does not mean getting a pile of banknotes and hand
them out. If we take the tourism industry as a real subject for making an
analysis, we must ask, among those people who get interests, profits, rents from
land and receive salary, who get the most money? Needless to say, it is those
who collect rent from land. Have you ever speculated on shop premises? Mr
CHAN Kam-lam has speculated on one of these shop premises in Tai Wai.
Now Tai Wai has become a tourist spot. The property is worth $13 million.
He made a hefty profit when he sold it. It is also good to earn interests. It is
because at the end of the day, interests gained will be shown in the profits made.
Honourable Members, what is the trade which is a headache to us, and for the
wage earners, it is in fact like drinking poison to quench thirst? For those who
can earn money, that is, those people from the leisure class who earn interests,
make profits and collect rents from land, they are people who make a living on
profits, and so on. For them it is true to say that the situation is like people who
like picking noses until their noses bleed. But they are like drinking poison to
quench thirst. They feel compelled to do it, just can't help it. Then you give
them this prescription and want to make the most out of it.

President, it is not that we do not have to spend any money. Look at
projects like the Ocean Park, the Disneyland, the Express Rail, the West Kowloon
Cultural District, and so on, they are built because we say we want to be a world
city and attract more tourists to come here. Do these projects not entail costs?
Are they not paid by the poor people? But what have the poor people gained in
the course of taking these projects forward? They only get a job. On the other
hand, there is no planning at all in our tourism industry and the industry is left to
be on its own and thrives like those backyard factories we used to have years ago.
What can be done when something goes wrong? Now things have already gone
wrong. Now the marginal utility of the tourism industry in wealth creation is
getting lower and lower. The distribution of wealth and benefits in the industry
is getting polarized. If the wage earners of Hong Kong are really to benefit,
have the authorities ever considered the problem of effecting a policy change?
That is to say, can another way be devised to avert the situation? No, not at all.
Our tourism industry is fast dying. President, it is because infrastructure at the
Loop, Qianhai, and so on, are all carried out on the other side of the border. If it
comes the day when people in Hong Kong cannot do any business and when people grumble and scream in pain and suffering, I do not know what the royalists will say. Because this is related to major directions and objectives of the State, I do not think they will laugh too long.

President, as I see it, the development of the tourism industry must enable the local people to have tours in the territory. Just this simple. Do the people of Hong Kong have any local tourism? Now things are like we have gone back to the times of Hong Kong in the 1960s when things are polarized, that is, they are either cheap or expensive. So if the Government does not engage in making any specific analyses and if it cannot tell us clearly who will stand to benefit from the tourism industry, how much public money is spent and how the sum should be worked out, then any discussion must be empty talk. We are like gamblers who bet on odds people randomly give from their mouth, for there are no data to back up. I can therefore assert that we will never find any way out if we trust LEUNG Chun-ying. He has made it clear that he wants to be a Chief Executive who is committed to pandering relations. He does not like being here. He has his eyes set on the Mainland and he wants to go there. Thank you, President.

MS CLAUDIA MO (in Cantonese): I did not intend to speak originally because we have been playing the same old tune, dwelling on the same points. But I heard that some people were shooting their mouths off, even talking nonsense in their speeches as they kept saying, "These people have ulterior motives in suggesting the abolition of the IVS. What are they up to in opposing the IVS?" What on earth are they talking about? Who has said that the IVS should be abolished and that all visitors should be banned from coming to Hong Kong? Are they out of their mind? What are they talking about? Then they said that we oppose it. We do not oppose it. We only suggest imposing a limit on their number, because there ought to be a limit in everything. We do welcome visitors but not a massive influx of them. This is the first point I need to clarify. Nobody is suggesting to abolish it. Nobody is opposing the IVS. We only suggest imposing a limit on their number.

Second, about the abolition of the "multiple entry permits" measure, there is a misconception that the "multiple entry permits" measure cannot be abolished because the husbands and children of many Mainland women are in Hong Kong and many of these women come to visit their relatives in Hong Kong with the "multiple entry permits" which are subject to renewal every three months. As
such, the abolition of these "multiple entry permits" would greatly affect these mothers. I have personally asked these mothers who are affected, and they said that their permits are issued for the purpose of visiting relatives, whereas the "multiple entry permits" that we suggest to abolish, particularly those issued to Shenzhen residents, are tourist permits, not for visiting relatives, let alone family reunion. Please do not put words in our mouths and talk irresponsibly. All these are nonsense.

President, you can ask anyone in the street, especially young mothers who are holding the hands of their children, when they will go to the Ocean Park again. All mothers will immediately shun at the idea. Why? Because the entire Ocean Park is packed with people, and the crowds in it are entirely made up of inbound tourists, or more precisely, Mainland tourists. This is a fact, and it is there for all to see. Their number is indeed beyond our coping capacity. I will not speak for the sake of speaking and even though I still have a lot of time, I will not occupy these manpower and resources that are paid out of the public coffers.

This is all I wish to say. Thank you.

MR KWOK WAI-KEUNG (in Cantonese): President, according to the information of the Hong Kong Tourism Board (HKTB), in 2012, Hong Kong received a record-high of 48.6 million visitors. It is expected that the number of visitors will increase further to 51.9 million person trips in 2013, so this underscores the present rapid development of the tourism industry in Hong Kong, which is beyond dispute. However, so far, there is still no dedicated Policy Bureau to assume responsibility for the co-ordination in planning, policy formulation and regulation of the tourism industry, which is one of the four major pillars of the Hong Kong economy. This is really puzzling.

In 2012, the total tourism expenditure associated with inbound tourism reached $296.6 billion, an increase of 14.6% over 2011 and the number of people employed in the relevant trades reached 620 000, or almost one sixth of the total labour force. The long-term development of the tourism industry involves huge economic benefits and also affects the livelihood of 620 000 wage earners. We definitely cannot overlook the effects of the tourism industry on our economy, society and public living.
Recently, many voices in society pointed out that with an increasing number of inbound tourists, in particular, tourists coming under the Individual Visit Scheme (IVS), the lives of some members of the public had been affected in various degrees. How can a balance be struck between the huge economic benefits brought about by the tourism industry and the living of local residents is precisely an issue that obliges the Government has to make some effort.

The FTU has all along advocated the setting up of a tourism bureau by the Government. Apart from co-ordinating the development of the tourism industry, it also has to deal with and reduce the inconvenience caused by tourists to the Hong Kong public in their daily life. If the Government continues to adopt a nonchalant attitude, the negative sentiments among some members of the public would only intensify. At the same time, the development of the tourism industry will also be stymied.

I was born in Aberdeen and also grew up there, so I wish to use the Southern District as an example. Recently, the Southern District Council raised with the Legislative Council its hope of developing the tourism resources in the district, in particular, tourist attractions with strong fishing harbour features and legacy of local fishermen culture. Therefore, it hopes that government departments can adopt corresponding measures in terms of policy and legislation to spur the long-term development of Aberdeen into a tourist attraction with special characteristics. Two of the foremost proposals are "the revitalization of stationery vessels in Aberdeen Typhoon Shelter" and "permitting fishing vessels to carry passengers" but unfortunately, since only the Transport and Housing Bureau and the Marine Department are responsible for dealing with them, they both adopted the attitude of minding only their own business and completely overlooks the overall tourism value that would be created by such development. As a result, both proposals were turned down. In the final analysis, this is also a reflection of whether or not the Government has the determination and stamina to do a good job in developing local cultural tourism. If there had been a dedicated department responsible for co-ordinating the relevant tasks, I believe the aforementioned proposal would have been implemented long ago.

Each year, the Tourism Commission would publish a brief report entitled "Hong Kong: The Facts" on the development of the tourism industry. For many years, the description of the tourist attractions has mainly focused on those encouraging consumption, for example, theme parks, Ngong Ping 360 and the cruise terminal. As regards the 10 major tourist attractions recommended by the
HKTB, only the Temple Street, the former Kowloon-Canton Railway Clock Tower and the Wong Tai Sin Temple among them present more historical and cultural characteristics.

In fact, it is not difficult for us to find that the planning for tourism facilities in Hong Kong is heavily skewed towards the factor of consumption, for example, the theme parks mentioned just now and the Peak all charge entrance fees. It is also necessary to pay fares to ride the peak tram. Even in the Avenue of Stars, a plethora of large shopping malls and upscale restaurants can be found nearby. Even in the case of the 1881 Heritage, which was converted from a declared monument and was the former Marine Police Headquarters, although the compound sports many architectural features of the Victorian era and after renovation, the ornate architectural style was apparently retained, all that one can find inside are just brand name shops.

Are brand name shops and upscale restaurants the only places worth visiting in Hong Kong? Even as we speak highly of the benefits of tourism, we are just passing the benefits onto the companies of global brand names for nothing, so is this our goal in promoting the development of the tourism industry? Why can we not promote the development of products or tourist attractions related to local characteristics and even the characteristics of local communities? Be it scenic spots or souvenirs, if we make it possible for more small business operators to benefit from the tourism industry, this will bring about a better employment situation. If we make it possible for various local communities to showcase their own special tourist attractions, just like the "One-Village One-Product Campaign" in Japan, apart from being able to attract various types of tourists, local economic activities will also gain momentum and even the pressure borne by some popular tourist areas can be spread, thus reducing the impact of the development of the tourism industry on the public. More importantly, various districts can share the fruits of success in the long-term development of the tourism industry.

A survey conducted by the Federation of Hong Kong Trade Unions in Tourism indicates that what Hong Kong lacks is precisely souvenirs with special characteristics. The survey found that the three major selling points of the tourism industry in Hong Kong were gourmet food, theme parks and brand name goods. Among the respondents, those who considered souvenirs to be the biggest selling point accounted for only 16.1%. Obviously, with regard to souvenirs, Hong Kong can still do much better. Can the authorities make
reference to the concept of "One-Village One-Product Campaign" in planning the future development of the tourism industry in Hong Kong? The so-called "One-Village One-Product Campaign" means that under the mode of the industrialization of agriculture and light industries in Japan, with funding by the government, the resource advantage of a village is tapped to formulate appropriate strategies for the development of local products having regard to local conditions. Even though a product is not unique, it is still the most competitive one among similar products. In the case of Hong Kong, even though it is not possible to achieve the goal of "one district, one souvenir" or "one district, one special produce", it is hoped that the goal of "one district, one scenic spot" can be attained. The most important point is to identify the direction and avoid giving tourists the impression that apart from shopping malls and Michelin-starred restaurants, there is nothing else on offer in Hong Kong.

Finally, I wish to talk about the issue of the rights of workers in the tourism industry. Recently, I have received a complaint from a worker in a type of job called tour escort-cum-clerk. His basic salary is as low as $1,800 and surprisingly, there is a term known as "minimum wage supplement". It means a supplement for the wages of these people to bring their wages on a par with the minimum wage. May I ask how this kind of treatment can help retain talented people? Without talented people, how can there be sound development of our tourism industry?

Thank you, President.

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

DR CHIANG LAI-WAN (in Cantonese): President, just now I heard some Members' speeches in which they seemed to be saying that foreign tourists, except those from the Mainland, do not like visiting Hong Kong. They also added that the tourism industry in Hong Kong seemed to be deteriorating. If they were invited to be tourism ambassadors, Hong Kong would not need to do anything.

Let us take a look at some data. In 2012, according to the results of an online poll conducted by the world's most popular travel website TripAdvisor, Hong Kong was selected as one of the world's top 10 travel destinations. Hong
Kong was also the only Asian city among the top 10 and the result was decided by the votes of millions of travellers. In the same year, according to the MasterCard Global Destination Cities Index 2012, Hong Kong ranked sixth among 132 cities in the world. It ranked sixth among the top destination cities. In May and September 2009, Hong Kong was selected as one of the world's best shopping cities and one of the best cities for shopping in Asia respectively in the Online Consumer Survey conducted by CNN International and a readers' poll by the online travel magazine Smart Travel Asia. It can be seen that Hong Kong has its own unique advantages in terms of its position as the southern gateway of China, which is the global economic powerhouse with the greatest potential, and the centre of the entire Asia. Hong Kong is also a major economic, trade, transport and shipping hub. Hence, Hong Kong is a very attractive place.

Just now I heard Mr LEE Cheuk-yan say that he take issue with the phenomenon of tourists under the Individual Visit Scheme (IVS) coming here for shopping only because he does not like having too many jewellery and goldsmith shops in Hong Kong. I think Mr LEE Cheuk-yan rarely goes shopping. For the ladies, we may get more opportunities to go shopping than he. Admittedly, we can really see plenty of various goldsmith shops, watch shops and other brand name stores on Nathan Road or in some other main streets. This is really the case. But the problem is, he has ignored the fact that there are not only famous goldsmith shops, watch shops or boutiques selling foreign clothes, but also all kinds of shops in Hong Kong. If you want to buy low-priced items, you may patronize the wholesale fashion street in Cheung Sha Wan. The garment I am wearing was also bought in the wholesale fashion street in Cheung Sha Wan. In Hong Kong, there are gift shops set up by foreign companies and restaurants by people from every corner of the world. I have just received a leaflet which has gone missing or may be taken away by somebody else. What is this leaflet about? It is about a very famous restaurant carrying the words "Shrimp" and "Gump" in its name at Santa Monica, Los Angeles. According to the information, this restaurant also has a branch operating in Hong Kong. Hence, a lot of cuisines can be tasted in Hong Kong.

More importantly, all countries around the world are promoting their local tourism industry in the hope that more tourists will be attracted to their countries for shopping. What can tourists do if they do not go shopping? Do you expect them to be strolling in the streets or parks? Certainly not! So, shopping is a very natural item in their itinerary. However, I do not understand why some
Members, like Mr LEE Cheuk-yan, would think that Hong Kong has nothing except goldsmith shops. Their remarks will simply confuse the public.

I have also heard Ms Claudia MO's speech in which there is an even more interesting argument. She said that mothers carrying young children do not like going to the Ocean Park because there are too many tourists. President, let me tell you that I also visited Los Angeles of the United States this summer. There is no Ocean Park … actually there is one. I know there is an ocean park in San Diego, but I did not go there. I went to the Universal Studios. I can say that almost 99% of the visitors there are tourists from Europe, South America and Asia. The visitors come from every part of the world, but local people are few. These facilities are basically provided for the enjoyment of tourists. Is there anything unusual with it?

I just hope that Members will be fully aware of one thing: the tourism industry in the world will serve as a stimulus to accelerate global economic growth. The number of tourists in Hong Kong reached 48 million last year, representing an increase of more than 10 percentage points compared with that of the previous year. I feel that the tourism industry is booming in all countries around the world which welcome tourists to travel to their countries for fun and shopping.

Ms MO has also discussed the "multiple entry permits" measure. She said that she did not oppose the IVS, but the number of visits by tourists under the "multiple entry permits" had better be reduced. I cannot think of any reasons to support the notion that the number of visits by tourists from the Mainland should reduce. Should a review of Hong Kong's visitor carrying capacity be conducted? Should the number of visits by tourists from the United States and European countries be also reduced? I have never heard of such a theory.

Nevertheless, I agree that the Government should expeditiously establish a tourism bureau or a similar co-ordinating body responsible for consolidating all tourism-related organizations to avoid duplication so that the tourism industry in Hong Kong can develop in an effective manner.

I so submit. Thank you, President.
PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr YIU Si-wing, you may now speak on the amendments. The speaking time limit is five minutes.

MR YIU SI-WING (in Cantonese): President, first, I thank the 33 Members who have spoken today as well as the 10 Members who have proposed amendments on the basis of the original motion.

Many Members have voiced their views on the overall planning for the tourism industry. Members like Mr Ronny TONG, Mr Vincent FANG and Mr Tony TSE said that tourism was a pillar industry of Hong Kong that could drive the Hong Kong economy, but the urban planning carried out by the Government did not take into account the tourism perspective. Mr Ronny TONG, Mr SIN Chung-kai, Mr Tony TSE and Mr Gary FAN all commented on aligning the development of local tourism resources with the policy on conservation and revitalization and striking a balance between the two. I agree with all of these views on planning voiced by Members.

