**OFFICIAL RECORD OF PROCEEDINGS**

**Thursday, 16 April 2015**

**The Council continued to meet at Nine 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, J.P.

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

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

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

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

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

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

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

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

DR THE HONOURABLE KENNETH CHAN KA-LOK

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

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

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

THE HONOURABLE TANG KA-PIU, J.P.

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

THE HONOURABLE CHUNG KWOK-PAN

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

THE HONOURABLE TONY TSE WAI-CHUEN, B.B.S.

**MEMBERS ABSENT:**

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

THE HONOURABLE CLAUDIA MO

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

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

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

**PUBLIC OFFICERS ATTENDING:**

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

THE FINANCIAL SECRETARY

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

SECRETARY FOR HOME AFFAIRS

THE HONOURABLE GREGORY SO KAM-LEUNG, G.B.S., J.P.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

MR JOHN LEE KA-CHIU, P.D.S.M., J.P.

SECRETARY FOR SECURITY

The Honourable Paul TANG Kwok-wai, J.P.

SECRETARY FOR THE CIVIL SERVICE

Dr the Honourable KO Wing-man, B.B.S., J.P.

SECRETARY FOR FOOD AND HEALTH

Prof Sophia CHAN Siu-chee, J.P.

Under Secretary for Food and Health

**CLERKS IN ATTENDANCE:**

MS ANITA SIT, ASSISTANT SECRETARY GENERAL

MISS Flora TAI Yin-ping, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

**BILLS**

**Second Reading of Bills**

**Resumption of Second Reading Debate on Bills**

**PRESIDENT** (in Cantonese): Good morning, Members. This Council will now continue with the Second Reading debate on the Appropriation Bill 2015.

Mr IP Kwok-him, please speak.

**APPROPRIATION BILL 2015**

**Resumption of debate on Second Reading which was moved on 25 February 2015**

**MR IP KWOK-HIM** (in Cantonese): President, the Budget this year was announced on the seventh day of the Chinese New Year, which is commonly known as the "birthday of all". I recall that on the morning after the announcement of the Budget, a woman expressed her view to the Financial Secretary in a phone-in programme that her worry was not about the shortage of resources but the unfair distribution of them. In fact, a surplus of $63.8 billion is recorded in the Budget this year, which is six times higher than the original estimate. If the $2.7 billion set aside for the Housing Reserve is added to this, the present surplus will be 10 times of the estimate of $9.1 billion made early last year. The enormous surplus does give the Financial Secretary the incentive and strength to introduce a number of relief measures to benefit the public. These measures benefit both the grassroots and the underprivileged as well as the middle class. Besides, the "candies" handed out this time are the largest in quantity and coverage in recent years, which is rarely seen. These measures are adopted by the authorities in response to the worries of the public and the uncertainties of the global economy, and they enable the public to have some spare money on hand to spend, thereby stimulating the economy. These measures have achieved the purpose of bringing benefits and joy to all.

However, we should be sober in seeing that the increase in income for the Treasury is mainly attributed to the significant increase in income from land sales, profits tax and special stamp duty, and that the expenditure of many infrastructure projects has not been approved due to the filibuster in the Legislative Council. Due to these reasons, the income of the Government has increased sharply, but strong economic growth is not the actual cause of the increase. Moreover, it is pointed out in the Budget that there will be significant changes in the population of Hong Kong three years later. By then, the tax revenue of the Government will decrease accordingly as the working population decreases, and the medical and welfare expenditure will increase alarmingly due to the ageing population. Hence, the authorities should prepare for the rainy days. It should start making preparations now. Apart from protecting the livelihood of the public, the authorities should also control its expenditure and make savings when appropriate, so as to prevent Hong Kong from slipping into a structural deficit 10 years later. I think that apart from the wish to have an increasing amount of "candies" every year, this is also a cause of concern. The "treasurer" of the SAR Government should and must have a sense of crisis, otherwise, society as a whole will have to bear the cost when a structural deficit eventually surfaces. Therefore, we must think about it in depth.

President, as the man in charge of the management of public resources, it is fundamental for him to maintain the mindset of never relaxing in vigilance while in peace. The Budget this year has been rather prudent in projecting the economic prospects of Hong Kong and the capacity of growth in government income. The Government needs to store up grain in anticipation of famine. It needs to prepare Hong Kong to fight this battle against adverse conditions in the economy and should not lower its guard due to the transient inundation of cash. In the face of the slowdown in economic growth, preparations for rainy days become rather important, particularly when the latest Budget estimates that the income of the Government will only increase by 1.5% whereas total expenditure will increase by 11%.

From the perspective of tackling the problem at root, the Government needs to increase its investment in the development of new growth points in the economy, including the innovation and technology industry and high-value-added industry, and so on. It should also capitalize on Hong Kong's unique advantage of being the "super intermediary" between the Mainland and places around the world and support the "One Belt One Road" development under the National 13th Five-Year Plan, so as to identify business opportunities and create employment. Only by maintaining economic development and sustaining prosperity in all trades can the Government ensure it is financially adequate in dealing with various social problems. Otherwise, the improvement of people's livelihood will be likened to a spring without a source and a tree without roots. Public resources, that is, money, will only attain the best value when they are spent on the needy.

President, I will next express the views and suggestions of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on constitutional reform, security and home affairs. During the 79 days of the Occupy action, every member in the Police has displayed professionalism in various law-enforcement exercises, which merits high commendation from Hong Kong people. Since the outbreak of the Occupy action, an increasing number of unlawful protests and road obstructions has taken place in Hong Kong, and the physical confrontations between protesters and the Police and among protesters of different stances have intensified. In the face of this situation, Hong Kong people become increasingly aware of the importance of maintaining social order and public order, and they have to place more trust in the Police Force.

In the face of serious large-scale protests and crowd management issues, the Police Force must maintain the order of public assemblies effectively and disperse protesters who act violently. It is more than reasonable for the authorities to apply for funding for additional equipment, and this I consider a responsible decision. The Police must ensure that the Force is provided with adequate and diversified equipment for effective law enforcement, so that it can discharge its responsibilities in a comprehensive and reasonable manner. Members should remember that in the beginning of the Occupy action, the Police had used batons and tear gas to deal with organized charges launched by protesters. At that time, public comments queried why the Police had not used water cannon vehicles, and we found out later that the Police Force is not equipped with water cannon vehicles for handling such occasions. Hence, I strongly support that the Police Force should review its equipment and manpower from time to time and submit funding applications to the Legislative Council accordingly.

Some Members and people's organizations query the practice of the Police in submitting a funding application to the Finance Committee of the Legislative Council direct, doubting if such practice is reasonable and whether it is an attempt to circumvent public monitoring. I think such comments are far from the fact. In my view, the Police have followed the requirements and procedures in making procurement. For it is required that procurement applications not exceeding $10 million can be submitted to the Finance Committee direct. Hence, there is no reason for the Police Force to deliberately raise the procurement amount to make the application valid for discussion at the relevant panel, which will be a waste of public money. Moreover, Members may also follow up and gain knowledge of the issue proactively at the Finance Committee. In fact, at the special meetings of the Finance Committee, many Members have raised relevant questions, which is an established practice of the Legislative Council in monitoring the Government. In that case, how can the funding application made by the Police Force be regarded as an attempt to avoid monitoring by the public and circumvent the Legislative Council?

Besides, if Members in the opposition camp are concerned about the function of the Legislative Council in monitoring the Government, I think they would have stopped all the filibustering and reprimanded all the people who had initiated and taken part in the Occupy action for making innocent Hong Kong people pay for the cost of their actions. According to the information, during the Occupation, the Police had paid an additional cost of $350 million in overtime allowance and provision of meals, and other purposes. Moreover, a total of 32 police cars were damaged, and 100-odd rubbish bins and recycle bins stolen and damaged. These costs had to be met by public coffers too, which is the money earned by taxpayers with blood and toil. In fact, the Legislative Council has also paid several million dollars of repairing fees, which was also money from taxpayers. The principle upheld by the Legislative Council in monitoring public expenditure is definitely proper use of funds. However, for expenditure made to uphold justice, which usage is prone to be abused and not well used, people may have different views on the propriety of such expenditure.

Recently, it is disclosed in a report that 12 people of the same nationality arrived at Hong Kong on the same flight and made claims for non-refoulement protection in Hong Kong collectively, and they requested to be represented by the same lawyer. The case has naturally prompted suspicions about the possible abuse of the system for claims for non-refoulement protection and torture claims. Regrettably, at a special meeting of the Finance Committee, the Director of Immigration admitted that the existing system was subject to abuse but the authorities could do nothing about it. The public would definitely be dissatisfied with such an answer. We are concerned about the pressure on public expenditure caused by claimants during their stay in Hong Kong. According to the relevant information, the expenditure on assistance of legal and humanitarian nature incurred in handling claims for non-refoulement protection is increasing, which amounts to $640 million in the Budget this year. It is more worrying that some of the applicants will become illegal workers or engage in drug trafficking during their stay in Hong Kong, and the problem is becoming more serious. In the past, some Vietnamese people came to Hong Kong to commit crimes in order to be caught and imprisoned, so that they could enjoy free medical benefit here. Therefore, I hope the Government will not repeat the same mistake. It must deal with the problem seriously by making serious efforts to stop people who are not genuine refugees from entering Hong Kong and review how to prevent abuse of the claim system.

The non-cooperation movement launched by Members of the opposition camp has gone to a crazy stage recently. They have proposed nearly 4 000 amendments in respect of the Budget this year, which is double that of the amendments proposed last year. Moreover, under the manipulation of Members of the opposition camp, the Public Works Subcommittee has voted down the funding application for the project of Liantang Boundary Control Point. The project is a general works project concerning people's livelihood, seeking to facilitate border clearance of Hong Kong people and visitors. Yet that a project of this nature could be obstructed by Members from the opposition camp is evident that they are increasingly overlooking the importance of economic development and people's livelihood. Despite that, we hope the authorities will assess the loss incurred and the impact resulted expeditiously, and that they will make the relevant application to strive for the support of the Legislative Council. For they should avoid any suspension of the project and subsequent increase in construction costs, otherwise, society will have to bear a greater cost.

Many people have mentioned that the publicity and promotion of the Basic Law carried out by the Government in the past had put too much emphasis on the features of "two systems" but overlooked the importance of instilling an awareness of "one country", and it had emphasized too much the rights of the SAR but seldom mentioned the commitment and responsibility to the country. Moreover, the expenditure spent on the promotion of the Basic Law has not been increased over the years, remaining the same every year. When we checked the records, we found that in each of the years of 2012-2013 and 2013-2014, the Constitutional and Mainland Affairs Bureau had only set aside $16 million for the various promotion activities on the Basic Law. This year, the Bureau has not made timely measures to step up its work on promoting the Basic Law, and it is particularly so in the promotion of constitutional reform and issues arising from the Occupy movement. In fact, it has been revealed on various fronts that the public lack proper knowledge of the Basic Law. This includes the incomprehensive understanding of the proper content of "one country, two systems", and there is misunderstanding on the part of the public about the governance of the Central Authorities over the HKSAR and the relationship between the Central Authorities and the SAR. Therefore, I earnestly hope that the Government will allocate additional resources to promoting the Basic Law to make the public understand the Basic Law better.

President, the DAB will support the appropriation application this time. I urge Members intent on filibustering to show some mercy by stop using the well-being of the public as the bargaining chip in political deals, and stop the unreasonable filibuster. If they insist on doing so, they will have to bear the responsibility eventually *(The buzzer sounded)* Thank you, President.

**MR TONY TSE** (in Cantonese): President, the Chief Executive often emphasizes the governance philosophy of the current-term Government, that is, only through ensuring economic development and the prosperity of all trades and industries that the Government and society can have the financial strength to properly address the major problems facing Hong Kong in such areas as housing, poverty, environment, ageing population, and so on. Using "Diversified Development, Augmenting Competitiveness" as the theme of the Budget this year, the Financial Secretary hopes to further enhance Hong Kong's strengths through adding value to traditional industries and facilitating the allocation of resources to the diversified development of industries, thereby upgrading further the strength of Hong Kong overall. I agree to the direction of the Budget, which is broadly in line with the philosophy of governance of the Government that Hong Kong's competitive edge in the international community should be upgraded to promote the sustainable development of its economy, so that the Government can have adequate resources to enhance the provision of social resources to improve the people's livelihood. In fact, quite a number of people have criticized that Hong Kong's past economic development was unduly concentrated on the financial and real estate sectors. Prosperity, if founded on assets appreciation, is often not sustainable. Therefore, attention should be paid to the depth and width of the financial arrangements made, and the money must be spent in a targeted manner to avoid losing sight of other considerations while promoting the diversified development of industries.

The Budget this year has offered one-off relief measures to some trades and industries affected by Occupy Central, but these measures are not long-term and proactive solutions. To ensure the sustainable development of the trades and industries, the Government must adopt complementary policy measures to encourage and help the trades and industries to better equip themselves to cope with competition. Therefore, I agree with the numerous initiatives proposed in the Budget to support small and medium enterprises (SMEs), start-ups, social enterprises, the fashion industry, the movie industry, and the cultural and creative industries. Nevertheless, I would like to call on the Government not to overlook the provision of more opportunities of local development for young people and SMEs while expanding the market to enable enterprises to move towards internationalization.

When it comes to the local development of trades and industries, I would like to say a few words about the problems encountered by the sector represented by me. The "design and build" approach for tendering is now adopted for some construction projects undertaken by the Government in order to reduce the co-ordination efforts and the construction period. However, since tenderers must submit "design and build" proposals, which will often require the injection of a lot of resources, quite a number of SMEs have been deterred in submitting tenders due to manpower and capital shortage. In view of this, I have time and again proposed that the Government should consider providing specific cash assistance for unsuccessful tenderers who have participated in the "design" projects and met the specified requirements, in order to encourage their active participation and make the tendering activities more competitive, thereby enhancing the overall effectiveness of the tenders. I am disappointed that these proposals, though supported by the sector, have still not been taken on board by the Government. Here, I would like to call on the Financial Secretary to reconsider the relevant proposals and provide appropriate assistance for SMEs which are providers of professional services.

President, with Hong Kong leveraging on the Motherland, the rapid development of the Mainland over the years has brought quite a number of opportunities to Hong Kong. In the area of expanding our competitive edge, the Financial Secretary's emphasis on seizing the new opportunities brought by "One Belt One Road" demonstrates his ability to grasp the pace and trend of economic development of the Mainland and other parts of the world. This approach is correct and worthy of support. However, is Hong Kong fully equipped in terms of complementary hardware and software, including talents, infrastructure, and so on, while setting its eyes on the timing and seizing the opportunities, to enable the industrial structure to move in the direction of higher value-addedness?

President, Hong Kong is short of natural resources. Its past success, attributed to the availability of outstanding talents, sound systems and the rule of law, was actually not easy to come by. In the face of future challenges, the Government must provide proper manpower training to fully equip our next generation.

Apart from allocating resources to manpower training for the development of diversified industries, another key element is promoting research and development (R&D). As we all know, R&D, as well as manpower training, often takes years to bear fruits and yield returns. In order to encourage more companies and enterprises to engage and increase investment in R&D, I once proposed to the Financial Secretary that appropriate tax concessions should be offered to companies and enterprises in different industrial sectors in the form of, for instance, cash rebates, double tax deduction or concessionary tax rates, and so on, with a view to promoting R&D locally. Although the Financial Secretary has not offered any relevant tax concessions in the Budget this time around, I still hope that he can assist in R&D and facilitate the commercialization of the relevant R&D results.

President, in addition to talents and scientific research, efficient and reliable infrastructure is also the key to coping with future challenges and upgrading competitiveness. Hong Kong is a regional logistics and transport hub, with its overall transport networks playing an equally important role both internally and externally. Inadequate supporting infrastructure facilities will directly undermine Hong Kong's competitive edge. Hence, in the face of keen competition from the neighbouring aviation and transport industries, there is an actual need for Hong Kong to build a third runway.