On the provision of more ancillary facilities for tourism, various Members have put forward quite specific proposals. Mr Michael TIEN mentioned the development of the Northwest New Territories and North Lantau by building a mega shopping complex, Mr WONG Ting-kwong proposed the setting up of a border business and shopping centre and the development of leisure agriculture and fisheries industries, Mr TANG Ka-piu proposed the setting up of sight-seeing night markets and souvenir streets, Mr CHAN Chi-chuen proposed the development of tourism with special characteristics, such as mind travel and gay tourism, whereas Mr Ronny TONG, Mr SIN Chung-kai and Mr Gary FAN suggested the need to develop green tourism and eco-tourism items. All these proposals can increase the business opportunities for the tourism industry and also divert tourists from the busy tourist districts.

Mr Vincent FANG proposed expediting the finalization of the development of a third runway at the airport, improving border control point facilities and building hotels of different classes. These are all issues of concern to the
tourism industry. I hope the Government can carry out analyses in earnest and implement various infrastructure projects conducive to the development of the tourism industry as soon as possible.

As regards the government structure related to tourism, Mr TANG Ka-piu and Mr Paul TSE proposed the establishment of a tourism bureau. In the long run, there is scope for exploring this proposal but I believe that the time is not yet ripe currently, the reason being that it is almost certain that the Travel Industry Authority (TIA) will be established and the authorities are now drafting the relevant legislation. If the establishment of a tourism bureau is advocated now, first, it would be difficult to establish a tourism bureau within a short time because this would involve many dimensions and its structure will be complicated and second, this would slow down the process now underway to set up and legislate for the TIA.

My proposal to establish an inter-departmental body headed by the Chief Secretary for Administration to formulate a long-term plan and set a timetable for tourism was put forward having regard to the present situation. I believe we should first of all carry out overall planning on the scattered resources properly, and then task the relevant departments with taking forward the projects. After implementing the projects for some time, the feasibility of setting up a tourism bureau can then be examined again. Therefore, I will abstain from voting on the relevant amendment.

I think the second and third proposals put forward by Mr SIN Chung-kai in his amendment are both matters for regulation by the future TIA and their aim is to improve the existing regulatory regime. The TIA should make reference to the relevant proposals in the process of enacting legislation, but they do not belong to the scope of long-term planning. For this reason, I will abstain from voting on the relevant amendment.

Mr CHAN Chi-chuen requested that the measure of "multiple-entry permits" be reviewed immediately. I believe that since the Individual Visit Scheme (IVS) has been introduced for a decade and the Government is carrying out an assessment on Hong Kong's visitor carrying capacity, we should wait for the release of the results of the assessment before sorting out and reviewing the existing opening policy. For this reason, I will abstain from voting on the relevant amendment.
As regards the issue of Hong Kong's total visitor carrying capacity, Mr Gary FAN put forward such proposals as capping the annual number of tourists under the IVS and reclaiming the vetting and approval right but they may violate the Basic Law. Moreover, since they are passive measures, I will vote against the relevant amendment.

President, I hope the Government can attach importance to the position of the tourism industry in the Hong Kong economy and formulate long-term planning for it according to the constructive proposals put forward by various Members.

Thank you, President.

PRESIDENT (in Cantonese): Since we will be able to deal with all items on the Agenda before midnight today, the meeting will continue until all businesses are dealt with.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, today, 33 Members in total have spoken on this question successively and we have conducted the debate for about four and a half hours. This debate is very heated, Members have many different views on quite an extensive area and the matters discussed are also very diverse. The consensus among all parties is that the tourism industry is very important to the economic development of Hong Kong. Some Members, such as Mr LEE Cheuk-yan, asked if Hong Kong would lose all its appeal. I would not say that the glass is half empty. His views were quite negative, that is, he holds that the glass is half empty. I think a more positive point of view is that the glass of water is half full. In fact, it is not half full because according to the surveys conducted by the Hong Kong Tourism Board (HKTB) on inbound tourists, their satisfaction rate is actually very high and the number of inbound tourists is also very large. This glass is not just half full, rather, it is very full and we have great scope for development in this regard. Some Members also queried if it is true that even if the Government and the industry do nothing, many tourists would still come here under the Individual Visit Scheme (IVS). Of course, the answer is in the negative. People holding such a view are actually somewhat disrespectful of the joint efforts made by the Government, the industry and the public. That the
tourism sector, the retail sector and the hospitality sector can achieve such good results is actually attributable to our joint efforts over the years, and we still have to continue to make efforts.

President, I will respond to the major points raised by Members in the debate today.

First, let me talk about the long-term planning for the tourism industry. Just now, many Members allege that we do not have any planning, that is, even without planning, we can still achieve the present good results. However, this is not the fact. I hope the President can give me some time to give explanations on this issue.

As Members all know, the tourism industry is one of the four pillar industries of Hong Kong. I reiterate that the Government attaches great importance to the development of the tourism industry. In fact, some of the measures proposed by Members have already been implemented. In January this year, the Chief Executive announced in his Policy Address the setting up of the Economic Development Commission (EDC). The Working Group on Convention and Exhibition Industries and Tourism under it is now exploring the medium-term and long-term term directions of development for the tourism industry in Hong Kong. The Working Group's preliminary view is that the Government must make optimal use of the existing resources and devote greater efforts to such areas as enhancing scenic spots and increasing the supply of hotels and ancillary tourism facilities, so as to meet the needs of the high-yield segments as well as other segments.

All along, we have been striving to build tourism infrastructure to develop Hong Kong into a world-class resort and business travel destination. Members may also be aware that the Kai Tak Cruise Terminal has been opened to the public since last week. This newly commissioned Kai Tak Cruise Terminal is a typical tourism facility and the second berth of the terminal will also be completed next year, thus significantly boosting the berthing capacity in Hong Kong. Yesterday, I had the opportunity to take the economic ministers of 10 ASEAN countries and their representatives on a visit of the cruise terminal and after looking at the facilities at the cruise terminal, they all considered it to be very well-equipped and also felt that this kind of facilities in Hong Kong is exemplary and visually pleasing. Therefore, we should not just allege
negatively that no development has been carried out in Hong Kong. In fact, many large infrastructure projects are being launched one after another.

Also, a number of Members pointed out just now that we had two theme parks and after the completion of the redevelopment and expansion projects of the last stage, a new round of development projects are being taken forward in full swing. With regard to the Ocean Park, an all-weather water park project incorporating indoor and outdoor zones will be developed at Tai Shue Wan in 2017. In the last meeting of the EDC, the Chairman, Mr Allan ZEMAN, also gave a presentation on this project to Members and in committee meetings, Members all considered this project to be excellent. The Hong Kong Disneyland Resort will also introduce a novel night-time parade and use advanced technology to attract tourists and enrich their travel experience, as well as building the Iron Man Experience based on the theme of the "Iron Man", which is the first one in the world. These projects will further enhance the overall appeal of the two theme parks to tourists as well as our visitor carrying capacity. In the future, we will also explore the specific development recommendations made by the Working Group on Convention and Exhibition Industries and Tourism in relation to the tourism industry.

I wish to talk about the development of hotels. Apart from scenic spots, we will also exert our utmost to enhance various ancillary tourism facilities. For the past few years, the Government has adopted a multi-pronged approach to strive to increase the supply of hotel rooms, for example, to offer "hotel only" sites in the Land Sale Programme and revitalize industrial buildings and historical buildings, so that they can be used for hotel purposes. As of August 2013, there are 219 hotels throughout Hong Kong providing 69,194 rooms in total. This figure represents an increase of 5.4% year on year. We estimate that in the next few years, quite a number of new hotels will come on stream in various districts.

I wish to talk about the development of the retail industry. As Members can see, in recent years, the total retail sales in Hong Kong have seen vigorous growth. The implementation of the IVS in 2003 has since fuelled the strong development of the retail industry in Hong Kong. In order to promote the development of the retail industry and other economic activities, the Government is also making efforts to increase the supply of commercial sites and facilities. The Land Sale Programme in 2013-2014 includes nine commercial/business sites that can provide about 330,000 sq m of commercial floor area. In the long term, the Planning Department and the Civil Engineering and Development Department
will explore the feasibility of further developing the northern New Territories (including Lok Ma Chau, Man Kam To and the Liantang/Heung Yuen Wai boundary control point) and opportunities of carrying out commercial development in these areas.

Earlier in the debate, Mr Michael TIEN referred to his amendment proposal that a shopping complex be built in the Northwest New Territories and North Lantau and many Members also proposed that planning be carried out for a third runway as soon as possible. In fact, the Government has approved in principle the adoption of the three-runway proposal by the Airport Authority Hong Kong (AAHK) as the direction of development. In order to support Hong Kong's long-term economic development, we will strive to ensure that the limited land on the Hong Kong International Airport island will be fully utilized. A study on the development strategy for the North Commercial District at the airport is being carried out by the AAHK and it is expected that detailed planning will be completed by the end of 2013. Meanwhile, the AAHK will also bring its efforts to tie in with the planning on the three-runway system, so as to enable the entire development project to yield the greatest economic benefits.

Many Members also mentioned eco-tourism. As Members all know, the beautiful sceneries in Hong Kong as a metropolis have been internationally renowned for a long time but in fact, our country parks, marine parks and global geopark, which are full of natural beauty, are also visited and explored by many tourists. For this reason, we agree with the direction of promoting eco-tourism advocated by Mr Tony TSE, Mr Gary FAN, Mr Ronny TONG and Mr SIN Chung-kai in their respective amendments. In fact, the Government has all along promoted to our tourists eco-tourism based on nature conservation and sustainable development jointly with the HKTB and the tourism industry and of course, Lantau, with its beautiful sceneries, is also included. This year, the HKTB will also include guided tours with a bicycle touring theme in the "Great Outdoors Hong Kong", so that tourists can ride bicycles to the Northwest New Territories to watch migratory birds and look at the special characteristics of walled villages. It will also offer free guided hiking tours from Tung Chung to Tai O. We will continue to work closely with the HKTB and the industry to develop eco-tourism.

On heritage and local cultural tourism, I also noticed that several Members, including Mr Tony TSE, Mr TANG Ka-piu, Mr Gary FAN, Mr SIN Chung-kai and Mr CHAN Chi-chuen all proposed the promotion of cultural tourism and tourist attractions with local characteristics. On the promotion of heritage
tourism, the Government is now implementing conservation and conversion projects on historical buildings with special characteristics under the Revitalizing Historic Buildings Through Partnership Scheme, whereas the HKTB is responsible for launching promotions targeting the tourism sectors and tourists overseas, for example, to promote streets and shops with special characteristics, such as Yau Ma Tei Theatre and Lui Seng Chun, in some districts in the guide book of the HKTB. The HKTB has all along focused on promoting the Chinese and Western festivities and local cultures in Hong Kong. For example, the "Hong Kong Cultural Celebrations" held in April promotes the activities that take place in various districts in connection with the Birthday of Tin Hau, the Birthday of Buddha, the Birthday of Tam Kung and the Cheung Chau Bun Festival.

At the same time, in conjunction with the HKTB, the Government also recommends to tourists the multifarious tourist attractions found in various districts of Hong Kong. At the end of last year, the HKTB introduced the New Tour Product Development Scheme to encourage the tourism industry to develop novel and attractive tour products under various themes. The products given funding include gourmet tours in Sham Shui Po and tours of the traditional stilt houses in Tai O. We will continue to strive to develop eco-tourism and cultural tourism, as well as promote the local culture of various districts to tourists, so as to enrich the experience of tourists visiting Hong Kong.

Just now, a number of Members expressed concern about the transport problem. The Government has all along been closely monitoring the need of the public and inbound tourists for public transport services and ancillary facilities. Therefore, we will continue to co-ordinate various types of public transport services and, having regard to the demand, improve existing services or introduce new services and ancillary facilities. With the coming on stream of a number of major infrastructure projects, such as the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Shatin to Central Link and the airport expansion project, Hong Kong's overall public transport network, in particular, the carrying capacity of cross-boundary passenger services, will be boosted and upgraded.

Just now, several Members talked about the parking spaces for coaches and passenger pick-up/drop-off facilities. The Government has taken improvement measures in this regard, for example, to provide additional roadside parking spaces or passenger pick-up/drop-off facilities at appropriate locations and consider designating some temporary car parks for use by non-franchised buses
The expansion project of the Ocean Park will also provide 100 parking spaces designated for non-franchised buses. The Transport Department and the Tourism Commission will also continue to co-operate in providing sufficient facilities for coaches in newly completed tourism projects.

With regard to the policy on inbound Mainland tourists, although the implementation of the IVS since July 2003 has generated considerable revenue from tourist spending for the retail industry, catering industry and hotels and hostels in Hong Kong, thus giving impetus to the sustained development of the Hong Kong economy as a whole, we also appreciate the concerns in society about the impact of an increase in inbound tourists on the public. We absolutely agree that any plan to increase the number of inbound tourists must ensure that Hong Kong has sufficient visitor carrying and receiving capacities and that the major principle should be to reduce the impact of tourists on the Hong Kong public as far as possible. We are now conducting an assessment of Hong Kong's overall visitor carrying and receiving capacities and the areas being considered include the capacity of control points, the receiving capacities of tourist spots and public transport, hotel supply, the economic benefits of the IVS, the impact on society and public living, and so on. The relevant assessment has entered the final stage and at the present stage, we have no intention of expanding the IVS for Mainland tourists.

We also noticed that competing cities in various regions have committed a great deal of resources to attracting Mainland tourists. In order to maintain the diversity of Hong Kong's tourist source market, in 2013-2014, the HKTB will only use only close to 30% of its resources on the Mainland market, whereas more than 70% of its resources will be committed to other regions, focused on 20 tourist source markets. The number of inbound tourists staying overnight from these markets accounts for as much as 95% of the total number of inbound tourists staying overnight.

Several Members also expressed concern about the issue of smuggling activities on parallel trades in their amendments. In fact, the Government is very much concerned about the nuisance caused by parallel trade activities to the daily lives of the public. Since September last year, law-enforcement agencies have taken a number of enforcement actions to combat illegal activities related to parallel trades and compiled a watch list of suspected parallel traders, as well as refused the entry of people whose visit purposes are doubtful. The Security
Bureau also entered into the "Co-operation Agreement between Hong Kong and Guangdong on Anti-smuggling" with the Coastal Defense and Anti-Smuggling Office of Guangdong Province in September this year. I believe these measures can improve the order on railways and at control points, as well as protecting the daily lives of the public.

Apart from the development of such hardware as tourism facilities, just like Mr Tony TSE and Mr Vincent FANG, we are also keenly concerned about software development in terms of talents training. The Government has all along invested heavily in education, and our two subsidized universities and the Vocational Training Council all provide tourism-related and hotel-related degree programmes as well as other courses to provide talents to the tourism industry.

On the training of tourist guides and tour escorts, the Travel Industry Council of Hong Kong (TIC), Employees Retraining Board and various training organizations all offer or co-ordinate courses in this regard, and trainees who have completed the specified courses and passed the examinations will be issued the Tourist Guide Pass or Tour Escort Pass by the TIC. The Government and the TIC also offer courses on nature appreciation and cruise tourism to tie in with the promotion of eco-tourism and cruise tourism. We will continue to monitor closely the supply and demand of manpower resources in the tourism industry in Hong Kong to ensure the healthy development of the tourism industry.