Furthermore, in my proposed amendment to the motion on "Expeditiously launching the Fourth Comprehensive Transport Study" on 7 January this year, I proposed that the Government should formulate a forward-looking, competitive and people-oriented long-term transport development blueprint targeting the next three decades to enhance the competitiveness of the Hong Kong International Airport and local ports, proactively develop the transportation network linking the Pearl River Delta Region to synergize the complementary advantages of the various regions. Regrettably, Secretary Prof Anthony CHEUNG has time and again reiterated that a Fourth Comprehensive Transport Study will not be undertaken at the present stage. I really do not hope to see Hong Kong's overall development stifled by such factors as the lagging behind of its overall transport strategies and the failure of its hardware and software to complement the strategies, thereby missing out on the golden opportunities brought by "One Belt One Road". For this reason, I hope the Government can address the relevant issues squarely.

President, tackling the housing problem is a top priority of the current-term Government. It is evident to all that a number of policies and initiatives have been introduced by the Government over the past two years or so to vigorously increase land and housing supply. Although some members of the public are dissatisfied with the failure of the relevant initiatives in achieving significant effects, the housing problem has existed for many years and cannot be resolved overnight. Time and resources are required to complement the efforts. In addition, the wages of many people are lagging far behind the rises in property prices. As a result, not only do the grassroots face housing difficulties, but the middle-class people also encounter difficulties in purchasing homes or renting flats. Should the Government consider housing as a necessity, it should play a more important role in housing supply to meet the housing needs of the public. Hence, I support the setting up of a Housing Reserve to tie in with the objective of providing financial support for the implementation of public housing supply in the next decade. Meanwhile, I hope the Government can consider the housing problems brought by an ageing society by providing additional resources to the provision of appropriate residential care for the needy elderly from various strata as well as related services.

In the face of various challenges in society and administration, it is equally important for the Government to secure support from various strata of society and maintain a highly efficient civil service team. This is why I support the Government in recruiting additional manpower, as well as improving and enhancing its standard of services. In the previous fiscal year, the Government decided to create 2 556 additional civil service posts, with nearly 10% of them being responsible for land production. This year, the Government has proposed creating 2 540 additional civil service posts, too. I earnestly hope that the relevant departments can expedite the recruitment exercise to enable the new recruits to start work expeditiously to cope with the new services and alleviate the pressure borne by the existing civil servants. Neither do I hope to see any adverse impact on the progress of civil service recruitments due to the recent implementation of arrangements for extending their retirement age.

President, after the announcement of the Budget, I have invited quite a number of professionals, including architects, surveyors, planners, landscape architects, and so on, to express their views. They consider the resources allocated by the Government in many areas still inadequate and not comprehensive. For instance, the Government should allocate additional resources to promoting local certification and brand development, green construction, the development of the convention and exhibition industry, support for the socially disadvantaged, and even the enhancement of public healthcare services, to benefit more needy persons, trades and industries, and businesses, thereby propelling the forward development of Hong Kong.

President, the Government is often criticized for failing to allocate adequate resources in a targeted manner. The recent radical anti-parallel trading acts, which have damaged Hong Kong's overall image, have not only affected many trades and industries, including the tourism and catering industries, but also reflected that the Government is far from comprehensive and forward-looking in its formulation of policies and implementation of initiatives. Although the policies and measures adopted by the Government in the past managed to attract a large number of visitors to come to Hong Kong, many tourism-related support facilities have not seen any increase, enhancement and full complement, thereby resulting in the unsatisfactory phenomenon today.

Therefore, the formulation of a budget which can prepare for the future is vitally important. The degree of acceptance of the Budget this year in society is relatively high. Some people even consider it worthy of great support because of its forward-looking proposals on some of the problems faced by Hong Kong. Nevertheless, no matter how hard the Financial Secretary and the Government team try to implement policies and measures beneficial to people's livelihood, society and development, the filibusters and non-cooperation movements persistently initiated by some Members in this Council in recent years have made it impossible for many policy measures and projects to be implemented as scheduled.

The projects, if not commenced, will not only affect Hong Kong's overall economy and future development, but also deal a direct blow to the construction industry, thereby affecting the livelihood of the relevant professionals and practitioners and, what is more, dealing a blow to and producing far-reaching implications for young people seeking to join the industry, as well as the development of the industry. Eventually, the resources allocated by the Government to the construction industry in the past, as well as the results of manpower training, will go down the drain. Filibusters will only bring harms instead of benefits to society, as well as irreparable damage to Hong Kong's overall economy and development. Members participating in or refraining from directly opposing filibusters can hardly shirk their responsibility and ought to be condemned by Hong Kong people.

President, I would like to reiterate my strong opposition to filibusters. With these remarks, I support the Appropriation Bill 2015.

**MR CHAN KIN-POR** (in Cantonese): President, although this year's Budget has brought no great surprises, it is still pragmatic and has taken into account the needs of various sides. Meanwhile, it has formulated new strategies pinpointing the declining competitiveness of Hong Kong and injected new momentum into the Hong Kong economy by, among other things, setting the objective of capitalizing on the new opportunities created by "One Belt One Road", promoting the development of start-ups, developing corporate treasury centres, and so on. Despite the vigour of these measures remaining insufficient, this reflects that the Government can see clearly the hidden worries of the local economy and has seriously taken steps to address the problems.

On the other hand, the Budget has continued to hand out "candies" this year. The Financial Secretary did not forget the needs of the middle class as the latter can benefit quite a lot from the $34 billion to be handed out. Besides, the Budget has provided support measures particularly for industries affected by Occupy Central and also launched a series of publicity and promotional activities to rebuild the confidence of international investors and tourists in Hong Kong. Meanwhile, foreseeing that our external trade performance will be affected by a host of uncertainties this year, the Financial Secretary has put forward a series of pre-emptive measures to provide support for small and medium enterprises (SMEs). Therefore, from the economic angle, the Budget can be said to have "delivered".

However, as the representative of the insurance industry, I would like to talk about the Voluntary Health Insurance Scheme (VHIS). Before the end of the public consultation period on the VHIS, the Budget announced the uses of the $50 billion originally earmarked to supporting healthcare reform, stating that the Government would only inject funds into the high risk pool under the VHIS and provide tax concession for subscribers, which would cost around $16 billion only. Of the remaining fund, $10 billion would be used to set up a fund, from which the investment returns to be generated would be used for implementing public-private partnership initiatives. In the meantime, $4 billion would be used for offering loans to non-profit-making organizations for private hospital development. The remaining sum of around $20 billion would be returned to the Treasury for general use.

The consultation exercise on the VHIS officially ends today. Over the past few years, the insurance industry has all along taken a positive attitude in negotiating with the Food and Health Bureau and assisting the Bureau in formulating the 12 Minimum Requirements for the VHIS to improve the health insurance products, such as drawing up the Standard Plan and providing more measures to enhance the protection for policyholders and these, I basically support. However, the Bureau did not keep the promise made by the Government of the last term of using the $50 billion to offer discounts to first-time and long-term policyholders. Despite that the high risk pool will be maintained and tax concession will be provided, the scheme cannot attract participation of young and healthy people, and this problem will be fatal to the VHIS.

In fact, the formulation of the 12 Minimum Requirements under the VHIS will considerably increase the protection for policyholders. This will naturally be reflected in the premium which certainly will not be cheap as a result. If the Government is unwilling to provide sufficient financial incentives, including discounts for first-time and long-term policyholders as proposed before, it will be impossible for young and healthy members of the public to join the VHIS because they cannot benefit from the Scheme in any way. The principle of insurance is risk sharing, and consistent participation by healthy and young people is required for the risks of the Scheme to be shared before the Scheme can become sustainable. If there is participation only from high-risk individuals, I think I do not need to do any more explaining, for Members all know that sustainable development would be out of the question and the Scheme would go bust sooner or later.

The insurance industry has dedicated many years of efforts to the VHIS and helped the Government resolve a lot of problems, and we are really just one step to success. I hope that the Bureau can seriously consider our views and make concerted efforts to formulate a sustainable Scheme with premium being pitched at a level acceptable to the public by, among others, offering discounts to first-time and long-term policyholders with the $50 billion that has been set aside, so that young and healthy people will be willing to take out insurance policies, hence achieving the objective of risk sharing and ensuring sustainability of the Scheme.