Lastly, I wish to talk about laws and regulations for the healthy development of the tourism industry. Mr Paul TSE and Mr TANG Ka-piu both proposed the setting up of a tourism bureau in their respective amendments. In fact, for many years, the policy, publicity and regulatory regime for tourism in Hong Kong have evolved according to market trends and the consensus of the industry and society. At present, the Tourism Commission under the Commerce and Economic Development Bureau, the HKTB, which is a public body, and the TIC, which is a body for the industry, all play their respective roles and work according to clear division of labour in policy and planning, promotion of tourism and regulation of the industry.

Since the policy and planning on tourism may involve the policy areas of various Policy Bureaux and the interests of many stakeholders, the Commissioner for Tourism is tasked with such a responsibility. As regards other important areas, including the immigration policy, air transport, the hotel licensing regime and even the cleanliness of scenic spots mentioned by a Member just now, they
all fall within the ambi ts of the relevant Policy Bureaux. The division of labour in this regard will take into account the integrity and consistency of the policy, the experience of the departments concerned in handling the relevant policies and the professional support needed. When necessary, the Tourism Commission will co-ordinate the work in various areas to promote the development of the tourism industry.

Here, I wish to respond in passing to the issue of monitoring the tourism industry mentioned by Mr SIN Chung-kai in his amendment, including the proposal to amend the Travel Agents Ordinance (TAO). We are now actively making preparations for the establishment of the Travel Industry Authority (TIA) and the introduction of a new regulatory regime for the tourism industry. It is expected that the bill will be introduced into the Legislative Council in 2014. Since scrutiny by the Legislative Council is required in amending the existing TAO, we believe the most comprehensive and expeditious course of action is to deal with all matters relating to the regulation of the tourism industry altogether under a new bill.

Under the future regulatory regime for the tourism industry, we have proposed a number of new systems to step up regulation and enhance the quality of the sector. We have to prescribe legal requirements for these proposals, including raising the threshold of travel agencies in joining the industry by establishing a guarantee system and requiring the appointment of authorized representatives. As regards the specific provisions and detailed arrangements under the new regulatory regime, they have to be considered by the TIA after its establishment having regard to such factors as the operation of the market at that time. We hope that the new regulatory regime can further raise the quality of tourism services and maintain the long-term healthy development of the tourism industry in Hong Kong.

In the respective amendments proposed by Mr SIN Chung-kai, Mr TANG Ka-piu and Mr Vincent FANG, great concern is expressed for the quality of the tour escorts and tourist guides in Hong Kong and we will also take into account the situation in this regard under the new regulatory regime. We propose the establishment of a statutory licensing system for tour escorts and tourist guides, with the TIA being responsible for licensing and regulation of tourist guides and tour escorts, including drawing up codes of conduct and setting up a disciplinary system, and so on. In future, people aspiring to become tour escorts and tourist guides will be required to complete the compulsory pre-examination training
courses before they can sit for a licensing examination. Tourist guides and tour escorts will be required to complete designated Continuing Professional Development courses for renewal of licences.

On the handling of complaints, we propose that under the new regulatory regime, non-disciplinary complaints concerning service/commercial disputes between consumers and travel agencies be handled by the highly experienced TIC. According to legal advice, it is not appropriate for the TIA as the licensing authority to play a part in resolving disputes involving travel agencies, so as to avoid allegations of conflict of interest, since the mediation may affect the impartiality of the TIA as a regulatory body.

President, in the past few years, the Government and the tourism sector have both actively promoted the development of the tourism industry and the results are readily seen. However, we will remain alert to any potential problems. In the face of the keen competition in the region, Hong Kong will further enhance its tourism infrastructure and various relevant complementary facilities, enact legislation related to the healthy development of the tourism industry, co-operate closely with the tourism industry and relevant sectors, develop and promote more quality and diversified tourism products as well as providing training to workers, so as to enhance the experience of tourists in visiting Hong Kong.

The motion debate sponsored by Mr YIU Si-wing is an issue of great concern to the Government and the general public, and the scope involved in the amendments proposed by various Members is also very extensive. Once again, I thank Members for their concern and proposals, which I will relay to the relevant Policy Bureaux. At the same time, we will also review various tourism policies regularly and strive to seize opportunities, as well as listening to the views of various parties with an open and humble mind, in order to ensure that Hong Kong will continue to be a world-class tourist destination.

Thank you, President.
MR TONY TSE (in Cantonese): President, I move that Mr YIU Si-wing's motion be amended.

Mr Tony TSE moved the following amendment: (Translation)

"To add "as the tourism industry generates substantial foreign exchange revenue for Hong Kong, and at the same time creates a large number of employment opportunities, its impact on the overall economy can be described as significant;" after "That,"; to delete ", thus hindering economic development and affecting" after "become insufficient" and substitute with "; in addition, in undertaking urban planning, the Government fails to consider it from the tourism perspective and formulate relevant measures; the Government must strike a balance between conservation and development, so as not to hinder the development of the tourism industry and Hong Kong as a whole and affect"; to add "diversified" after "to formulate"; and to delete "for the tourism industry to" after "long-term planning" and substitute with "and comprehensive industrial policies and measures for the tourism industry, including attracting more tourists to Hong Kong to enjoy the fruits of conservation with Hong Kong people and achieve economic benefits by the conservation and revitalization of buildings and the environment, strengthening the tourism industry-related manpower training, and formulating laws and regulations conducive to the healthy development of the tourism industry, so as to"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr Tony TSE to Mr YIU Si-wing's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)
PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Mr TANG Ka-piu, as Mr Tony TSE's amendment has been passed, you may now move your revised amendment.

MR TANG KA-PIU (in Cantonese): President, I move that Mr YIU Si-wing's motion as amended by Mr Tony TSE be further amended by my revised amendment.

Mr TANG Ka-piu moved the following further amendment to the motion as amended by Mr Tony TSE: (Translation)

"To add "; in addition, specific proposals should include: (1) to regularly review Hong Kong's capability of receiving tourists, and in formulating long-term planning for the tourism industry, to fully listen to the views of industry practitioners and trade unions; (2) to establish a tourism bureau to co-ordinate and handle issues relating to the development of the tourism industry, etc., and to proactively conduct a study on the formulation of policies to dovetail with the tourism development, so as to reduce the inconvenience caused by tourists to Hong Kong people's daily lives; (3) to develop tourism and cultural resources in the various districts throughout the territory, so as to drive the local cultural and economic development of the various districts; (4) to perfect various ancillary facilities (e.g. economy hotels, thematic shopping malls, transport and car park facilities, etc.), and to set up sight-seeing night markets and souvenir streets, so as to strengthen Hong Kong's tourism brand and expand its visitor carrying capacity; and (5) to affirm the professional qualifications and career development of local tour escorts and tourist guides, so as to upgrade the quality and status of professional tourism personnel" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr TANG Ka-piu's amendment to Mr YIU Si-wing's motion as amended by Mr Tony TSE be passed.
PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr YIU Si-wing rose to claim a division.

PRESIDENT (in Cantonese): Mr YIU Si-wing has claimed a division. The division bell will ring for five minutes.

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

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

Functional Constituencies:

Mr Vincent FANG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Steven HO, Mr Frankie YICK, Mr KWOK Wai-keung, Mr POON Siu-ping, Mr TANG Ka-piu, Mr CHUNG Kwok-pan and Mr Tony TSE voted for the amendment.

Mr CHEUNG Kwok-che, Mr Charles Peter MOK and Mr Kenneth LEUNG voted against the amendment.

Mr James TO, Prof Joseph LEE, Mr Jeffrey LAM, Mr NG Leung-sing, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr IP Kin-yuen and Ir Dr LO Wai-kwok abstained.
Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr Paul TSE, Mr Michael TIEN, Mr James TIEN, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Miss Alice MAK, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr Ronny TONG, Mr Alan LEONG, Ms Claudia MO, Mr Gary FAN, Dr Kenneth CHAN, Dr KWOK Ka-ki and Dr Fernando CHEUNG voted against the amendment.

Ms Emily LAU, Dr Priscilla LEUNG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WU Chi-wai, Mr CHAN Chi-chuen, Mr SIN Chung-kai and Dr Helena WONG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 12 were in favour of the amendment, three against it and eight abstained; while among the Members returned by geographical constituencies through direct elections, 29 were present, 11 were in favour of the amendment, nine against it and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MR RONNY TONG (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Expeditiously formulating long-term planning for the tourism industry" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.
PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Ronny TONG be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Expeditiously formulating long-term planning for the tourism industry" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr Gary FAN, as Mr Tony TSE's amendment has been passed, you may now move your revised amendment.

MR GARY FAN (in Cantonese): President, I move that Mr YIU Si-wing's motion, as amended by Mr Tony TSE, be further amended by my revised amendment.
Mr Gary FAN moved the following further amendment to the motion as amended by Mr Tony TSE: (Translation)

"To add "; the relevant measures should also include: (1) to study Hong Kong's total visitor carrying capacity, and based on the findings, to cap the annual number of tourists under the Individual Visit Scheme; (2) to consider expeditiously implementing the entry policy of 'one trip per day', so as to eradicate smuggling activities on parallel trades and reduce the negative impact of such smuggling activities on Hong Kong people's daily lives and the retail industry; (3) to consider refusing the entry of people who have committed smuggling offences into Hong Kong, so as to deter smuggling activities on parallel trades; (4) in the long run, to consider abolishing the 'multiple entry permits' measure; (5) in the long run, to consider reclaiming the vetting and approval right under the Individual Visit Scheme, so that the Hong Kong Government can take active administrative measures to control the number of inbound tourists; (6) to request the Hong Kong Tourism Board to concentrate its resources on promoting Hong Kong's tourism industry overseas, so as to attract tourists from markets other than the Mainland and enhance tourist diversification; and (7) to suggest the Hong Kong Tourism Board to consider introducing activities such as local eco-tourism and local cultural tourism, etc., so as to increase tourists' choices of activities other than shopping" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Gary FAN's amendment to Mr YIU Si-wing's motion as amended by Mr Tony TSE be passed.

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

(Members raised their hands)

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

(Members raised their hands)
Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Mr CHEUNG Kwok-che, Mr Charles Peter MOK and Mr Kenneth LEUNG voted for the amendment.

Mr Vincent FANG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr POON Siu-ping, Mr TANG Ka-piu, Ir Dr LO Wai-keung, Mr CHUNG Kwok-pan and Mr Tony TSE voted against amendment.

Mr James TO, Prof Joseph LEE and Mr IP Kin-yuen abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr Gary FAN, Mr CHAN Chi-chuen and Dr Fernando CHEUNG voted for the amendment.
Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr Paul TSE, Mr Michael TIEN, Mr James TIEN, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Miss Alice MAK, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted against the amendment.

Ms Emily LAU, Mr Ronny TONG, Mr Alan LEONG, Mr WU Chi-wai, Dr Kenneth CHAN, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, three were in favour of the amendment, 17 against it and three abstained; while among the Members returned by geographical constituencies through direct elections, 30 were present, nine were in favour of the amendment, 12 against it and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr SIN Chung-kai, as the amendment of Mr Tony TSE has been passed, you may now move your revised amendment.

MR SIN CHUNG-KAI (in Cantonese): President, I move to amend my …

PRESIDENT (in Cantonese): Please move your revised amendment.

MR SIN CHUNG-KAI (in Cantonese): President, I move that Mr YIU Si-wing’s motion, as amended by Mr Tony TSE, be further amended by my revised amendment.
Mr SIN Chung-kai moved the following further amendment to the motion as amended by Mr Tony TSE: (Translation)

"To add "; the relevant proposals should also include: (1) to request the Government to expeditiously submit a bill on establishing a travel industry authority to strengthen the monitoring of travel agents and tourist guides; (2) to propose amendments to the Travel Agents Ordinance, put in place a demerit point system based on objective criteria, and require each travel agent to appoint two registered authorized representatives; when travel agents and tourist guides are found to be non-compliant, to deduct points from them, with possible temporary licence suspension for minor non-compliance and licence revocation for serious non-compliance; when a travel agent is found to be non-compliant, to deduct points from both of its two authorized representatives; and after the persons concerned have incurred full demerit points, to forbid them to serve as authorized representatives of travel agents, so as to prevent travel agents from changing their names to evade penalty; (3) regarding licensing systems and handling of complaints, apart from making reference to the current accreditation system of the Travel Industry Council of Hong Kong, to propose improvements to the licensing systems for tourist guides and tour escorts, so as to upgrade tourism practitioners' quality and service standard in the long run; and apart from conducting a preliminary inspection of consumer complaints about and claims against travel agents and/or their employees, to switch the existing mediation role of the Travel Industry Council of Hong Kong to the purview of the Travel Industry Authority to be set up in the future; (4) dovetailing with the conservation policy, to protect Hong Kong's natural landscape, as well as conserve intangible cultural heritage, so as to attract tourists; and (5) to develop the Lantau Island into a leisure ecological park, so as to increase the number of scenic spots in Hong Kong" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr SIN Chung-kai's amendment to Mr YIU Si-wing's motion as amended by Mr Tony TSE be passed.
PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Mr James TO, Mr Vincent FANG, Prof Joseph LEE, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr IP Kin-yuen, Mr POON Siu-ping, Mr TANG Ka-piu and Mr CHUNG Kwok-pan voted for the amendment.

Mr Jeffrey LAM, Mr CHAN Kin-por, Mr Christopher CHEUNG, Ir Dr LO Wai-kwok and Mr Tony TSE voted against the amendment.
Mr WONG Ting-kwong, Ms Starry LEE, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO and Mr YIU Si-wing abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr James TIEN, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Dr Priscilla LEUNG and Mr Paul TSE voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr Michael TIEN, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, and Mr Ronny TONG did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 12 were in favour of the amendment, five against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 30 were present, 18 were in favour of the amendment, two against it and eight abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Members have already been informed, as Mr SIN Chung-kai’s amendment has been passed, Mr WONG Ting-kwong, Mr Vincent FANG and Mr Paul TSE have withdrawn their amendments.
PRESIDENT (in Cantonese): Mr Ronny TONG, as the amendments of Mr Tony TSE and Mr SIN Chung-kai have been passed, you may now move your revised amendment.

MR RONNY TONG (in Cantonese): President, I move that Mr YIU Si-wing's motion, as amended by Mr Tony TSE and Mr SIN Chung-kai, be further amended by my revised amendment.

Mr Ronny TONG moved the following further amendment to the motion as amended by Mr Tony TSE and Mr SIN Chung-kai: (Translation)

"To add '; this Council also urges the Government to enhance tourist spots, develop the countryside and green tourism projects, coupled with public education, to strengthen people's care for the countryside environment and their awareness of keeping it clean" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Ronny TONG's amendment to Mr YIU Si-wing's motion as amended by Mr Tony TSE and Mr SIN Chung-kai be passed.

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

(Members raised their hands)

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

(No hands raised)

Mr IP Kwok-him rose to claim a division.
PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Mr James TO, Mr Vincent FANG, Prof Joseph LEE, Mr Jeffrey LAM, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr IP Kin-yuen, Mr POON Siu-ping, Mr TANG Ka-piu, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted for the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr IP Kwok-him and Mr Steven HO abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Ronny TONG, Dr Priscilla LEUNG, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr Michael TIEN, Mr James TIEN, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.
THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 19 were in favour of the amendment and four abstained; while among the Members returned by geographical constituencies through direct elections, 30 were present, 22 were in favour of the amendment and seven abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Mr Michael TIEN, as the amendments of Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG have been passed, you may now move your revised amendment.

MR MICHAEL TIEN (in Cantonese): President, I move that Mr YIU Si-wing's motion, as amended by Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG, be further amended by my revised amendment.

Mr Michael TIEN moved the following further amendment to the motion as amended by Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG: (Translation)

"To add "; this Council also urges the Government to construct a mega shopping complex with hotels in the Northwest New Territories and North Lantau to increase the benefits from the Individual Visit Scheme and divert the spending power of Individual Visit Scheme visitors to remote districts, so as to provide retail and tourism-related jobs to assist local residents in getting nearby employment, in particular, to help the working poor secure a job in their own districts, and to release the labour force of housewives" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Michael TIEN's amendment to Mr YIU Si-wing's motion as amended by Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG be passed.
PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr LEE Cheuk-yan rose to claim a division.