The Bureau should also abolish the mandatory requirement that insurance companies can only sell products that meet the 12 Minimum Requirements to allow free competition in the market. But in order to protect consumers, it can require insurance companies to fully disclose to consumers the differences between the less expensive products and standard products.

Besides, the industry has proposed another approach under which the industry will use the 12 Minimum Requirements as a blueprint to make improvements to the current VHIS on their own. Apart from one or two requirements which will substantially drive up the premium, hence rendering the Scheme unsustainable in practice, the industry will undertake to meet all the requirements by a specified date and be brought under the regulation of the Independent Insurance Authority. This approach will enable the public to benefit from most of the advantages of the Standard Plan while the premium will not have to be increased substantially.

President, I also wish to talk about corporate treasury centres and the new opportunities brought about by "One Belt One Road". The Budget announced that in order to attract multinational and Mainland enterprises to establish corporate treasury centres in Hong Kong, the Government would amend the Inland Revenue Ordinance to provide tax concessions for corporate treasury centres. In reply to my written question, the Financial Services and the Treasury Bureau stated that many multinational corporations would consider co-locating their corporate treasury centres with their regional headquarters to increase operational efficiency and this new proposal would, therefore, inject impetus into the development of headquarters economy in Hong Kong.

In this connection, the promotion of the establishment of corporate treasury centres is an important step in the development of headquarters economy in Hong Kong, and it is a good beginning to adopt the strategy of attracting multinational corporations to make investments in Hong Kong. Indeed, as we have clearly experienced recently, investments by Mainland capital in Hong Kong have enabled the local stock market to break the stalemate that has persisted for years and become excessively bullish right away. By the same token, if we can successfully attract large corporations from the Mainland and overseas to set up their headquarters in Hong Kong, especially corporations which are actively pursuing development in the international market, such as technology companies, this can also give impetus to the development of the local economy and the employment market and even redress the imbalance in the industrial development of Hong Kong. If we can capitalize on these developments, this may create new opportunities for Hong Kong.

I think the Government should learn from the practices of Singapore and promote the development of headquarters economy in more direct ways, such as directly providing tax and policy concessions to multinational corporations investing in Hong Kong. Attracting large international corporations to set up regional headquarters or regional offices in Hong Kong can expand the scale of the local economy and upgrade Hong Kong's competitiveness direct. What is more, this will bring forth an immediate and large supply of quality jobs with international outlook for young people, and this can indeed kill several birds with one stone. We must clearly understand the current situation that the competitiveness of Hong Kong is on the decline and it is now time we opened up a new direction for the next generation. Of course, this is not an easy path to take, especially as Hong Kong people have long grown accustomed to living in a greenhouse. But so long as we can work with one mind, there is always a way to overcome problems no matter what difficulties are lying in front of us, and this may also be the reason for many people revisiting the "Lion Rock spirit" recently.

If we can seize these new opportunities, there will be new room for development in Hong Kong and our competitiveness can return to a rising trend. I believe in these new opportunities and I have consistently advocated the development of headquarters economy in the hope of furthering our development in the international trade and economic arena by capitalizing on the international edge of Hong Kong. While this is still at a very preliminary stage, just take a look at the fact that the international community is fully confident in the Asian Infrastructure Investment Bank and we will know that the "One Belt One Road" initiatives are set to come into operation, so the question lies in whether we can really seize the opportunities. I hope that various sectors of the community can support the economic development of Hong Kong and will not sacrifice our development opportunities for political struggles. If we remain stagnant and continue to cling to our past advantages, our fortune will be exhausted one day. As long as we are willing to work with perseverance and diligence, the legend of Hong Kong will certainly continue.

The worst point now is that Hong Kong has sunk deep into political struggles. Yesterday, the moderate opposition camp and the pro-establishment camp agreed to take steps to prevent filibusters. This is proof that the moderate opposition have come to realize that they will only be meeting their doom and handing over their votes to the radicals in following the radicals as they did in the past. This is why the radicals lashed out strongly at you yesterday. But you must understand that when the opposition camp fiercely criticized what you said or did, it only proved that what you did was right and so, you must keep it up. However, the real solution to filibustering is to make amendments to the Rules of Procedure in order for the Legislative Council to restore its normal function of political deliberations and for Hong Kong to achieve healthy development. I sincerely hope that the moderate opposition can have independent thinking and will not hold back from making the right decision for fear of losing the votes of young people. You must understand that the young people need you to lead them on, not *vice versa*. Young people have a lot of ideals, but it is you who know what is practically feasible. I hope you can really lead the young people, not that you are led by them. Otherwise, they will certainly blame you in the future and by then, it might be too late to do anything, and they would have been deprived of a Hong Kong with healthy development.

With regard to the relief measures, the Government proposed this year to reduce salaries tax and tax under personal assessment for the year 2014-2015 by 75%, subject to a ceiling of $20,000, which will reduce government revenue by $15.8 billion. This proposal has won the support of the middle class for it can benefit all taxpayers and seems to be fair on the surface. But if we think about it in detail, the provision of a tax rebate has been a measure adopted for years and what is more, this measure has fallen between two stools given that it is subject to the limit of 75% and the ceiling of $20,000. People making a general income do not pay a lot of tax and so, they certainly will not use up the full amount of the $20,000 ceiling, and as the tax reduction is subject to a limit of 75%, they are still required to pay tax at the end of the day. Therefore, the tax reduction of $20,000 is of little practical use to them. On the contrary, for taxpayers with an annual income of over $1 million, even though they may use up the full amount of $20,000, a tax reduction of $20,000 does not actually mean a lot to them in view of their financial means.

I have done some simple calculations. According to the information on the year 2012-2013 that I have with me now, the salaries tax paid by taxpayers with an annual income below $700,000, or a monthly income below $60,000, amounted to only $9.6 billion and accounted for only less than 20% of the salaries tax received for the year. In other words, even if a full tax reduction is provided to taxpayers with an annual income below $700,000, the tax revenue foregone will be less than the $15.8 billion revenue loss estimated by the Government and the remaining sum can even be used for providing a partial tax reduction to people with an annual income over $700,000. Therefore, I think the Government should introduce changes to the mechanism of tax reduction. As a first step, the Government should provide full tax reduction for taxpayers with an annual income below $700,000 and the remaining estimate can be used to provide partial tax reduction for people with an annual income above $700,000. This will result in 85% of the taxpayers in Hong Kong not having to pay any tax without increasing the estimated expenditure in the Budget, and the middle class will benefit most from it. Therefore, the Government must explain clearly to the public that tax reduction is provided only on an ad hoc basis, depending on the actual circumstances every year. Even if the Government does not implement this measure this year, I think it should seriously consider implementing it in the Budget next year in order for resources to be allocated as a priority to helping people most in need.

Moreover, I had put forward some proposals before the release of the Budget and although these proposals were not accepted, I think it is still worthwhile to put them forward for discussion. I proposed that the Government should offer tuition fees remission to university students for one year. We all know that the tuition fees have become a burden to university students and many students are heavily in debt upon graduation. Since the academic structure of university education was changed from three years to four years, students have received one year less of free secondary education but they have to study one more year in universities, meaning that they have to pay one more year of tuition fees at some $40,000. In this connection, I proposed that the Government should pay the tuition fees for the students for one year to alleviate their burden. This will involve an expenditure of about $630 million but it can ease the heavy burden on students and will be fairer to them.

I believe Members must be aware that I have all along supported work-life balance. The first motion that I proposed in the Legislative Council was about promoting work-life balance which was passed in this Council, though the Government's response was but lukewarm. I think the Government is duty-bound to take a leading role. For example, it can model on the practices of Singapore of setting up a fund to provide funding for applicant companies to promote flexible working hours and allow their employees to take special leave. Recently, there has been a very good opportunity because in a survey conducted by the Labour Department some time ago, it was found that some 970 000 employees could only enjoy 12 days of statutory holidays a year, which is less than the 17 days of public holidays. According to the Government's estimate, increasing the number of days of statutory holidays from 12 to 17 will incur an additional wage cost of $1.8 billion yearly. If this fund can be set up, subsidies can be provided for workers to take all or part of these five days of holidays. This proposal can avoid adding to the burden of employers and instantly benefit workers in Hong Kong from the angle of work-life balance. Think about this: It takes only $1.8 billion a year and nearly 1 million "wage earners" will be able to spend more time with their families. This is a measure that can produce a significant effect at only minimal costs, bringing huge benefits to Hong Kong people or the Government while requiring only a small amount of funds. I hope the Government can take this into consideration.

President, while these proposals that I have put forward are quite audacious, they can help people in need. Furthermore, with its strong financial strength, the Government should be more creative and target-specific in implementing policies. I hope the Government will seriously take these into consideration. I so submit.

**MR CHAN HAN-PAN** (in Cantonese): President, today I will mainly speak on Chinese medicine and tourism. However, like the other Members, we hold this meeting with a heavy heart because of the filibuster. So I think we also need to talk about the filibuster briefly. It seems that the present situation of filibustering happens year after year, and there is no solution to the problem. Whether it be this Budget or the future budgets, the Legislative Council will only be paralysed repeatedly, resulting in the waste of resources.

The Legislative Council is the legislature of Hong Kong, in which we are Members, and for which we hold meetings. Radio Television Hong Kong has a programme called "LegCo Review", known as "議事論事"[[1]](#footnote-2) in Chinese. Our job exactly centres on the Chinese character "議" (ji5; meaning discuss). Chinese characters are ingenious. "議" can be broken up into two parts, namely, "言" (jin4; meaning speech) and "義" (ji6; meaning sense). So our speeches have got to make sense if we are to discuss anything. Otherwise, they are only noises. It is like turning on the television set without tuning to the channels, and thus the whole screen just comes up with "snow"(static noise). Will Honourable Members spend tens of thousand dollars to buy a set of top-end hi-fi for watching "snow" and listening to static at home?

The annual expenditure of the Legislative Council reaches $100 million, while the cost of filibustering is $1 million a day. All the Hong Kong people are forced to watch the "snow". A lot of surveys indicate that members of the public actually hate such bickering noises, since the Council has already become a venue of endless bickering. I think during the filibuster last year, we criticized many things. Yet the logic of filibuster and the occupation incident which took place last year is in fact the same. May I borrow a catch-phrase which is quite popular nowadays: "Please use civilization to convince me."

The Occupy action threatened the Government by giving up persuasion and occupying the streets at the expense of the ordinary members of the public, whereas filibusters dominate the agenda, causing the whole Council to lose the room for normal discussion, sacrificing the other subjects on the agenda which are used as roadblocks. With hundreds and even thousands of irrelevant motions proposed by the filibustering Members, we are unable to conduct any serious scrutiny. This kind of filibuster is actually dereliction of duty. As the saying goes, "A man must bear the consequences of his own acts." Why drag in other motions and get other people involved? In fact, apart from making a gesture, filibusters cannot alter the agenda at all.

On the one hand, some Members filibuster, and on the other, the President may cut off the filibuster, since the Council has the legal power. Eventually, all the tussles will only intensify the social conflicts. The people's focus will shift from the subject in question to the filibuster and cutting off of the filibuster. The internal strife in Hong Kong is already very serious. I hope Legislative Council Members will return the Council and the room for rational discussion to the people. I hope the filibustering Members will stop filibustering and give the Council back to the people. Every year, we appeal to them not to filibuster, but our appeal goes in vain because the Rules of Procedure cannot stop them. Nevertheless, I believe the sagacious members of the public will fix them.

Next, I will talk about the problems with the development of Chinese medicine. We have held great expectations for the development of Chinese medicine over the years, but this year, the Government seems to have made the industry bitterly disappointed again. The development has carried on for more than a decade. Back then, when we proposed developing a Chinese medicine port in Hong Kong, I did not believe this matter was like what some people said, that it was merely empty talk. However, in retrospect, especially after we set up the Subcommittee on Issues Relating to the Development of Chinese Medicine, I notice that the development of Chinese medicine has been like a housing development left unfinished. We have mapped out many ambitious plans before. We have got to face the world, and thus the policy formulated adopts a very high standard. We launched the Hong Kong Chinese Materia Medica Standards (HKCMMS) project and implemented the GMP. The implementation of the ordinary GMP was not good enough, so we further introduced the PIC/S GMP, which is the highest global standard. Then we promoted testing services for Chinese medicines. With so many things going on, the industry is actually unable to catch up.

Has the Government really injected resources into the industry all these years? The Government has previously put in place some initiatives, for example, to provide financial assistance for the replacement of diesel vehicles, as well as setting up the fisheries loan fund and the Agricultural Development Fund for the development of the agriculture and fisheries industry which Mr Steven HO is very concerned about, but there is nothing for the Chinese medicine industry which deserves our attention. When the Subcommittee on Issues Relating to the Development of Chinese Medicine first held its meeting, I asked the Government to set out all the funds available for application by the industry. In the end, there was only the Dedicated Fund on Branding, Upgrading and Domestic Sales of the Trade and Industry Department. Basically, all sectors are eligible to lodge applications. It is a fund which may only help small and medium enterprises to solve some immediate problems rather than facilitating any major accomplishment.

Since the Government did not inject resources into the industry, it can hardly develop. I feel that the Government has kind of stirred up a mess and then deserted it in the end. What is the consequence of this "unfinished development" and such a messy approach? That is, there are currently some 8 000 types of Chinese medicines in Hong Kong. We have a transitional arrangement for medicines which have all along been available for sale. Currently, 400 types of medicines have completed registration, but some 8 000 types are still undergoing the transitional arrangement. How long have they been put under transition? After 10-odd years of transition, they are still under transition. It is not that members of the industry do not want to do it. The fact is that they are incapable of doing it. We have set such a high standard. They want to solve the problem, but they do not have any solution. They want to make applications to a fund to deal with the matter, but it is not practicable. As a result, the problem drags on day after day.

The closing date for the transitional arrangement is 30 June this year, but to my knowledge, some pharmaceutical manufacturers have still not found any laboratories to do the tests for them. Once the Government strictly enforces the legislation, these pharmaceutical manufacturers may close down at any time. However, we cannot merely regard Chinese medicine in Hong Kong as a kind of business. As a matter of fact, it is a cultural industry. During wartime in the past, many people on the Mainland would pack up their chattels and take refuge somewhere else, and over the years, Hong Kong has been a place of inheritance of Chinese cultural treasures. A lot of pharmaceutical manufacturers might have already moved from the Mainland to Hong Kong in the early years of the Republic of China. Having stayed in Hong Kong for generations, they were even not afraid of war, but once the Government imposes control, they are doomed. So, this complicated problem which has persisted for such a long time remains unsolved, and in the end, no one can offer any help. Some people may say that we have the Chinese Medicine Council of Hong Kong (CMCHK) and the Department of Health (DH) in place, but please do not forget what the CMCHK does. It is an examiner responsible for assessing whether applications submitted by members of the industry meet the standard, whereas the DH is the question setter who sets out the requirements for compliance by industry members, and it will be unreasonable if it needs to further teach them what to do. The funds mentioned by me just now should actually be injected into the industry to serve this purpose. Hence, looking back, if we want to clear up this "unfinished development", we have got to put in resources.

I hope the Government will treat the development of Chinese medicine seriously and set up a fund to enable the industry to tackle the problems left over from the past. If a fund is set up, the academic circle and the testing services sector may form a community group to assist pharmaceutical manufacturers which are unable to deal with the tests, so as to meet the requirements prescribed by the Government. If the Government can bring about such an end, it is similar to offering the industry a practical tutorial, unlike the present situation in which the Government allocates funds to holding exchange sessions for mere talk, resulting in continuous delay without resolving any problem.

The Chinese medicines in Hong Kong have a long history. Some of the medicines which have existed in Hong Kong since the reign of Emperor Guangxu are well-known all over town. Now Mainlanders love to come to Hong Kong to go on a shopping spree, and on their shopping list, there will certainly be Hong Kong's Chinese medicines. Why do they like them so much? Because we have both the reputation and history. However, it turns out that the goods which they buy in large quantities are still undergoing a transitional arrangement. In my opinion, this seems to represent a lack of recognition for their status. We talk about the need to develop Chinese medicine and go global. This is actually not sufficient.