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Mr James TO, Mr Vincent FANG, Prof Joseph LEE, Mr Jeffrey LAM, Mr CHAN Kin-por, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr IP Kin-yuen, Mr POON Siu-ping, Mr TANG Ka-piu, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted for the amendment.

Mr CHEUNG Kwok-che voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr IP Kwok-him and Mr Steven HO abstained.
Geographical Constituencies:

Ms Emily LAU, Dr Priscilla LEUNG, Mr Paul TSE, Mr Alan LEONG, Mr WONG Yuk-man, Ms Claudia MO, Mr Michael TIEN, Mr James TIEN, Mr WU Chi-wai, Dr Kenneth CHAN, Miss Alice MAK, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung and Dr Fernando CHEUNG voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr Gary FAN, Mr CHAN Chi-chuen, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 18 were in favour of the amendment, one against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 29 were present, 14 were in favour of the amendment, three against it and 11 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, as the amendments of Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG have been passed, you may now move your revised amendment.

MR CHAN CHI-CHUEN (in Cantonese): President, I move that Mr YIU Si-wing's motion, as amended by Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG, be further amended by my revised amendment.
Mr CHAN Chi-chuen moved the following further amendment to the motion as amended by Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG:

(Translation)

"To add "; this Council also urges the Government to immediately review the 'multiple entry permits' measure" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr CHAN Chi-chuen's amendment to Mr YIU Si-wing's motion as amended by Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

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

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

Mr James TO, Mr Vincent FANG, Prof Joseph LEE, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr IP Kin-yuen and Mr CHUNG Kwok-pan voted for the amendment.

Mr Jeffrey LAM, Mr CHAN Kin-por, Mr NG Leung-sing, Mr Christopher CHEUNG, Ir Dr LO Wai-kwok and Mr Tony TSE voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr IP Kwok-him, Mr Steven HO, Mr YIU Si-wing, Mr KWOK Wai-keung, Mr POON Siu-ping and Mr TANG Ka-piu abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Ronny TONG, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr James TIEN, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Elizabeth QUAT voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr Michael TIEN, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Miss Alice MAK, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, nine were in favour of the amendment, six against it and eight abstained; while among the Members returned by
geographical constituencies through direct elections, 30 were present, 19 were in favour of the amendment, one against it and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr YIU Si-wing, you may now reply and you have 48 seconds.

MR YIU SI-WING (in Cantonese): President, I would like to thank Members for putting forth rich and constructive supplementary points to the original motion, which include many creative and enlightening proposals. It proves that Members are concerned about the tourism industry in Hong Kong and the Government should have sensed that.

Tourism industry is an industry that brings happiness to people, and it also brings employment opportunities and vast business opportunities to Hong Kong. I hope Members will support my motion so that the Government will implement planning for the tourism industry as soon as possible.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr YIU Si-wing, as amended by Mr Tony TSE, Mr SIN Chung-kai and Mr Ronny TONG, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)
PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion as amended passed.

PRESIDENT (in Cantonese): The third Member's motion is an adjournment motion.

Under Rule 16(6) of the Rules of Procedure, I have determined that if at the expiration of 75 minutes from the moving of this motion, there are still Members who wish to speak, I will extend the period of the debate until all Members who wish to speak have spoken, and the public officer has given a reply.

As regards the speaking time, each Member (including the mover of motion) may speak for up to five minutes. The speaking time limit for the public officer making a reply is 15 minutes.

PRESIDENT (in Cantonese): It is now 9.47 pm. The debate will now begin.

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

I now call upon Dr Kenneth CHAN to speak and move the motion.

MOTION FOR THE ADJOURNMENT OF THE COUNCIL UNDER RULE 16(4) OF THE RULES OF PROCEDURE

DR KENNETH CHAN (in Cantonese): President, I move "That this Council do now adjourn for the purpose of debating the following issue: handling of the Philippine hostage incident by the SAR Government".

President, as the Secretary for Security has come to the Legislative Council to listen to this adjournment debate, I do have some expectations. I hope that after the Secretary has listened to the views of all Members this evening, he will make good use of the 15 minutes for his response to organize his speech properly,
so as to enable Hong Kong people and the affected families of the victims to see that in the face of the irresponsible, cunning and sinister attitude of the Philippine Government, the SAR Government will stand firm; and that it will stand on the side of reason as well as the side of Hong Kong people, clamouring to fight for the justice we have all along been fighting ceaselessly over the past three years.

We have four demands, that is, the Philippine Government should offer an apology, make compensation, punish all officials accountable for the incident, and inform us properly what measures will be implemented to ensure the safety of Hong Kong people in the Philippines. I hope that we will no longer hear the Government say that it has strategies and plans. While refusing to reveal any of these strategies and plans, the Government has only told us to stand united and present a united front to outsiders. As a matter of fact, this approach of telling people to stand united without putting forward any concrete measures is like paying lip service and adopting black-box operation. Today's adjournment debate is obviously targeted at the Government. However, apart from epitomizing this Council's important function of holding the executive accountable, this action of targeting at the Government is also an expression of our expectation that the Secretary for Security will, on behalf of the SAR Government, listen in a humble manner, accept criticisms, and gather the wisdom of all Members, so that the Government will no longer "muddle through" — as commented by the bereaved families — during crucial negotiations and in the course of fighting for justice in the future.

At the time of the third anniversary of the incident, we witnessed the families of the victims had once again been made a fool by the Consulate General of the Philippines in Hong Kong. At first a meeting had been arranged, but then the meeting was abruptly cancelled in the morning of the scheduled date. All sorts of excuses were advanced. I immediately wrote a letter to the Consulate General of the Philippines in Hong Kong right on that day. I got a reply with only three words "noted your concern". It means my concern is noted. If this is still what we can get in reply after communication has been conducted between the SAR Government and the Philippine Government through diplomatic channels and the Consulate General of the Philippines in Hong Kong for no less than 20 times over the past three years, obviously we should abandon this form of communication; instead, a tougher stance should be adopted. This is particularly so when we witnessed how Hong Kong was belittled in the meeting between the Chief Executive and the President of the Philippines in Bali this time.
around; how Benigno AQUINO III, the President of the Philippines, repeatedly insulted Hong Kong people, belittled the reasonable demands of the families of the victims, and refused to do justice to the bereaved families and Hong Kong people. We must not give people the impression that we are passive, to the extent that people can play tricks on us and adopt delaying tactics. We all the more must not give people the impression that we are weak. We must not fall again into the "Tacitus trap" referred to by our President as the situation the current Government finds itself in. In other words, despite all its dedication and aspiration to accomplish its tasks, no one is convinced of what it professes. It makes no difference whether it has accomplished its tasks or not. It can only achieve half the result with double the efforts.

(THE PRESIDENT'S DEPUTY, MR RONNY TONG, took the Chair)

Over the past two weeks, the Civic Party and other political parties and groupings have continuously put forward various options such as imposing economic sanctions and trade sanctions. Hong Kong is the seventh largest trading partner of the Philippines while China is the third largest trading partner of the country. Together we form their first largest trading partner. If we adopt high-profile economic and trade sanction measures, they will hear from us how this Council will stand united against outsiders tonight. The Hong Kong Government will join force with the Ministry of Foreign Affairs to put pressure on the Philippines.

Last month, China and the Philippines signed a memorandum of understanding to deepen bilateral economic development, which covers co-operation in the development of infrastructure, information technology and other high technologies. Temporarily suspending such measures or calling a halt to co-operation or refusing further co-operation until the hostage incident is properly resolved is the attitude we should adopt. These plans should only be taken forward after the incident is settled. I call on the HKSAR Government to further discuss with the families of the victims after listening to this evening's debate. We should stand united against outsiders and join force to put pressure on the Philippine Government so as to do justice to Hong Kong people.

Thank you, Deputy President.
Dr Kenneth CHAN moved the following motion: (Translation)

"That this Council do now adjourn for the purpose of debating the following issue: handling of the Philippine hostage incident by the SAR Government."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That this Council do now adjourn.

MR SIN CHUNG-KAI (in Cantonese): Deputy President, it has been rumoured recently — over the past few days — that the Mayor of Manila, Joseph ESTRADA, will come to Hong Kong. Of course, this is not yet confirmed. I hope that the Secretary will give some additional information later on to let us know what concrete progress has been made over the past week or so.

Insofar as the incident is concerned, before substantial progress to the satisfaction of the victims and their families can be made, the SAR Government should begin to devise several contingency plans. I hope that the economic sanctions proposed by Dr Kenneth CHAN just now and the series of sanction measures put forward by the Democratic Party last week will be considered by the Government.

First of all, official contacts should be suspended. Apart from the ongoing negotiations over the hostage incident, all other exchange activities (such as cultural exchange programmes) should be suspended as soon as possible. Take the Philippine Festival organized in April each year as an example. Before the incident is satisfactorily resolved, should the Home Affairs Bureau not consider shelving the programme? Secondly, I hope that the Government will take the lead to stop procuring Philippine goods. But this is related to the procurement policy of the Government. Thirdly, I hope that the Government and people in Hong Kong will stand united, and call on Hong Kong people to voluntarily boycott Philippine products at this stage. Will it be necessary to implement economic sanctions eventually? I believe that in case of a breakdown in all negotiations, the SAR Government should hold its head high and continue to fight for Hong Kong people to the very end.
I believe if there is a breakdown of the negotiations and the imposition of sanction measures is necessary, in this Council, not only the Democratic Party, the Civic Party will also stand on the side of the Government. Our objective is that through the imposition of sanctions, the demands of the families of the Hong Kong victims will be met to their satisfaction. At the present stage, the Legislative Council should suspend all exchange activities with all levels of councils of the Philippines until the hostage incident is resolved.

Imposition of sanctions is only a means. Of course, it is our wish that the adoption of such a means is not needed at all. Our ultimate objective is that the Philippine Government will be able to … the most desirable approach is meeting the four demands of the families of the victims through negotiations. However, if the Philippine Government fails to satisfy the relevant demands, tough sanctions may have to be imposed to make the Philippine Government yield to the objective situation. Sanctions imposed by Hong Kong alone may not be able to make the Philippine Government yield; thus, the SAR Government should seek the help of the Central Government when necessary, thereby adding greater force to the implementation of the sanction measures.

Three years ago, Hong Kong people watched the development of the entire incident from television live broadcast which lasted for over 10 hours. This will always be remembered by us. The SAR Government has the responsibility to protect Hong Kong people, be they in Hong Kong or overseas countries,

What the SAR Government did over the past three years has failed to meet the expectations of Hong Kong people. I hope that the SAR Government will make amends, remedy its past mistakes, step up the negotiations with the Philippine Government, and ask the Central Government to help in taking forward the relevant tasks.

I so submit.

MR CHARLES PETER MOK (in Cantonese): Deputy President, it has been three years since the hostage-taking incident in Manila. However, in dealing with the Philippine Government, the Hong Kong Government is still at its wits' end. This has not only inflicted pain on the families of the victims and survivors, but also brought disgrace on Hong Kong.
Last Saturday, I heard the radio programme "Letter to Hong Kong" in which a survivor, Ms LEE Ying Chuen, used three English alphabets to describe the attitude of the SAR Government in its follow-up of the incident — the expression is really composed of three English alphabets — "hea" (idling and doing nothing). The contents of Ms LEE's letter moved me, making me feel that the grief of the victims may have faded gradually, but anger has taken its place.

Nevertheless, they are very rational. Ms LEE wrote: "It is not our wish that the mistakes of an incompetent government are borne by the innocent and underprivileged groups at the grass-roots level. What we demand is justice. In the course of pursuing justice, we must not only think of ourselves and abandon the fundamental principle of social justice — caring for and protecting the rights of the underprivileged." Hong Kong people should know this only too well. If members of the public are made the scapegoat, Hong Kong people will find life very difficult because the SAR Government is so incompetent and makes so many mistakes.

(THE PRESIDENT resumed the Chair)

We should do as Ms LEE suggested: "There are still many ways to sanction the Philippines. The Hong Kong Government can implement sanction measures on the fronts of politics, diplomacy and trade." I do not wish to waste time on mentioning repeatedly subjects such as the trade deficit between Hong Kong and the Philippines. These are the weapons held in the hands of the Hong Kong Government. If the Government is not willing to deploy these weapons, we will have to use them.

Two of my good friends are experts in information security. They have voluntarily set up a dedicated Facebook page "Boycott the Philippines" with the objective of calling on the public to boycott Philippine goods and services. Apart from initiating these people-led actions, they have also made an important suggestion: the Black Outbound Travel Alert issued by Hong Kong for the Philippines should remain in force.

These two experts are highly sensitive to security and are familiar with the Philippines. One of them has taken part in multinational corporations' safety assessment of the Philippines to determine whether high-level corporate
conferences should be held in that country. In the end, it was decided by several experts no high-level conferences should be held in the Philippines because all sorts of crimes (such as kidnapping) frequently take place in the country, and all security personnel have to be armed with loaded guns.

Several years ago, I went on a business trip to Manila. I had to go through security checks to ascertain if firearms were carried by me each time I entered and exited the hotel and its shopping mall. From this, it can be inferred that many local people carry firearms. However, according to my observation, security checks were only carried out occasionally. Several pieces of genuine firearms were placed on the security clearance counters — probably they had been found during the security checks and placed temporarily on the counters. Let us think about this, how terrible this is!

This happened before 2010. In other words, the Hong Kong Government should have been aware of the danger in the Philippines before the occurrence of the Manila hostage incident. It should have issued the Outbound Travel Alert (OTA) earlier instead of implementing the OTA only after the hostage incident. Although the OTA has been issued, the issuance is already too late. Moreover, there is no evidence that it is now safe in the Philippines.

These security experts also point out that compared to the OTA systems of overseas countries, Hong Kong's system is relatively rudimentary, lacking in information and updates, which may result in those travelling to the Philippines lower their personal safety awareness. The Ming Pao Daily News had compared the webpages posting OTA among countries in Europe, America, and Australia. It was found that various items of information on the Philippines, including past crimes, terrorist attacks and natural disasters was posted on these webpages. In the United Kingdom, even the information of the earthquakes that happened several days before was uploaded onto the webpage. On the contrary, the OTA webpage of Hong Kong had only listed four incidents including the hostage incident. Obviously, the webpage gives one an impression of being relatively "idle".

The Ming Pao Daily News also pointed out that, in response to its enquiries, the Security Bureau had actually claimed that its OTA webpage provided hyperlinks to the travel risk information of other countries (including Australia, the United Kingdom and Canada) to facilitate residents' easy and comprehensive access. Is this some kind of secondary creation? Or is it a
shirking of responsibility? Certainly this is a sign of further idling and doing nothing.

President, it is rumoured that the Mayor of Manila will come to Hong Kong to ask for forgiveness and apologize on behalf of the residents. This can be considered good window-dressing. However, no one can take the place of their President because he had taken part in the rescue process on that night. And it is difficult for Hong Kong people to forget his "smile". Hence, an apology from the President himself is essential. As a matter of fact, even if he tenders apologies, even if Hong Kong's boycott of Philippine goods may be cancelled, the Black OTA should not be lifted because the country is still a dangerous place.

As suggested by Ms LEE, the SAR Government must "straighten its back", for reason is on our side. It must not cause Hong Kong people to lose face. If our Government lacks any "backbone" or insistence on righteousness, it will be necessary for Hong Kong people to have "backbone" first and boycott Philippine goods.

Thank you, President.

MR LEE CHEUK-YAN (in Cantonese): President, I think all Hong Kong people are very angry with the Philippine hostage incident. This is because, insofar as the incident is concerned, only three images are etched on our minds. First, it is the grief of the families of the hostages. It is the image of their exhaustion in the tireless pursuit of justice and explanation.