In this year's Budget, we allocate money to the development of Chinese medicine. On the surface, it looks like it is for the development of Chinese medicine, but in fact, it is for developing HKCMMS. I am not against HKCMMS, since I also find it meaningful, but we have adopted high standards and international standards  Actually, HKCMMS and the development of the industry are two separate issues. We cannot say that the allocation of funds for HKCMMS is the same as giving support to the development of Chinese medicine. In fact, that is absolutely not the case. The industry will not stand to benefit. Therefore I hope ― the Financial Secretary has just left the Chamber. I hope he had heard what I said before his departure ― that he will assist the industry by setting up a Chinese medicine development fund. Do not put the money in places where we think will not help the industry.

This is like an unfinished housing development, but usually unfinished housing projects will still appreciate in value after a period of time. So long as we inject resources into its proper development and then launch it afresh, it will build up its market and value. Nevertheless, the industry also hopes that the Government can set out to tap the market. For this reason, the Democratic Alliance for the Betterment and Progress of Hong Kong has longed for the Government to establish a separate department to assist the industry in integrating with the Mainland. With a population of 1.4 billion who take Chinese medicine, the Mainland is the biggest market, but over the years, we have not had any department to help with the integration. Neither has it ever been explored in CEPA. Hence, I hope the Government can establish a separate department to help to follow up this matter.

Back to the healthcare issue. This year, we heard the Financial Secretary enumerate the measures with an air of importance, rambling on about which hospital will be constructed, which hospital will be redeveloped and which hospital will be renovated. We have heard all this before. This year, he has mentioned one more hospital, the acute general hospital at Kai Tak, which is desirable. However, the biggest problem in healthcare lies with manpower. In 2013-2014, the respective numbers of people resigned and retired from the Hong Kong East Cluster was 32 and five, totalling 37. Subsequently, 34 people were recruited, leaving a shortfall of three workers. Given the number of hospitals in operation, I am really worried about the manpower problem. So I hope the Secretary will seriously consider how best manpower can be increased. In particular, he should not be stingy with the injection of resources into the Hospital Authority (HA). I hope the HA will be given more resources to retain manpower and attract new recruits in order to obviate the need for healthcare officers to stay on call for some 30 hours or an "N" number of hours. That is not a wise practice, and it will cause a lot of healthcare officers to leave the public service sector for the private sector one after another.

After speaking on healthcare, let me talk about tourism. In view of the lack of infrastructural facilities for tourism, now the number of visitors is to be restricted. As the number of visitors drops, it is natural that Hong Kong's economy will gradually decline. We have discussed our receiving capacity a number of times before, and on each occasion, the Government said that we would develop Disneyland, carry out expansion works, so on and so forth. These methods are not bad, but I think the most effective approach is to mobilize the entire population. Why does the development of tourism go so well in places such as Taiwan? It is because it stimulates the efforts of the entire population. Earlier on, we have requested the Government to put in resources. For instance, on Cheung Chau, only two streets are bustling with people. No visitors go to Sai Wan, and now few visitors will go to Cheung Po Tsai Cave either, given the lack of infrastructural facilities there. I hope the Government will allocate funds to various communities to assist their development of infrastructural facilities so that the whole population may participate in tourism. As such, the receiving capacity of our tourism industry will naturally increase.

This year, the Government introduces new policies, including the one on food trucks. Although we do not know if it will work and how it will work, we have noted the Government's new thinking. I hope this new thinking will enable the Government to continuously absorb new knowledge, which will prevent Hong Kong from withering and bring to it opportunities of development.

President, I so submit.

**MR TANG KA-PIU** (in Cantonese): President, I do not know whether the Financial Secretary will return to the Chamber. Originally, I really hoped he could be here to listen to our views. I hope he will return again.

Mr CHAN Han-pan made a good point just now. If this filibustering on the Budget becomes an annual ritual, the focus will be lost. No one will ever recall what has been discussed about the Budget. Based on my careful observation, in fact, some pro-establishment or pan-democratic colleagues made good preparations and nicely presented their views on the Budget and social sentiments yesterday. But eventually, the television footage broadcast only showed the pair of golden scissors displayed by Mr WONG Kwok-hing, "Slow Beat" requesting a headcount and "Brother Him" mentioning ways for both sides to effect co-ordination and prevent meetings from being aborted, resulting in a total loss of focus. It is really sad that facing such filibustering, members of the public basically will not recall what Members have discussed about the policies, nor will anyone expect the Government to do anything further. People thus think that the handing out of "candies" is more practical, which at least allows them to get immediate benefits.

I have received a WhatsApp message from an underprivileged person who asked me to grasp the opportunity of being a Member of the Legislative Council to end the filibuster for the disadvantaged groups to the best of my ability. How can a Member end the filibuster? I notice that three rules of the Rules of Procedure (RoP) have made filibusters a norm. The first one is allowing Members to propose unlimited amendments. Another one is allowing them to speak for an unlimited number of times. And the last one is permitting constant requests for headcounts.

I notice that many government officials or various parties have called on them to show some mercy. They have indeed showed some mercy. According to the reply from the Secretariat to me, one hour and 17 minutes were spent on headcounts yesterday. And the meeting lasted nine hours yesterday, meaning that some 10% of the time was spent on headcounts. But in retrospect, I have realized that when the President made a ruling on closing a debate in the past couple of years, he indicated that the relevant meeting in 2013 lasted 55 hours, of which 17 hours were spent on headcounts. And last year, 25% of the time was spent on headcounts. Hence, in terms of degree, they have actually shown some mercy. However, the filibuster should probably proceed in full swing at the Committee stage next week.

Of the pan-democratic Members, only Mr SIN Chung-kai of the Democratic Party is present now. I wish to appeal to the pan-democratic Members to see if they can sit down for a discussion as they have publicly indicated their disapproval of the filibustering approach, even though they have said they will oppose or vote against the Budget. After the close of the debate on the Budget, the President may initiate a call on Members to sit down and have a cross-party examination of the existing RoP. The existing RoP has a unique Part L, under which the four rules from Rule 67 to Rule 70 deal with the handling of estimates. Can we jointly explore in a cross-party manner how we can be conscientious in our scrutiny work while preventing any meeting from being viciously aborted and filibustering? The reason is that the filibustering has caused our debate to lose its focus. A simple point is that no one will recall what we have said about the policies. What are the press waiting for? They are waiting to see when our meeting will be aborted for the first time. This is very realistic. I will leave aside the scrutiny of other bills for the time being. As far as the examination of the Budget is concerned, if Members do not sit down for a discussion, this knot cannot be untied. In particular, those pan-democratic Members who are against the filibuster should sit down for a discussion together.

Let me come back to the Budget. I original intended to tell the Financial Secretary that I was a bit aggrieved if he was still here. At a special meeting of the Finance Committee last time, I put a question to the Financial Secretary when he was sitting in Conference Room 1 because according to the Budget, only 40% among the working population paid salaries tax, and 60% of the revenue came from the top 5% of the salaries taxpayers, thus giving rise to the conclusion that only a small number of people needed to pay tax given the narrow tax base under our taxation structure. But it actually depends on how we look at the issue. I will summarize it simply as disparity in income and uneven distribution of wealth in Hong Kong. The Financial Secretary responded that the disparity in income and uneven distribution of wealth are features of a capitalist society. But this is nonsense. What is the extent of disparity in income and uneven distribution of wealth that warrants our intervention? Or does he consider these words as the golden rule, so he can just look on with folded arms, caring about nothing?

I have visited Germany recently. It will implement the minimum wage this year. Why was it not implemented before? As we know, Germany has the tradition of a welfare state, and the reason is simple. In the past, Germany was an industrial society. As a result of eco-innovation, the majority of employees were able to become part of the middle class. The income from a job could support a three-member or four-member family. However, with the emergence of globalized competition, they have gradually realized that it is difficult to sustain. The Government thus needs to intervene in the market and implement the minimum wage. What is the rate of their minimum wage? Simply speaking, it is €8.5, and there is no need to argue. None of the locals has argued that the rate of €8.5 is too high. When the Social Democratic Party has proposed a rate of €8.5, people just accept the requirement. Protests are now underway in the United States as people consider the rate of US$7.5 too low. But anyway, it does not matter whether it is US$7.5 or €8.5. The rate in Hong Kong is only $32.5. If it is converted into Euros or US dollars, we will really feel ashamed as it only amounts to some loose change.

Hence, the issue that I wish to bring out is that if politicians only look on with folded arms and condone the continued existence of such a social phenomenon, thinking that nothing can be done to change it, then why did they choose a career in politics in the first place? A number of civil servants whom I know have the ambition and hope to achieve something when it comes to changing ― leaving aside changing for its own sake ― or at least improving our society, enabling the trades and industries to thrive and allowing people to live in peace and work with contentment. Why does the Financial Secretary not do something? Certainly, I could hardly put forward any views as the speaking time at the special meeting of the Finance Committee was limited to three or four minutes. But I find it even more regrettable that he has left the Chamber and missed my speech. Maybe he thinks that my speech is not worth his attention.

Recently, many people have been saying that Hong Kong should learn from Singapore. In fact, Singapore and Hong Kong have been competing for years. Actually, what do people say about Singapore? Singapore is also a capitalist society with good economic development and a rather high per capita income, while its problem of disparity between the rich and the poor is not as serious as that of Hong Kong. Nevertheless, Singapore has done one thing in its budget this year which at least makes us believe that the approach of government intervention in the market is commendable. What has Singapore done? *Capital in the Twenty-First Century*, a book that the international community has been extensively discussing, also talks about the issue of wealth tax. In order to address worldwide opinion and the problems of uneven distribution of wealth and disparity in income which have started to surface in its community, the Singaporean Government has adjusted the tax bands of salaries tax. Simply speaking, its approach is different from that of Hong Kong. In Hong Kong, it is provided that when one's income reaches a certain level, a flat rate of 15% will be levied. But the tax system in Singapore has long since carried a slightly progressive element. For example, the tax rate for persons earning SGD$160,000 a year is 17%, and the tax rate for those with an annual salary of SGD$320,000 or above is 20%. But this is still not high enough. What has it done this year? It has introduced additional tax bands. In simple terms, the tax rate for high-salaried persons earning an annual salary of SGD$320,000 remained at 20% last year, but this year, it has become 22%. The Government does not hide its intention of increasing taxes on the high-salaried groups. Why? First, it is fair for those who have the means to pay more. Hence, only by so doing will fairness be achieved. And secondly, it aims to alleviate the grievances of the underclass because they will think about why economic growth has got nothing to do with their income, nor can it improve their lot. In that case, what good does economic development do? What has come to the grassroots' mind is this simple question. For this reason, we again commend the Singaporean Government for its foresight, which can respond to worldwide opinion or economic reflections, and address the local sentiments. Will we have such reflections?

Some people say that employment is important. Employment is certainly important. We, the Hong Kong Federation of Trade Unions (FTU), have long been insisting that the Government should introduce policies that can create jobs. But is employment necessarily able to extract the grass-roots people from poverty? We affirm this, but its seems that the effectiveness is not satisfactory. According to paragraph 2.12 in page 14 of the Hong Kong Poverty Situation Report 2013 published recently, "the poor population and poverty rate among the economically active households in 2013 were 788 800 and 13.1% respectively (up by 25 400 and 0.3 percentage point as compared with 2012)."

In other words, before policy intervention, even if the unemployment rate stays at a level below 3.5% consistently, the poor population among the economically active households (that is, the working population) has actually increased simply because of market and economic development. Why is that? Why do those in power not consider these issues? Although we have formulated an industrial policy at a macro level or created an economic environment, in fact, the grassroots can hardly support a family even if they have a job. Such people may be increasing, so it is necessary to consider this issue from a macro perspective.

Certainly, in respect of the minimum wage mentioned by the FTU earlier on, I can point out clearly that it can help the Government. Recently, we have come to learn from a government paper that the implementation of the minimum wage has saved the Government more than $700 million annually. Where does the money come from? Driven by the minimum wage, a group of unemployed or low-income recipients of Comprehensive Social Security Assistance have rejoined the employment market. Therefore, more than $700 million can be saved annually. In addition to helping the Government, it has also motivated these people to get a job. Hence, I hope the Financial Secretary can be guided by a more pragmatic philosophy of social governance with the fundamental aim of actually resolving social issues, encouraging various trades and industries to thrive and allowing people to live in peace and work with contentment. And I hope he can refrain from saying that disparity in income and uneven distribution of wealth are only natural.

What worries me more is the "0-1-1" proposal handed down by the Financial Secretary. It will first be carried out by the Civil Service Bureau as a compulsory measure. The Civil Service Bureau and the Financial Services and the Treasury Bureau will further compel all departments to implement it. As a result, all departments will have to come up with ways to save costs. The first and only solution that comes to their mind is to apply the principle of "the lowest bidder wins" to all outsourced contracts in the future. In the past, no department dared propose this approach to Members. But now, after the announcement of the "0-1-1" proposal, they can propose that the hourly rate of all outsourced staff be set at $32.5. Will this situation occur? Once it occurs, the poor population in Hong Kong will further increase. If the poor population increases, what should we do? Consequently, the Government will again be asked to intervene. Is this not a vicious cycle?

Does the "0-1-1" proposal, a "tightening spell" that cuts down on departmental expenditure, prohibit departments from affecting staff outside of the Civil Service, such as contract and outsourced staff? And will their income and remuneration be affected? The Government has not explained these issues. I hope they can give a response on other occasions.

Just now, I mentioned how job opportunities can be created at a macro level through economic policies. I hereby voice my recognition of the Secretary with a high popularity rating for his removal of unnecessary regulations and restrictions from the hawker policy. Nowadays, ordinary members of the public frankly tell us that it is not hard to get a job, but it is really difficult to start a business. Rental is one issue, and another problem is that various retail markets are highly or gradually being monopolized. By removing unnecessary regulations and restrictions, ordinary members of the public with craftsmanship, capital and network can try to start a business. Hong Kong people will be able to believe in opportunities again just as before. Now, more and more Hong Kong people do not believe in opportunities. They only believe that all things are structural, and everything is cast in destiny. It is just like if I live my whole life in poverty, my son will also follow my path. Is this what the Government wants to see? The removal of unnecessary regulations and restrictions from the hawker policy and provision of opportunities to the grassroots for business start-up are therefore worthy of recognition.

Moreover, after the release of the Budget, we have made district visits to listen to the views of the people. The majority of them recognize the rather generous relief measures introduced this time around. Certainly, even Mr CHAN Kin-por has proposed tax rebates. That is to say, high-salaried persons may be offered a lower tax rebate, while the middle and lower class may be offered a higher one. This is a good thing. I hope the Government can adopt the relevant proposal.

Why are there people excluded from the tax net? For example, for a three-member household, if its family income is below $340,000, it will not be taxed thanks to such measures as tax rebates. But what does a family income of $340,000 imply? According to a government paper, Hong Kong's per capita Gross Domestic Product has reached $310,000. For a three-member household, its income should be $930,000. Hence, the exclusion of families earning an income of below $300,000-odd from the tax net is not considered a lax standard. Nevertheless, why are there still a large number of people excluded from the tax net? The reason is low income.

By making such a long speech, we just hope that the Government will not be preoccupied with the creation of employment opportunities and job vacancies. Rather, it should consider whether the relevant jobs can enable people to feed their family, and whether promotion opportunities are available on a sustained basis. Only by this can we achieve social stability and harmony. Also, people will again believe in opportunities and industry. If people do not believe in opportunities and personal effort, then what else can they believe? I hope those in power can do some soul-searching.

Finally, I wish to mention in particular that in terms of one-off special relief measures, many people miss the electricity tariff subsidy. Tariff is, indeed, not to be neglected. The two power companies carry out expectation management annually, and their performance is comparable to that of the Financial Secretary. The actual rise in tariff is shocking. The CLP Holdings Limited's accumulative increase in net tariff amounts to nearly 28% between the five years from 2009 to 2015. It is really uncommon for the tariff to rise by 28% in barely seven years.