The second image is that of the Philippine Government. The latest information received today, as Mr Charles Peter MOK mentioned just now, has indicated that the Mayor of Manila will tender apologies. However, relevant reports have also pointed out that at the annual forum of the Philippine Foreign Correspondents' Club held at a Manila hotel today, AQUINO III has remarked he will not tender any apologies. His reason is outrageous. His stance is that "the act of a person who possibly has an unstable state of mind cannot be regarded as the act of the entire country".

It is true that the act of the gunman was the act of an individual. Nevertheless, the failure in rescuing the hostages was the act of the country.
Why was the state of mind of the gunman unstable? It was attributable to the act of the country. The second image is their refusal to pursue the matter, refusal to apologize, lack of remorse, and the ugly face of the Philippine Government.

The third image is that of LEUNG Chun-ying. On the day he attended the Chief Executive's Question and Answer Session, the Secretary was also in the Chamber. I would like to ask the Secretary, the only answer given by LEUNG Chun-ying was "we have plans". "We have plans" in everything: "we have plans" before entering the meeting room; "we have plans" on the seating arrangement after entering the meeting room; "we have plans" to arrange for respective principal officials to negotiate after the meeting.

With all these plans, what actually have been planned? It has already been three years! Of course, I am not holding LEUNG Chun-ying responsible for everything in the past three years. But he has taken office for over a year. What plans is he still making? What are his plans? Can he tell us what kind of plans he is making? Regardless of how we tried to get to the bottom of the matter on that day, we knew nothing of the plans he had. All we could see was LEUNG Chung-ying putting up a smiling face to please. All we could see was the so-called "jackal" LEUNG Chun-ying turning from a wolf into a domestic cat — behaving like a tame domestic cat in front of the President of the Philippines. How can this be acceptable? This image has made Hong Kong people feel ashamed. What plans does the Administration have? Secretary, I hope that you will give us a reply later. We have never heard of any plans. He has described himself to be smart and awesome, but all we can see is the image of "idling and doing nothing". This is really shameful.

The other party had clearly remarked that the incident should be "put behind". LEUNG Chun-ying remained silent at that time. After the meeting, he did not tell us what had happened. He also refused to answer when he was asked whether he had heard the other party talk about the incident being "put behind". These are the plans that we see. Hence, the Hong Kong Government has made Hong Kong people lose all our confidence in it. It refuses to tell us what plans it has. It refuses to tell us why a licence is not issued — it refuses to tell us anything. But according to its own description, it is the most formidable of all. How can this be acceptable? Let me remind the Secretary once again — it has already been three years!
Finally, I would like to talk about sanctions. Members hold that sanctions should be imposed. Nevertheless, I have to state clearly from the outset, we are only targeting at the Government. I hope that we will not target at the people. In my opinion, any sanctions should not hurt the feelings between people of the two places. However, the Philippine Government should be sanctioned.

I hold that this matter should be elevated to the diplomatic level. Of course, someone may say that according to the Basic Law, foreign affairs are beyond the jurisdiction of Hong Kong. In that case, we will have to ask the Central Government how the issue should be tackled. For instance, has the Central Government summoned and warned the Philippine Ambassador to China? The highest level of diplomatic sanction is forbidding the Philippines to set up an embassy. Even if it is not for Beijing to refuse the setting up of the Philippine embassy, is it possible for the SAR Government to refuse the setting up of the Philippine consulate in Hong Kong? Is it feasible to impose this kind of sanction?

Many Members have proposed the imposition of economic sanctions. Frankly speaking, I believe economic sanctions will certainly have impacts on the Philippines. However, the volume of goods imported from the Philippines to Hong Kong is not significant. Therefore, I hold that even if sanctions are imposed, they should not be targeted at the people of the Philippines; instead, they should be targeted at the Philippine Government.

Thank you, President.

MR JAMES TO (in Cantonese): President, this man-made tragedy happened more than three years ago in the Philippines. Rightly as Mr LEE cheuk-yan said just now, recently there are rumours that the Mayor of Manila will come to Hong Kong to offer his apologies. However, the Philippine President had actually reiterated at the Foreign Correspondents' Club today that according to the cultural tradition of the Philippines, they would not apologize for others' mistakes. He remarked that the incident was caused by a criminal, a person who might be mentally ill; hence, what he did should not be regarded as the act of the country. However, I find the remark very odd. This is because even in his own country, the Incident Investigation Committee appointed by the President was led by a member of the cabinet — Leila DE LIMA, the Secretary of Justice. The Committee comprises officials at different levels, including officials of the national government as well as municipal officials. So how will it be
apologizing for others' mistakes? The rights and wrongs of the incident are very clear already. The present question is how we can compel the Philippine Government to change its unco-operative, arrogant and presumptuous attitude.

The families of the victims have all along hoped that the Central Government will step in. We believe the Central Government has already stepped in recently. For that reason, the SAR Government has been much more concerned and proactive than before. Previously the SAR Government had never made such a remark: "Let us tackle the matter. We will negotiate with the Philippines and fight for justice.". We had hoped that the so-called ministerial meeting would be held expeditiously. Unfortunately, it has been 10 days and arrangements have yet to be made. If substantial progress is not made shortly, for instance, within a month, we must implement the first phase of sanctions. I believe if sanctions are not imposed, it will be impossible to compel the Philippine Government to negotiate in a serious manner.

President, I believe now is the time for Hong Kong people to genuinely stand united. Of course, various viewpoints and perspectives, and even sanction measures suggested may not necessarily be the same. But we should not attack others because of certain viewpoints or certain sanction measures proposed by them. The People Power has proposed sanctions related to the importation of labour and foreign domestic helpers from the Philippines. At least, I believe they are sincere. Those who disagree with this proposal may as well highlight its merits and demerits. We do not have time and room for attacks on each other; instead, we should present a united front to outsiders. The Government has indicated that it has plans. If the Government's plans really involve sanction measures, it certainly has to prepare Hong Kong people for them. For this reason, the Government must not say that all plans have to be kept confidential. At least it should reveal some contents in phases or conceptual contents so that at least Hong Kong people can be well-prepared. This will also enhance our unity.

President, this City Councillor indicated that he has come to Hong Kong to tender apologies. I think he did not make any sense. He said he has come to offer an apology. However, we have never received a letter, an email or a call from him. He disappeared right on arrival. Dozens of reporters waited but he was nowhere in sight. Not even a word was spoken. What kind of attitude is this? Is this not a vivid reflection of the approach adopted by people of the Philippines when they deal with issues?
MR ALAN LEONG (in Cantonese): President, it has been three years. The families of the victims of the Philippine hostage incident have waited for three years. The people of Hong Kong have also waited for three years. This Council has also waited for three years. Just as one of the surviving hostages Ms LEE Ying-chuen has stated in the "Letter to Hong Kong", the attitude adopted by the SAR Government in following up the hostage incident has been slack over the past three years. We have spent enough time waiting. The Chief Executive indicated that some progress had been made in the efforts of scheduling a meeting with AQUINO III during the Asia-Pacific Economic Co-operation Meeting. However, what was the so-called progress as seen by us? It was the successful effort of scheduling a meeting with the Philippine President during which Hong Kong was subject to unequal and belittling treatment. Of course, another progress is the continuation of endless negotiations between the Governments of the two places.

AQUINO III had remarked that according to the culture of the Philippines, the President would not come forth to apologize for wrong-doings committed by a gunman. According to him, an apology offered by the President represents the need for all people of the Philippines to apologize. As a matter of fact, some colleagues reminded us just now, while Mayor ESTRADA indicated he had been authorized by the City Council of Manila to tender apologies, AQUINO III repeated what he had said before at the Foreign Correspondents' Club today. This is really slack, irresponsible and cunning.

I would like to solemnly remind President AQUINO III that, on 30 August 2010, the Incident Investigation and Review Committee was set up, with members of the Committee appointed by him. Leila DE LIMA, the Secretary of Justice, and Jesse ROBREDO, the Secretary of the Interior and Local Government were appointed the Chairman and Vice-chairman of the Committee respectively. On 15 September, the Committee submitted to the President its first report, in which eight major mistakes were cited and 12 officials in dereliction of duty were listed. The report also set out in the course of the incident, what mistakes these officials had made, what they had omitted to do, what should not have been done and what should have been done. The President had said he would consider how criminal responsibility and administrative accountability should be pursued after legal advice had been sought. Has he completely forgotten all these?
President, although a direct comparison cannot be made between Hong Kong and Taiwan, 11 economic sanctions were imposed by Taiwan on the Philippines after the shooting of a fisherman. According to data, Taiwan has recorded a trade surplus with the Philippines, with the trade balance stands at HK$52.8 billion. In other words, if Taiwan imposes sanctions on the Philippines, the losses incurred on Taiwan are greater than those of the Philippines. The case with Hong Kong is just the opposite. Hong Kong has recorded a trade deficit with the Philippines. The value of our imports from the Philippines stands at HK$41 billion. The value of our exports to the Philippines stands at HK$0.6 billion. Therefore, before the Chief Executive attended the recent Question and Answer Session, the Civic Party had specifically put forward four demands. However, the Chief Executive had continued with his approach of slackness on that day. His reply was totally irrelevant. This attitude is unacceptable, particularly so as three years have passed since the incident.

I so submit.

DR FERNANDO CHEUNG (in Cantonese): President, when the hostages were taken in the Philippines three years ago, we saw on television how the Philippine police force had performed disastrously at the scene. Back then, people in Hong Kong were worried and anxious. I cannot imagine the feelings of the hostages on the bus at that moment and how anxious their families in Hong Kong were. Today, AQUINO III, the President of the Philippines, has actually insisted on not tendering apologies for what happened in the hostage incident to the families of the victims and survivors. We absolutely cannot accept this.

Two years ago, I read an article written by LEE Ying-chuen, one of the survivors. She wrote that during the proceedings of the death inquest, she read the relevant papers in which the circumstances of the day were recorded. Mayor Alfredo LIM had ordered the arrest of the gunman's brother and that infuriated the gunman. After he had ordered the arrest, he said he was hungry and asked senior officials to have a meal with him. He remarked that they only had to wait for a while and the incident would be resolved. They just had to wait until the gunman was tired, and he would surrender then. According to the information recorded at that time, this gunman had warned of hurting the hostages for at least 18 times. He had clearly warned of killing people for at least 14 times.
Unfortunately, at that time, LEE Ying-chuen or other hostages did not know how serious the situation was, and hence could not make any response.

We saw the disastrous situation at that time. Those policemen used large hammers to strike aimlessly. Subsequently, even the hammers dropped into the bus. According to the death inquest, a hammer thrown into the bus had hit the tour leader Masa. At that time, Masa was shot already. But according to the autopsy report, the bruises on his knees were probably caused by the impact of an iron hammer. The autopsy also revealed that such bruises would not have appeared if a person was dead. In other words, Masa might still be alive at that moment.

Moreover, when the eight hostages were carried out, it was not known whether they were dead or alive. Back then, people really thought they might have been killed. In fact, the report of the inquest revealed that one of the tour members was carried to a hospital, but refused admission by the hospital. He was then taken to another hospital but died on the way. The handling of the entire incident was disastrous, with a lack of common sense. It was not the attitude or approach that should be adopted in the rescue of hostages.

Up till now, the President of the Philippines actually has the audacity to say that this incident was purely the individual act of a gunman. The entire process had exposed the dereliction of duty on the part of the entire Government of the Philippines as well as the Government of Manila. On reviewing this incident, the Department of Justice also remarked that there had been dereliction of duty on the part of a number of senior officials. Nevertheless, the President had actually said to this effect: "It will be wrong for me to step forth and apologize because it was not a mistake of the country but the individual mistake of a gunman.". Obviously, this was the blunder of the local government in its tackling of the entire incident.

We certainly saw the point made by LEE Ying-chuen — obviously top priority had not been accorded to the lives of the hostages in the entire rescue process. Ms LEE holds that the SAR Government has been slack in the process of fighting for justice. She also opines that certain sanctions should be imposed and imposition of economic sanctions is absolutely necessary. A number of colleagues have also pointed out that Hong Kong has a trade deficit amounting to more than $40 billion with the Philippines. However, Ms LEE objects to making foreign domestic helpers who have to leave their homeland and toil in
foreign countries in order to support their families the scapegoat and bargaining chip. Therefore, I hope that the SAR Government is not going to *(The buzzer sounded)* …

PRESIDENT (in Cantonese): Speaking time is up.

DR FERNANDO CHEUNG (in Cantonese): … target at foreign domestic helpers.

MR JAMES TIEN (in Cantonese): President, despite the fact that more than three years have passed since the Philippine hostage incident, many Hong Kong people are still upset about it. This is particularly so as the Philippine Government has, so far, refused to assume responsibility, offer a formal apology and make compensations. The people of Hong Kong have all along found this most dissatisfactory. During the meeting of the Asia-Pacific Economic Co-operation held in Bali, AQUINO III, the President of the Philippines had not only acted in a shameless manner again in refusing to apologize for what happened in the incident, but also behaved rudely in the meeting with Chief Executive LEUNG Chun-ying, deliberately belittling Hong Kong. His frivolous expressions and provocative remarks, as seen on the television, have once again roused great resentment among Hong Kong people and anger throughout the entire territory.

As a matter of fact, it was exactly due to the many unnecessary mistakes made by the Philippine police force and officials, and their failure to properly protect the safety of the hostages on the day of the hostage tragedy that resulted in heavy casualties. For this reason, AQUINO III and the Government led by him absolutely cannot shirk the responsibilities. Earlier, the Liberal Party had written to the President of the Philippines, condemning his improper words and deeds, demanding his immediate apology to Hong Kong people and provision of reasonable compensations to family members of the deceased and injured. We have also invited Hong Kong people to join in our "One Person One Email Campaign", with a view to pooling the voices and strengths of the people together to put pressure on AQUINO III. Apart from that, we encourage people to initiate their own sanction actions, including calling a complete halt to going on leisure trips to the Philippines and boycotting Philippine goods. The business
sector and the Government can also stop procuring or importing products from the Philippines. Instead, they can procure these products from other places. Nevertheless, as Hong Kong is a port of free trade, I do not think it is appropriate to implement at this stage a comprehensive sanction officially.

With regard to the proposal of restricting entry applications of foreign domestic helpers from the Philippines, we have great reservations about it. This is because it is a practice of "doing harm unto other people as well as yourself", to the extent that it "does harm even before gaining any benefit". Ultimately the victim is probably the middle class of Hong Kong instead. Further, this will affect the livelihood of the Philippine people. Penalizing them for the mistakes made by their President and Government is unfair to them. Instead, we should proactively import more foreign domestic helpers from other places so as to avoid an over reliance on the Philippines. In a recent meeting with the Consul General of Myanmar in Hong Kong, Mr CHUNG Kwok-pan of the Liberal Party raised this subject. The Consul General welcomed this proposal of importing foreign domestic helpers from Myanmar to Hong Kong. Mr CHUNG will go to Myanmar in the next few weeks to discuss this issue with the local officials responsible for labour registration. If their discussions bear fruit, local middle-class families will be assured of one more option in case restriction on the importation of foreign domestic helpers from the Philippines is really imposed.

President, doubtless AQUINO III has become the public enemy of Hong Kong people. The Central Government has also indicated that it will support Hong Kong, offering its assistance to put pressure on the Philippines. Hence, it is imperative for the Hong Kong Government to follow up on the incident thoroughly, take concrete actions to do justice to the victims and their families, and restore the dignity of Hong Kong people.

MISS ALICE MAK (in Cantonese): President, on 22 August 2010, I met a kaifong whom I have known for more than 10 years. She was always accompanied by her eldest daughter whenever she participated in activities we organized for residents. On the day I met her, I asked her about her daughter and was told that her daughter was on holiday, having travelled to the Philippines with the whole family of her younger sister. Unexpectedly, we witnessed the Philippine hostage crisis the following day. The day after that, I learnt that one of the deceased victims was the kaifong's daughter, who always accompanied her
parents to go out for dinner and taking part in activities. She took care of her parents in their daily life. She was such a filial and polite girl.

I remember on the following day after the crisis, we and a group of young people presented our petition outside the Philippine Consulate. The staff in charge looked apologetic and said he was sorry on taking the letter from us. When we held a memorial activity in the street afterwards, a Filipino maid in tears came forth and said she was sorry. In view of this, I had to comfort her and told her that it was the Philippine Government, not she, had done wrong.

President, even an ordinary Filipino maid who came here to work knows how poorly their Government has handled the incident, which has resulted in a catastrophe to Hong Kong people. Hence, she apologized to us. On the contrary, the Philippine President is so cold-blooded that he denied responsibility and refused to apologize on the ground that this is not in their culture. If this is not in their culture, why did his officials and the Filipino maid were prepared to say sorry? He refused to offer apologies, not because of their culture, but because he is cold-blooded and shameless. He refused to admit the mistake they made in the incident which resulted in the loss of the precious lives of many Hong Kong people and many broken families. Therefore, the Federation of Trade Unions (FTU) strongly condemns this cold-blooded and shameless president. We strongly expressed our disdain for his remarks today and before. In our opinion, this cold-blooded president is obliged to offer apologies and compensations to the families of the victims.

Over the past three years, I have met the girl's parents on several occasions and felt very sad whenever I saw them. Their daughter had been living with them. Before she passed away, she had applied for leave so that she could tidy up their flat before carrying out some decoration works. But after her death, her old parents lived alone having no one to turn to. Furthermore, from time to time, they will be reminded of the tragedy that has brought this grief. Therefore, we very much hope that this incident will draw to a close expeditiously and the Government should request an apology from the cold-blooded president to the families of the victims in the near future so that the bereaved parents can see justice done.

However, President, I would like to mention one more thing. Since the meeting of the Chief Executive with the cold-blooded president in Bali, many people have diverted public attention from the incident to something else.
Instead of condemning the President of the Philippines, they criticized the Chief Executive. Facing such an incident, should we not point our guns outward and aim them at those who have killed Hong Kong people? Why have we engaged in an internal conflict instead? Why are we unable to unite together and point our guns outward? Even though you hate him so much that you want to divert the public attention, there are plenty of occasions for you to do so. Why do you seize this opportunity to condemn him in order to vent your emotions even though you are facing an issue that involves the significance of right and wrong? Will this help resolve the issue?

Therefore, the FTU considers that Hong Kong people should unite together at this moment and point our guns outward so that the cold-blooded Philippine President will make compensations and apologize to the families of the victims expeditiously. Regarding all the sanctions, we will tie in with the Government's policy and hope that the Government can handle the issue in a proper manner expeditiously.

President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): President, three years ago, eight Hong Kong people, eight precious lives and eight noble souls including Chung-see, Song-yee, Kam-wing, Cheuk-yan, Yee-wa, Yee-kam, Tze-lam and Ting-chunn selflessly protected the others from gunshots. Before they died, these young lives were so brave that they shielded their families with their own bodies. One of the victims killed, LEUNG Kam-wing was my acquaintance. His son, Jason LEUNG Chung-hok has survived and is living bravely. Jason's mother is still taking care of his son in a very low profile and resolute manner. Hong Kong people have not forgotten any of you. The tour guide, TSE Ting-chunn, was killed in the line of duty when he bravely protected the other tour members in the bus. His elder brother is striving for merely an apology from the Philippines. I believe these eight precious souls have touched the world, and their selfless and respectable spirit will linger in people's hearts. In the face of death, they were totally defenseless. Their boundless love and fearlessness manifest the most admirable spirit of Hong Kong people.

Insofar as the handling of this incident is concerned, we have witnessed the incompetence and cowardice of the Philippine police; the shamelessness of the Philippine President, and the helplessness and incompetence of the Hong Kong
Now three years have passed. I believe three years ago, colleagues in this Chamber unanimously agreed that the Government should be given more time to solve the matter. Three years later, we see that the Hong Kong Government's incompetence is due to its helplessness. I would like to tell the Central Government that the Hong Kong Government needs the Central Government and Hong Kong people very much hope that the Central Government will handle the matter on our behalf. In the past three years, even though we have pushed the Government, we understand that many issues involved in this incident fall within foreign affairs and the Hong Kong Government cannot handle them on an equal footing with the Philippine Government. Hence, I think one of the focuses we have to face squarely is that foreign affairs fall within the purview of the Central Government. We should express our wish that the Central Government helps us solve these issues in a high-profile manner because Hong Kong people have not forgotten those eight lives. Hong Kong people hope that the Philippine Government will offer compensations and, more importantly, an apology.

Some colleagues have proposed to ban the import of workers from the Philippines. I think in lobbying the relevant parties and expressing our opinions, we should not adopt a hostile attitude towards foreign domestic helpers or the Filipinos. Instead, we should make them stand on our side. I have also hired a Filipino maid who also thinks that she has lost face because of the Philippine Government. As the Filipinos have the right to vote, we should exert influence on the Philippine Chamber of Commerce and Industry and their voters. If we can call on the communities to boycott goods from the Philippines, it is highly probable that the Government's actions will escalate.

On condition that no harm will be done to the Filipinos and Hong Kong's families, I think we can take further action by launching the "one person, one letter" movement so that everybody writes to the Philippine Government to express our demand. Furthermore, Members and friends in the business sector who are acquainted with the Philippine business community can also play a part. We should exert influence on the Filipinos as far as we can so that they will stand on our side and urge the Philippine Government to apologize to Hong Kong people. I hope that Hong Kong people will unite and put our efforts together to achieve our objective: to call on the Philippine Government through various channels to openly apologize to all those victims who died a tragic death. Thank you, President.
MR TONY TSE (in Cantonese): President, the Philippine hostage incident happened more than three years ago and, since then, the Philippine Government has not taken a positive attitude towards handling the incident. The Philippine President's flat refusal to apologize for the tragedy has made the Hong Kong people even angrier. Many people even suggest that the SAR Government should adopt more stringent measures against the Philippine Government, such as the imposition of various sanctions including suspension of the arrangements for issuing employment visas to Philippine passport holders for working in Hong Kong, cancellation of visa-free arrangement for Philippine visitors, suspension of procurement of Philippine products by the Government and calling on the public to boycott Philippine goods.

In my opinion, thorough consideration must be given before implementing any sanctions, that is, to assess and weigh the impacts that may cause to the Philippines and Hong Kong. Instead of acting on impulse, we should make plans and arrangements in an understandable, reasonable, justified and practicable manner. If we do not issue any new employment visas to Filipino maids, for instance, nearly 200,000 Hong Kong families will be affected directly. In the absence of any replacement mechanism or without any good preparation, we must not hastily impose this sanction. Otherwise, we may end up punishing ourselves rather than the Philippine Government. Moreover, it is the Philippine Government, not its people, who should be held accountable for the hostage incident. Therefore, the suspension of issuing new employment visas is holding the Filipino people responsible and let them face the consequences of the Philippine Government's wrongdoing. It is not a fair practice either.

With regard to the handling of the hostage incident, some people opine that the Chief Executive as well as the Government should inform the public of the overall deployment and strategy. In my opinion, the incident has turned into the SAR Government's assistance to the victims and their families in the negotiations with the Philippine Government. The whole deployment and strategy will directly affect the negotiation outcome. Every step of deployment on the battlefield that a general makes, such as moving an army, is critical to success and should be regarded as highly confidential. Frankly speaking, negotiation is like moving an army on the battlefield. We have to understand that if the Government reveals the whole deployment and strategy regarding the negotiation, it will make the Philippine Government aware of our deployment. That will put them at a vantage point.
President, according to news reports, the City Council of Manila resolved yesterday to authorize the Mayor of Manila to tender apologies to Hong Kong and the victims' families on behalf of the Government of Manila in respect of the hostage incident. I hope that it is a good beginning. I also hope that the Philippine Government can take actions to mend the relationship between Hong Kong and Manila. As for the four demands of the victims and their families, that is, offering an apology by the Philippine Government, making compensations, holding relevant officials accountable, and imposing sufficient safety measures to protect Hong Kong tourists in the Philippines, none of those four demands has ever been met. Therefore, I hope that the SAR Government can try its best to force the Philippine Government to show sincerity. I hope that they can demonstrate a proactive and responsible manner in addition to practical actions and specific measures so as to follow up and answer Hong Kong people's requests one by one.

President, I so submit.

**MR PAUL TSE** (in Cantonese): President, sanctions, whatever they are, will inevitably bring undesirable effects to the people concerned either directly or indirectly. Therefore, when talking about sanctions, some Honourable colleagues should not have too many misgivings or worries because we cannot achieve the results if sanctions are not imposed. On the contrary, in my opinion, more stringent and targeted sanctions should be adopted. Besides, we may consider the roles that can be played by some overseas Chinese units or local political organizations in the Philippines, or any local units and personnel who may exert influence on the political situation of the country. Only in doing so can we really achieve any results.

In this regard, however, Hong Kong has too little understanding of the Philippines. Under Article 151 of the Basic Law, Hong Kong is vested with powers which are described as sub-sovereign by some scholars. Through various channels, Hong Kong is empowered to participate in international activities and international organizations at the economic, trade or tourism level, except in respect of formal foreign or military affairs. Nevertheless, the SAR Government has relied on the powers of the State. Very often, it does not want or even refuses to face squarely its responsibilities and powers. As a result, it seems that nothing has been done over the past three years.
If we really want to achieve something, we should take action according to a strategy rather than adopting a wait-and-see attitude just like what we did over the past three years. Why did we adopt a wait-and-see attitude? One of reasons is that the time limit of three years for bringing civil action has not yet expired. The victims' families may still expect a turning point in the next three years. So, they have been waiting until the time limit of three years almost comes to an end to bring their case to court. They knew that they had to face the reality. The fact that the victims' families, the legal representatives of the victims' families or the Government have adopted such a relatively "soft approach" over the past three years is more or less due to this reason. It is meaningless to waste efforts in finding out who should be held responsible in the incident which is already a past event. But we have to consider the best course of action under the current circumstances.

President, I understand that the victims or their families certainly hope that they can get their fair deal, including the four items of recompense. But in my opinion, if we want to get the most effective result, or if we hope that the victims or their families can put the incident behind and continue to move on and live a normal life, we have to review of some of the impractical demands. For instance, we ask for a promise from the Philippine Government to ensure the safety of all tourists. How can this be achieved? The Philippine Government cannot even maintain law and order in the Philippines and no improvement has been made over the years, let alone protection of tourists. Such a request will never be accomplished and our effort to insist on it will be futile.

I think we should set a clear target, that is, an apology from the Philippines. There seems to be a silver lining because we recently heard such a remark by Mayor of Manila Joseph ESTRADA. Although this is mentioned only by the Mayor, they seemingly have to do something due to some political considerations or the influence of various political parties and their enemies of different political backgrounds. This will tie in with the first point I mentioned just now. Our action should be targeted instead of merely presenting the demands of the victims' families. It is useless to condemn or reprimand the Philippines. Rather, we have to understand the political situation of the Philippines and find out who are AQUINO III's enemies. Owing to their political power or influence, the Philippine Government has to give face to them. These are the actions that should be taken by us.
As regards compensation, I understand that some Chinese businessmen in the Philippines are prepared to make suitable arrangements and offer compensations. But of course, this is accepted on the condition that an apology, to a certain extent, is offered by the Philippine Government. To achieve this, some high-level technique is needed. When handling the case concerning a tour guide AU Wing-cheung, we had adopted a flexible approach though our stance was firm. We knew that we could not raise all sorts of demands without giving some leeway to the counterpart, otherwise we would not achieve any result. We had to give them some benefits on the one hand and demonstrate our determination on the other. I think this is what we have to consider.

Human life is priceless. Nothing can genuinely compensate for the loss of lives or relieve the grief of the victims' families. But I feel comforted that, according to the person-in-charge of the company for which TSE Ting-chunn had worked, his family has received quite decent compensations financially or in terms of insurance compensation, thanks to the enthusiastic support of the trade. Nevertheless, effort in this regard should not cease. We should continue to fight for their rights. Regarding the approach to be adopted, as I said just now, I hope the Government can stand tall and invoke the powers under the Basic Law. I also hope that this incident can become a precedent so that it can arouse the people's concern about our position and powers in the international community in future.

Incidentally, I wish to point out that apart from this incident, many Hong Kong people are still being held in custody in the Philippines without a fair trial (The buzzer sounded) …

PRESIDENT (in Cantonese): Speaking time is up.

MR PAUL TSE (in Cantonese): … Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, the shamelessness of AQUINO III starts from his family background. His father, who was also a well-known political prisoner, was killed by the then dictatorial regime through the hand of an assassin at the moment he arrived at the airport. But the police said that they did not see anything at all. Hence, many people and I — I was
still very young — held a demonstration demanding justice. Later, his mother became president and he has inherited his mother's position and become president, too. With such a background, how could he say that he would not apologize for the mistake made by other people? If so, those who had instigated the assassin to kill his father could have said the same words. Am I right? This is a lesson on Liberal Studies that I wish to give all of you in this Chamber. So, his shamelessness reflects the sorrow suffered by the Filipinos. I have travelled to the Philippines to conduct a survey on the number of homicides in that country. It was found that among the 100-odd cases annually, there was a death toll of 52 of journalists.

As the saying goes, "We have just one melon field. We cannot take melons out of it indefinitely.". Hence, I have reservations about the proposal of imposing sanctions on the Philippines by targeting the Filipino maids. The reason is very simple. "Workers do not have a Motherland". On what ground should the exploited be dealt a direct blow again? If it is an indirect one, I would have nothing to say because it is the exploiters who have passed the sufferings onto them. Some Honourable colleagues accused me or other colleagues of targetting LEUNG Chun-ying. Let me tell you a story with all calmness. The incident happened three years ago and I am not being wise after the event. In the last term of the Legislative Council, I had asked this question: What did Donald TSANG and the high ranking officials of the Chinese Embassy do after Hong Kong people had watched the nine-hour live cast of the hostage incident on the television? Of course, I got no answer to my question. I actually do not mean to hold anyone accountable. However, LEUNG Chun-ying and Donald TSANG just sat back and did nothing. LEUNG Chun-ying, as the convenor of the Executive Council, was privy to the incident. He cannot put up the pretext that he had not become the Chief Executive yet. In view of the public resentment, the Communist officials advised him to do something. Then he complied, but in a terrible way. So, if he is not the one to be held accountable, who else? I also want to point our guns outwards. But unfortunately, "a snake without a head cannot crawl".

President, back then, the communists blamed CHIANG Kai-shek for leading the civil war against the communists instead of fighting against the Japanese. Now he is doing the same thing. The man in the street cannot shoulder such responsibility. Only he can do so. Just because of this, I cannot agree with Honourable colleagues in this Council who claim that we should not accuse him. As I have also pointed out, no memorial service was held on the
anniversary of the shipwreck that had killed dozens of people. Now the Government said that the hostage incident would be followed up according to the four demands of the victims' families. How can the Government honour its words when it cannot follow up on the shipwreck that occurred in Hong Kong according to the four requests?

To pursue justice is meaningless to the dead. They are either in heaven or in hell. The purpose of pursuing justice is for the living. President, the discussion on the 4 June incident in this Chamber every year will arouse a lot of feelings in me. Do we continue to pursue the case? Hundreds of lives were involved in the incident. We had also watched live cast of the incident for more than 10 hours. Have we thought about it? I also grieved the death of Hong Kong people. However, it was considered that a parliamentary assembly should maintain by consistency. The communists have also remarked that guns should be pointed outward unanimously, and that the dead is dead. President, (The buzzer sounded) …

PRESIDENT (in Cantonese): Speaking time is up.

MR LEUNG KWOK-HUNG (in Cantonese): … I have nothing more to say. This is simply a waste of time.

MR ALBERT CHAN (in Cantonese): President, several Members have said earlier that we should maintain a united front to the outside, but three years have passed, and during those three years, we have maintain a united front of — silences; three years of united — passive withdrawal. Three years down the line, our Chief Executive just sat there and smiled foolishly at other people's President. During these three years, we have unanimously supported our Chief Executive, so that he could sit in that conference room and be insulted by the President of another country, thus bringing disgrace upon all people of Hong Kong. This is the kind of "united front to the outside" supported by our pro-establishment camp, that is, to bring disgrace upon Hong Kong people.

If one were to truly maintain a united front to the outside, maintain a united front to the outside on behalf of Hong Kong people, President, then he should
give Hong Kong people back their dignity, instead of smiling foolishly at the Philippine President, instead of belittling Hong Kong and bringing disgrace upon Hong Kong. What we have to fight for is to do justice to the deceased victims, and give dignity back to Hong Kong people. If we were to maintain the kind of united front we had for the past three years, and if to maintain a united front to the outside means what took place at the meeting between our Chief Executive and President of the Philippines, then Hong Kong people will definitely not be willing to accept this kind of united passive withdrawal which brings disgrace upon our nation and this kind of frail attitude and approach.

Therefore, if we were to maintain a united front to the outside, then we will have to show our mettle and lay our bargaining chips on deck. The representative of Hong Kong people should be a strong, dignified and powerful social representative, who fights for our rights and this is the only way in which one can really represent the people of Hong Kong. As such, ever since we saw the humiliating behaviour of "689", the People Power has proposed that economic sanctions be imposed. As a "first wave", we proposed that a phased ban — I must emphasize that the ban on entry of Filipina domestic helpers into Hong Kong should be conducted in phases, the first of which is to stop issuing visas for new Filipina domestic helpers to Hong Kong, starting from 1 April next year. Existing Filipina domestic helpers can continue to stay in Hong Kong until 1 January 2015, before a ban on new contracts is imposed and those who have already renewed their contracts can stay in Hong Kong, thus giving all those concerned a period of more than one year to explore and identify alternatives. After that, all Philippine passports holders will be prohibited from entering Hong Kong. We want an all-out war, and this will be the "first wave".

The "second wave" which we are now looking into is how economic sanctions can be imposed on other beneficiaries of the Philippine economy, including how yearly imports of $12 billion worth of electroplating products; $8 billion worth of gold or another $12 billion worth of electrical appliances and electronic products, all amounting to nearly $30 billion in total, can be banned. On the whole, excluding the incomes of Filipina domestic helpers, the Philippines exports more than $40 billion worth of goods and products to Hong Kong every year. We will conduct further studies to see which products are associated with the AQUINO family with the intention of selectively adopting tougher effective measures, so as to deal a blow to the economic benefits of his family.
Instead of passive withdrawal, merely righteously condemning the President of the Philippines in this Chamber, and never adopting any practical and effective measures, these are what we should have done to demonstrate a proper dignified and united attitude to the outside. What is more, we should not just beg for the help of the Central Government, for the success of Hong Kong people has always hinged upon our own ability to start up businesses in Hong Kong and work hard for the benefit of Hong Kong under the "Spirit under the Lion Rock". We should not beg for help from others if we have the ability to take our own actions. If we do not do anything other than begging, then we will only be "making a hypocritical show of sympathy", "making gestures" and "taking advantage of others".

We should take the first step if we have the ability and slap AQUINO III, the "fop President", in the face, by combining all forces in the Hong Kong community. As described by the English language newspapers of the Philippines, sanctions proposed by the People Power are measures which will hit home. If we were to open war with the Philippines, we have to hit the nail on the head and give Hong Kong people back their dignity.

As such, President, I urge all Members not to just make "empty talk" (The buzzer sounded) … we have to gather forces and trounce the Philippines.

PRESIDENT (in Cantonese): Speaking time is up.

MR IP KWOK-HIM (in Cantonese): President, three years have passed since the Manila hostage incident. Families of the deceased and injured victims have never received any responses with regard to their requests for apologies and compensations from the Philippine Government. It was only yesterday that the City Council of Manila passed a resolution on authorizing the Municipal Government to apologize for the hostage incident. However, this late apology will only be tendered on behalf of the Manila Municipal Government, not the Philippine Government. As TSE Chi-kin, the elder brother of the deceased tour leader Masa TSE Ting-chunn said, even if the Mayor of Manila does really apologize to families of the deceased and injured victims, it can only be consider progress of a little bigger rate. As regards AQUINO III, the President of the Philippines, who has continued to reiterate shamelessly today that no apologies
will be tendered at the government level, Hong Kong people should no longer pin any more hope on this rogue, shameless and cold-blooded President.

On the issue of diplomatic negotiations, the first emphasis should be on real strength. In other words, we have to see how many bargaining chips we have got at the negotiation table. In order to increase our bargaining chips, Members speaking earlier have put forward various sanction options against the Philippines, ranging from ceasing official exchange activities between Hong Kong and the Philippines to boycotting Philippines goods, which are all worth consideration. However, the DAB has great reservations about the People Power's proposal on imposing a phased ban on Filipina domestic helpers to work in Hong Kong, for the jobs of more than 200,000 Filipina domestic helpers and families who have employed these helpers have obviously been used as bargaining chips. Though this may win the populist a momentary applause, it may also lead to very serious consequences.

The success of diplomatic negotiations also hinges upon internal unity and such negotiations will only stand a chance of success if we point our guns at external enemies. However, Members of the opposition camp, like Mr LEE Cheuk-yan and Mr Albert CHAN, have not only failed to strongly condemn AQUINO III for shirking his responsibilities with regard to the hostage incident and playing tricks in a deliberate attempt to belittle the Hong Kong Special Administrative Region (SAR) Government at his meeting with LEUNG Chun-ying, the Chief Executive in their earlier speeches, they have also tried to put the blame on LEUNG Chun-ying instead and accused him of being weak in handling the hostage incident and belittling Hong Kong. They criticized that LEUNG Chun-ying's performance was extremely disappointing and had failed to maintain the dignity of the Hong Kong Government. Such malicious allegations have revealed the hypocrisy of the opposition camp. Though they have assumed a stance of solidarity against the common enemy, they have taken advantage of the hostage incident to turn their guns to snipe at the SAR Government, thus "hurting friends and families, and making enemies happy". These actions should be condemned by the community.

The SAR Government should listen to opinions from all sides in order to formulate effective measures for the negotiations with the Philippine Government over the hostage incident with the help of collective wisdom. The Hong Kong community should also be united in supporting the SAR Government to hold
continual negotiations with the Philippine Government over the hostage incident and do justice to the injured and deceased victims and their families. Thank you, President.

MR CHAN CHI-CHUEN (in Cantonese): President, insofar as the SAR Government is concerned, be it the previous Donald TSANG Administration or the current LEUNG Chun-ying Administration, how much efforts have been made, what have been done, what attitude has been assumed and what achievements have been made in dealing with the tragedy of the Philippine hostage incident are obvious to all, and there is no way in which the Government, any persons or those in the pro-establishment camp can deny.

LEUNG Chun-ying has been most passionate in saying that he has strategies and plans, and will adopt both "soft and hard measures", but will the people of Hong Kong be convinced? I heard a Member of the FTU say earlier that we should all point our guns at the enemy and not criticize LEUNG Chun-ying. I would only like to talk about one incident and ask Hong Kong people to judge whether LEUNG Chun-ying should be condemned after they have heard what I have got to say.

The Manila hostage incident occurred on 23 August 2010, and on the eve of the expiry of the three-year validity period, the victims' families wanted to make an appointment to see LEUNG Chun-ying. They only wanted to see him once to ask the SAR Government how it could help in seeking justice now that the three-year period would soon expire, but LEUNG Chun-ying had evaded them all along. It was not until Sunday, 18 August when LEUNG Chun-ying launched a "public opinion show" at the Kwun Tong District, that TSE Chi-kin, elder brother of Masa TSE Ting-chunn managed to get two tickets with the help of members of the public who queued up all night, and God must have heard our prayers when we further succeeded in drawing a lot for the opportunity to ask a question, which we then passed onto "Brother Kin" so that he could ask a question in front of LEUNG Chun-ying. Please tell me how ridiculous is this? It is so ridiculous that it has drawn the attention of the Hong Kong public, so ridiculous that it has caused a public outrage in Hong Kong. LEUNG Chun-ying was only forced to take a few reluctant steps forward when he was caught in a fix, and such are his so-called "soft and hard measures", which are so
soft that it appears weak to us; and I have failed to see any measures of hard actions so far.

Many colleagues have mentioned tonight that LEE Ying-chuen, a survivor of the Manila hostage incident, said that the hostage incident could only be described in two words, that is, "outrageously ridiculous", three years after it happened. I believe these two words "outrageously ridiculous" can also be applied to Secretary LAI Tung-kwok who is present today and can hardly be free from blame. LEUNG Chun-ying's meeting with AQUINO III has been condemned as bringing disgrace to the nation and bringing disgrace to Hong Kong, and though we have also condemned AQUINO III, we have to scold LEUNG Chun-ying harder to give him a wake-up call. He even told us at last week's Question and Answer Session that all he did were part of his strategy, but when asked what sanctions had been considered, he said he could not tell us because the people of the Philippines were also watching the television. At least, he should have replied that "I have some sanction measures, but I cannot say anything about them now, right? But, he even failed to say that.

The City Council of Manila passed a resolution which authorized the Mayor of Manila to apologize to the families of the Philippine hostage incident victims, but this is unacceptable to families of the deceased and Hong Kong people. What is even more ridiculous is that AQUINO III issued a statement at the same time saying that the President of the Philippines will not apologize to the families of the deceased victims for the hostage incident. For this, many colleagues have condemned him earlier, so how can it be said that we have never condemned the President of the Philippines?

The People Power has proposed that economic sanctions be adopted, but I will not debate with Members on this issue now due to the time constraint. The People Power will move a motion debate for the week after the next on forcing the President of the Philippines to apologize by means of economic sanctions. What I would like most to say is that, no matter what government or civil sanctions are taken, be it a ban on the import of Filipina domestic helpers or boycotting the sale of bananas, innocent Philippine people at the grass-roots level such as labourers and farmers will be hurt and suffer losses in the end, but we are still forced to do so as a last resort. Our objective is to force the Philippine Government and AQUINO III to realize the seriousness of the problem and the determination of Hong Kong people, and demand that he accedes to the four
major demands of Hong Kong people as soon as possible. And, as long as he agrees to our four major demands, all sanctions can be cancelled.

I so submit.

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

IR DR LO WAI-KWOK (in Cantonese): President, three years have passed since the Philippine hostage incident, but we have still failed to do justice to the victims of the incident and their families. Hong Kong people are really angry about this. I was acquainted with one of the victims, Mr Ken LEUNG Kam-wing, who was both an engineer and my alumni. I still feel sad when I think about what had happened.

As several colleagues have mentioned earlier, according to the latest news today, the City Council of Manila has passed a resolution to authorize its Mayor, Joseph ESTRADA, to apologize to the SAR Government and the families of the victims. Though we are not satisfied with this state of development and the lack of a comprehensive response to our demands, this is after all a small step in the direction of positive progress, and it also shows that the work of the current Government has not been in vain.

President, MAO Zedong once wrote a seven-characters-to-the-line poem entitled "Reply to Comrade KUO Mojo", which reads: "A thunderstorm burst over the earth, so a devil rose from a heap of white bones. The deluded monk was not beyond the light, but the malignant demon must wreak havoc. The Golden Monkey wrathfully swung his massive cudgel, and the jade-like firmament was cleared of dust. Today, a miasmal mist once more rising, we hail Sun Wu-kung, the wonder-worker." This poem was written in reply to KUO Mojo's seven-characters-to-the-line poem "Sun Wu-kung thrice subdues the Demon", and there were also two verses in KUO's poem which read "Confounding humans and demons, right and wrong, the monk was kind to foes and vicious to friends".  

1 Selected Works of Mao Zedong, Maoist Documentation Project
We know that Sun Wu-kung was only a fictional character and no Golden Monkey could take up a "massive cudgel" and "cleared dust" with just a swing, but we must be vigilant and should not become the Buddhist monk in the Tang Dynasty who failed to tell friends from foes. What makes me feel uneasy is that when the government officials and Chief Executive of Hong Kong stood up for the victims and succeeded in securing a meeting with President AQUINO of the Philippines and were then subjected to the cunning tricks of the other party, and when the Philippine media made an out of context report on this incident, saying that the Chief Executive agreed "to put this incident behind" at his meeting with AQUINO III, and took the opportunity to discredit our officials and divide Hong Kong people, to my surprise, someone should jump out to condemn the government officials and Chief Executive of Hong Kong, and some people even condemned our Chief Executive loudly for "bringing disgrace to the nation" in this Chamber. So, how are they different from the Buddhist monk of the TANG Dynasty who could not tell friends from foes? While the monk might have been ignorant, colleagues who have made such statements may have hidden agendas.

President, some colleagues of the pan-democratic and pro-establishment camp have pointed out earlier that we must point our guns at the enemy, and I very much agree with them. We have to call upon the Philippine Government to positively respond to the four demands of the families of the victims on apology, compensation, punishment and guarantee. We must point our guns at the enemy. Thank you, President.

MR CHRISTOPHER CHEUNG (in Cantonese): President, three years have passed since the Philippine hostage incident tragedy, but the Philippine Government has still refused to shoulder its responsibility and apologize to the families of the deceased and the survivors for this incident. The latest development is that the City Council of Manila has passed a resolution to authorize the Mayor of Manila to offer the SAR Government, victims and their families a "sincere apology". However, the spokesman of the Philippine Governor House has still maintained a tough stance, emphasizing that the apology is only made at the City Council's own initiative.

The question is it seems that there are still some uncertainties with regard to this goodwill gesture of the City Council of Manila, such as different statements have been made on whether someone will be sent to deliver the
message in person. I think Hong Kong people will welcome this act if it is true, but now it seems it is still somewhat lacking.

President, we all saw very clearly how the Philippine Government handled the hostage incident from live television broadcasts on that day. Separate investigation reports were made by the Philippines and Hong Kong afterwards, both revealing the repeated mistakes of Philippine officials, thus there is actually no way AQUINO III can quibble his way out of this.

Therefore, I think it is perfectly understandable that survivors of the hostage incident will find an apology from the Manila City Government alone unacceptable, and I believe all people of Hong Kong will share my views.

I am an overseas Chinese national of the Philippines, having lived in the Philippines for some time. People of the Philippines are actually very kind and not unreasonable. Unlike their Government which is so ill-mannered, they will definitely take the initiative to apologize to others if they have done something wrong. As such, all local Chinese overseas associations which I have got in touch with have indicated that people of the Philippines basically hope that their President will handle this incident properly and apologize to Hong Kong. They have actively consulted with the Philippine Government over this incident and are trying to effect co-ordination.

We perfectly understand everyone's anger, but we also hope that Members can clearly identify the real sinner and refrain from punishing the group of Filipinas who have left their homeland to work in Hong Kong, just because their Government has committed mistakes. Moreover, the proposal will also affect the daily lives of the 100,000-odd families which have employed Filipina domestic helpers. As such, we do not agree that a ban on issuing visas to Filipina domestic helpers should be used as a bargaining chip in our negotiations with the Philippine Government.

President, I would like to emphasize that the Business and Professionals Alliance for Hong Kong (BPA) and I are very much concerned about this matter and instead of just giving up, we will continue to follow up on this matter. In fact, from the response of the City Council of Manila, we can see that the tourism industry of the Philippines has been greatly affected since a Black travel alert has been issued by Hong Kong. As such, the BPA supports the Government in continuing to put pressure on the Philippines and maintain the Black travel alert.
on the Philippines. At the same time, it may consider taking further actions, including a temporary suspension of trade meetings and exchanges with the Philippines until the four demands of Hong Kong people, namely apology, compensation, punishment and guarantee that similar incidents will not occur in future are taken seriously by the Philippine Government.

Finally, I would like to say to the President of the Philippines that regardless of whether he has Chinese blood or not, he should not be so callous to the hostage incident. If they continue to assume an "I don't care a dime about what other people think" attitude, then it will only give people an impression that he is a coward who does not have the courage to face the reality. I can only advise him to repent and be saved.

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

(No Members indicated a wish to speak)

PRESIDENT (in Cantonese): Members have spoken. I will now call upon the Secretary for Security to reply.

SECRETARY FOR SECURITY (in Cantonese): President, I am most grateful to Dr Kenneth CHAN for tonight's adjournment motion as well as the speeches given by Members. Not only have Members all expressed deep concern over the handling of the Manila hostage incident by the SAR Government, they have also urged the Government to handle it and, hence, put forward various viable strategies and options for consideration.

The SAR Government has maintained great concern over the Manila hostage incident that has caused Hong Kong citizens tragic casualties. We also fully understand the unabated anger among the victims, the victims' families and even within the community as a whole. They have yet to recover from the sorrow. During his earlier meeting with the President of the Philippines, the Chief Executive reiterated four serious demands from the victims and their families. The Chief Executive has specifically expressed his disagreement over the Philippine statement that the hostage incident has been resolved. He reiterated that the relationship between Hong Kong and the Philippines would
consistently be affected if the matter were not properly dealt with. Both sides should discuss and take appropriate actions to enable Hong Kong and the Philippines to let go of the tragedy for the renewed development of bilateral relation.

Besides providing assistance to the victims and their families over the past three years or so, the SAR Government has been demanding the Philippine Government to seriously follow up on the hostage incident via the Central Government and the Consulate General of the Philippines. The four serious demands comprised apologizing to the victims and their families, offering compensation, penalizing the relevant officials for dereliction of duty, and implementing measures to protect tourists' personal safety.

To date, two victims are still staying in hospital with one of them continually receiving surgeries. The Hospital Authority will follow up on their health and provide the most appropriate treatment and recovery arrangements.

As for the psychological and everyday-life support services to the injured, the survived and the victims' families, the SAR Government assessed their needs soon after bringing them back home from the Philippines. The most appropriate in-depth assistance, emotional support, child care and referral services have been provided according to their needs. At present, the specialized social workers at the Integrated Family Service Centres (IFSCs) operated by the Social Welfare Department will continue to provide support and assistance to the affected families of the two victims with a view to following up on their welfare needs.

Regarding the follow-up work with the Philippine Government, the Central Government has been keeping a keen interest in the matter. In September 2011 when the President of the Philippines visited China, State Council Premier WEN Jiabao personally asked the Philippines to attach great importance to the requests of the SAR Government and the people of Hong Kong with the intention of properly resolving the related issues. Through the proper channels such as the Embassy of the State in the Philippines, the Central Government in September last year pressed the Philippine Government to deal with the aftermath of the hostage incident and to answer the demands of the victims and their families. During the Fifth China-Philippine Consulate Dialogue held in June this year, the Central Government reiterated that the Philippine side should deal with the above four demands in a proper manner.
During the recent Asia-Pacific Economic Co-operation (APEC) Economic Leaders' Meeting, the Chief Executive reported to President XI Jinping that the demands of the victims and their families have yet been resolved. President XI Jinping instructed the departments concerned to follow up on the issue right on spot. During the East Asian Leaders' Meetings held in Brunei, Premier LI Keqiang personally told the President of the Philippines that the hostage incident had been dragging on for so long that it had already hurt the feelings of the Chinese people and particularly the feelings of Hong Kong compatriots. He hoped that the Philippine side could attach great importance to the incident, thereby quickly and reasonably resolving it in a serious manner. In addition to expressing regret over the outstanding matter, the Statement by the Ministry of Foreign Affairs also urged the Philippine side to pay serious attention to the demands of the victims and their families and identify proper solutions.

Regarding the four demands of the victims and their families, the SAR Government has taken follow-up actions in respect of the four demands with the Philippine Government for 27 times since 2012. During the recent APEC Economic Leaders' Meeting, the Chief Executive formally met with the President of the Philippines. Both parties agreed to send senior officials for formal discussions on the incident. Over the past two weeks, we have contacted the Philippine Government several times in respect of the hostage incident. Yesterday evening, we were told that the City Council of Manila passed a special resolution to sincerely apologize to the Chinese people, the SAR Government, the victims and their families for the hostage incident. We are happy to see even a slight progress. However, the public questioned whether the City Council of Manila could represent the Philippine Government, whereas the other three demands have not been dealt with. Earlier today, I have met with the representatives of the affected families to exchange views. We have to keep in contact with them in respect of this incident. We will continue to discuss with the Philippine Government to make sure justice is done to the people of Hong Kong.

Some Members earlier demanded the Government to announce the details of the discussions. I fully appreciate Members' concern over the incident, and I am very grateful to them for their valuable opinions. Rightly as Mr Tony TSE has pointed out, premature disclosure of any arrangement, process or details relevant to the discussion may cause unnecessary hurdles. I hope Members will understand this. When the Chief Executive attended the Question and Answer Session in the Legislative Council last week, he clearly stated that, once intermediate achievements have been secured, he would report them to the
victims and their families. The Chief Executive added that an announcement to the public would be made in due course.

The SAR Government understands and is grateful to those political parties and non-government organizations for their suggestion on various sanctions which include calling on the Hong Kong community and business sector to suspend their commercial and cultural exchanges with the Philippines, calling on Hong Kong entrepreneurs and the public to boycott Philippine goods, suspending all official dealings with the Philippine Government, suspending the Government's procurement of Philippine products, suspending the new round of negotiations on such areas as air freedom rights and trade until further notice, suspending the visa-free arrangement for Philippine visitors, and even suspending the arrangements for issuing employment visas to Philippine passport holders for working in Hong Kong as foreign domestic helpers. In this evening's debate, Members' speeches fully demonstrate that the Hong Kong community is united and determined in urging the Philippine Government to answer the four serious demands on which we have been insisting during the past three years. As for the suggestion on suspending the import of foreign domestic helpers from the Philippines, I have noticed that there are quite a number of voices opposing the idea because it will adversely affect Hong Kong's middle-class families. Therefore, extremely careful thought must be given in this respect.

President, the SAR Government fully understands that Hong Kong people are strongly dissatisfied with the Philippine Government for its denial of responsibility in the Manila hostage incident. The SAR Government has only one target: continue to do its best and adopt various effective ways to negotiate with the Philippine Government in a rational and moderate manner with a view to making the Philippine Government meet the four solemn demands of the victims' families in an expeditious manner.

President, I so submit.

PRESIDENT (in Cantonese): It is now 11.25 pm. As this motion for the Adjournment of the Council has been debated for more than one and a half hours, according to Rule 16(7) of the Rules of Procedure, there is no need for it to be put to vote.
NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 30 October 2013.

Adjourned accordingly at twenty five minutes past Eleven o'clock.
Appendix 1

REQUEST FOR POST-MEETING AMENDMENT

The Secretary for Commerce and Economic Development requested the following post-meeting amendment to the main reply of Question 2

Line 2 to 3, third paragraph, page 27 of the Confirmed version

To amend "(a) According to records, the Chief Executive of the last term did not visit Europe in 2008, or meet with the Pope." as "(a) According to records, the Chief Executive of the last term did not visit Europe in 2008 to meet with the Pope." (Translation)

(Please refer to line 2 to 3, second paragraph, page 988 of this Translated version)
Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Education to Mr Ronny TONG's supplementary question to Question 1

As regards whether the Administration had conducted any studies or surveys to ascertain how many of those graduates of Postgraduate Certificate in Laws (PCLL) programmes with non-local law qualifications are Hong Kong people, and whether they will stay in Hong Kong for practice, based on latest information provided by two of the three law schools\(^{(1)}\), in the years 2010 to 2012, a vast majority (86% to 91%) of graduates of University Grants Committee (UGC)-funded PCLL programmes who responded to employment graduate surveys indicated that they had engaged in full-time employment in Hong Kong after graduation. This phenomenon applies regardless of whether the graduates had in the first place been admitted to PCLL study on the strength of non-local law qualifications (83% to 95%) or local law qualifications (88% to 91%). Details are set out at Annex.

Graduates of UGC-funded PCLL Programmes of CityU and HKU
Employment Situation by Main Admission Qualification, 2010 to 2012

<table>
<thead>
<tr>
<th></th>
<th>Graduated in 2010</th>
<th>Graduated in 2011</th>
<th>Graduated in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Number of graduates</td>
<td>174</td>
<td>-</td>
<td>176</td>
</tr>
<tr>
<td>Number who responded to graduate employment surveys (GESs)</td>
<td>114</td>
<td>100</td>
<td>120</td>
</tr>
<tr>
<td>Full-time employment in Hong Kong</td>
<td>98</td>
<td>86</td>
<td>108</td>
</tr>
<tr>
<td>Further studies in Hong Kong</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Full-time employment/Further studies outside Hong Kong</td>
<td>9</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

\(^{(1)}\) The three law schools are City University of Hong Kong (CityU), The Chinese University of Hong Kong (CUHK) and The University of Hong Kong (HKU). The figures cover CityU and HKU only, because CUHK did not collect entry qualification information from its graduate employment survey.
## WRITTEN ANSWER — Continued

<table>
<thead>
<tr>
<th></th>
<th>Graduated in 2010</th>
<th>Graduated in 2011</th>
<th>Graduated in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Number of graduates admitted on the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strength of non-local law qualifications</td>
<td>75</td>
<td>-</td>
<td>67</td>
</tr>
<tr>
<td>Number who responded to GESs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Full-time employment in Hong Kong</td>
<td>42</td>
<td>100</td>
<td>46</td>
</tr>
<tr>
<td>Further studies in Hong Kong</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Full-time employment/Further studies outside Hong Kong</td>
<td>6</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Number of graduates admitted on the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strength of local law qualifications</td>
<td>99</td>
<td>-</td>
<td>109</td>
</tr>
<tr>
<td>Number who responded to GESs</td>
<td>72</td>
<td>100</td>
<td>74</td>
</tr>
<tr>
<td>Full-time employment in Hong Kong</td>
<td>63</td>
<td>88</td>
<td>65</td>
</tr>
<tr>
<td>Further studies in Hong Kong</td>
<td>2</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Full-time employment/Further studies outside Hong Kong</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>

Notes:

1. **Abbreviations**
   - UGC: University Grants Committee
   - PCLL: Postgraduate Certificate in Laws
   - CityU: City University of Hong Kong
   - HKU: The University of Hong Kong

2. The employment information of graduates from CityU and HKU in a given year is collected through graduate employment surveys conducted by institutions.

3. Three institutions currently offer UGC-funded PCLL programmes, namely CityU, HKU and The Chinese University of Hong Kong (CUHK). The figures above cover CityU and HKU only, because CUHK did not collect entry qualification information from its graduate employment survey.

4. Percentages may not add up to 100% owing to rounding.

5. "-" denotes "nil".
Appendix II

WRITTEN ANSWER

Written answer by the Secretary for Education to Ir Dr LO Wai-kwok's supplementary question to Question 3

As regards the comparison of the public examination fees of neighbouring cities with Hong Kong, a table showing the examination fees of different places as obtained from the websites of the relevant examination authorities is as follows:

Fees of Public Examinations in Hong Kong and Other Countries/Regions/Cities

<table>
<thead>
<tr>
<th>Country/Region/City</th>
<th>Examination Authority</th>
<th>Name of Examinations for entering universities</th>
<th>Examination Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>Hong Kong Examinations and Assessment Authority</td>
<td>Hong Kong Diploma of Secondary Education Examination</td>
<td>Fees for 2014 Language subjects: HK$567 per subject Non-language subjects: HK$378 per subject</td>
</tr>
</tbody>
</table>
| Singapore          | Singapore Examinations and Assessment Board | Singapore-Cambridge General Certificate of Education Advanced Level | Fees for 2013 Only examination fees for private students are available: Basic fee + Subject fees + Goods and Services Tax of 7% on the Basic and Subject fees  
1. Basic fees: Cambridge subject: SG$64 Local subject: SG$32  
2. Subject fees: For Singapore citizens Cambridge subject: SG$88 to SG$156 per subject Local subject: SG$39 to SG$65 per subject For permanent residents Cambridge subject: SG$100 to SG$168 per subject Local subject: SG$45 to SG$71 per subject |
### WRITTEN ANSWER — Continued

<table>
<thead>
<tr>
<th>Country/Region/City</th>
<th>Examination Authority</th>
<th>Name of Examinations for entering universities</th>
<th>Examination Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>New Zealand Qualifications Authority</td>
<td>National Certificate of Educational Achievement (NCEA)</td>
<td>Fees for 2013 Entry for all NCEA standards and three scholarship subjects: For domestic students: NZ$76.7 per year For international students: NZ$383.3 per year Entry for an additional scholarship subject: For domestic students: NZ$76.7 per subject For international students: NZ$102.2 per subject</td>
</tr>
<tr>
<td>Victoria, Australia</td>
<td>Victorian Curriculum and Assessment Authority</td>
<td>Victorian Certificate of Education</td>
<td>Only overseas students are required to pay the examination fees.</td>
</tr>
<tr>
<td>England</td>
<td>-</td>
<td>General Certificate of Education (Advanced Level)</td>
<td>Students studying in public-funded schools do not need to pay examination fees.</td>
</tr>
<tr>
<td>The United States of America</td>
<td>The College Board</td>
<td>Advanced Placement Program</td>
<td>Fees for 2014 For candidates within the United States territories and commonwealths, and Canada: US$89 per subject</td>
</tr>
<tr>
<td>Taiwan</td>
<td>College Entrance Examination Center</td>
<td>General Scholastic Ability Test (GSAT)</td>
<td>Fees for 2014 GSAT Registration fee: For school candidates: NTS1,050 For individual candidate: NTS1,100 Fees for 2013 AST Registration fee: 1. Initial Fee For school candidates: NTS200 For individual candidate: NTS250 2. Subject Fee For all candidates: NTS170 per subject</td>
</tr>
</tbody>
</table>
## WRITTEN ANSWER — Continued

<table>
<thead>
<tr>
<th>Country/Region/City</th>
<th>Examination Authority</th>
<th>Name of Examinations for entering universities</th>
<th>Examination Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>National Education Examinations Authority</td>
<td>National College Entrance Examination</td>
<td>Fees for 2014 CNY100 for all subjects CNY75 for Chinese, Mathematics, and foreign language only</td>
</tr>
<tr>
<td>Macao</td>
<td>University of Macau</td>
<td>University of Macau Admission Examination</td>
<td>Fees for 2013 MOP$400 for all subjects</td>
</tr>
</tbody>
</table>

References:

- **Singapore:**

- **New Zealand:**

- **Victoria, Australia:**
  <http://www.vcaa.vic.edu.au/Pages/vce/adminpolicies/feescharges.aspx#l>

- **England:**

- **The United States of America:**

- **Taiwan:**
  <http://www.c Gee.edu.tw/103SAT/103Sat%E7%B0%A1%E7%AB%A0/103Sat%E7%B0%A1%E7%AB%A0.pdf>
  <http://www.c Gee.edu.tw/102DRSE/102Drse%E7%B0%A1%E7%AB%A0/102Drse%E6%8C%87%E8%80%83%E7%B0%A1%E7%AB%A0.pdf>

- **Mainland China:**
  <http://www.chsi.com.cn/>

- **Macau:**
  <http://www.umac.mo/reg/pstudents_admregulations_UnderGphp>