Many people have told me that they are grassroots. Even if the Government provides an electricity tariff subsidy, could it be possible that they will then specially buy two more air-conditioners just to waste electricity? They will not do so. Can the Government make reference to the Rating and Valuation Department's assessment of rental values and provide an electricity tariff subsidy again to residents who really live in middle-class or grass-roots accommodation? These people will not waste electricity as a result of this subsidy provided by the Government, but this measure can truly benefit all, including the middle class and the grassroots. I hope the Government can consider this as the rise in tariff is not to be neglected.

Certainly, the last one to be condemned is the MTR Corporation Limited because its fare increase rate is 4.3% this year, while the inflation rate of 2015 is just 3.5%, indicating that its increase rate is higher than the inflation rate. I hope the Government can further deal with this issue.

Thank you.

**DR KENNETH CHAN** (in Cantonese): President, even if Members have read the newspapers today, they may not have paid much attention to the details of the Budget debate because what the press reports dwelt on all the time was which Members had moved a larger number of amendments, the fact that the "props" of some Members were bigger or the fact that the President had commented on these Members, saying that to members of the public observing the meeting, we were like kindergarten pupils having their lessons. Why has the situation been reduced to such a state? It is worthwhile to reflect on and explore this matter in depth. Just now, some Honourable colleagues said we had to return the legislature to the people. In fact, in the July 1 March in 2003, when hundreds of thousands of people took to the streets, the slogan "return political power to the people" was their common demand. We all wore black clothes and took to the streets in the hot summer weather to oppose the legislation on Article 23 of the Basic Law, demanding that political power be returned to the people and TUNG Chee-hwa be kicked out.

After having discussions for such a long time, nowadays, in 2015, does the Government belong to us, or will the Government belong to us? If there will be screening of candidates for the Chief Executive Election, we all have some idea what the answer is. We refuse to "pocket it first". What we demand is a truly fair competition in which we can select the Government, the policy vision and the fiscal beliefs, rather than waiting servilely and being resigned to our fate, in the hope that the Financial Secretary would be so kind as to hand out candies, that after handing out one candy, he would hand out 1.5 candies and that even if we cannot get 1.5 candies, getting 1.015 candies would still be nice. Is this way of survival what the public or Hong Kong people yearn for under "one country, two systems", "a high degree of autonomy" and "Hong Kong people ruling Hong Kong"? Have our expectations been managed to such an extent that they just could not get any lower?

Today, the press also pointed out that a certain type of competitiveness in Hong Kong is on the decline, or has even reached quite a bad state, that is, our smiling index, for which Hong Kong ranked the third lowest. I believe that if there were some other global indices, such as brow-knitting index or wry smile index, Hong Kong's competitiveness in these areas would be quite outstanding. An Honourable colleague made a woeful appeal to Members not to filibuster. Perhaps to some Honourable colleagues, speaking for 15 minutes is totally sufficient for them to express all their criticisms and views as well as praises in relation to the Budget, and even to expound on their own set of beliefs, so that everything can be laid before the eyes of the public clearly. However, some Honourable colleagues also pointed out that through these amendments and within the parameters of the Rules of Procedure, they can further set out their views and ideas to the public and further express their views on the performance of the Government and its departments in various areas, as well as their expectations for them. I believe the President is certainly richly experienced and has seen many storms before and he definitely knows what should be done. I need not teach the President what to do either, or present such props as scissors, hammers or spanners to the President, so as to win photo opportunities in the mass media or any coverage by them. In this regard, relevant provisions can be found in the Rules of Procedure and Members only have to study the Rules of Procedure well to find the answers.

However, should Members be deprived of the right to filibuster? I believe that given the political situation in Hong Kong nowadays, we must handle this issue carefully. There is no knowing what the legislation on Article 23 of the Basic Law will bring. Moreover, recently, some people in the pro-establishment camp are clamouring for legislation on national security. In addition, an Australian claiming as a descendant of YUE Fei, the patriotic military general in the Southern Song Dynasty, professed his patriotism and desire to serve the country and suggested the formulation of "anti-Hong Kong separatism legislation". Sorry, at such a time, we cannot agree to making amendments to the Rules of Procedure to restrict the important powers of Members under the constitution to monitor the Government and prevent wicked deeds from happening.

President, this Budget has made many people knit their brows. Each year, the Financial Secretary would think about what to give us as gifts, so he has given us a candy. However, he is sitting atop abundant fiscal reserves and it is also expected that there will also be a surplus of $60 billion in the Budget this year. In each of the past eight years, a surplus was also recorded. However, at the same time, we find that the wealth gap in Hong Kong has not seen any improvement. Members have been talking about the fact that the Gini Coefficient now stands at 0.537. This figure appears to be abstract and far-removed from us but no matter if Members belong to the middle class or the grassroots, they all feel hard-pressed in their lives. A press report points out that seven years ago, a unit in Wan Chai sized at 700 sq ft could be rented for $10,000 but now, the asking rent even for a unit sized at 300 sq ft is over $20,000, so in English, this is to pay more for less, that is, more money is paid in exchange for a smaller area, so what can they do? Members of the middle class can feel the pressure and the grassroots also find their prospect unclear. Each year, all that they can do is to wait for a candy or the triple pay handed out by the Financial Secretary and taxpayers wait for measures to exempt or waive the rates. Have our world and our society become so stuck in the old rut? Given such abundant means and the abundant reserves and surpluses every year, do we still refuse to make progress and reform the social system? Are we unwilling to discuss such issues?

Is the Budget really so devoid of focus that it is necessary to work on the so-called  I really do not know how to call it. It is a ridiculous concept called the "food truck". Then, the public were left to make interpretations on their own, thus kindling a lot of hopes and expectations. If this is a healthy and sound society practising democracy, after the Financial Secretary has released the Budget, all people would focus on pondering some ideas and principles, as well as such important social issues as "whither is our city heading". This is very important. However, he has made it devoid of any focus and as I said at the start of my speech, it seems we no longer attach any importance to the beliefs because the Government has no intention of raising any matter for public discussion and debate, so as to examine in depth Hong Kong's fiscal situation, its social structure and future  oh, it has this so-called Future Fund, but what sort of thing is it really? How will the future mentioned under this Fund be like? What kind of world will you and I see four decades later? What kind of future will be in store for us in 2047? Apparently, there is no need to discuss this and it is only necessary to lock the money up and put it aside. However, can a just society be attained by relying solely on the Future Fund? This is not known.

We can see such great wealth disparity but we are sitting atop such abundant reserves. This being so, why do we not use put these funds to good use? What angers me most is that the Budget is fraught with contradictions. On the one hand, the Government says that it wants stable sources of revenue; but on the other, it hands out candies. Then, it says that our fiscal situation is very unstable. Since the popularity and legitimacy of the Government are so low, each year, it is forced to hand out candies and do something to please the public. Given such a short-sighted Government, naturally, it would not consider itself as safe as houses, rather, it thinks that it is a rocking and unstable boat. For this reason, it is considering other courses of action, for example, the introduction of new taxes, including a goods and services tax. How ridiculous indeed! The Government has gone so far as to look at such unjust taxes and make comments about expanding the tax base but basically, there is no need to do so. This is a perverse course of action, an unjust form of taxation. Why not consider introducing additional taxes for the richest people?

The second thing I consider to be unjust is to hand out candies on the one hand and recover the so-called expenses and costs of the executive departments on the other. May I ask if money should be spent in such a way? On the one hand, one is given a little bit of sweetener; then on the other, the money is recovered from you. I wish to point out in particular that the fees for cremation will be increased from $90 at the lowest at present to $6,560 in the future, so the poor really cannot even afford to die. In that case, one may as well arrange for oneself to be rolled up in a mat and be thrown into the sea. What kind of Government is this? This is to quibble with the public. This also highlights another area that makes me irate and is self-contradicting, that is, the construction of a third runway at the airport. The Government has circumvented the Legislative Council and refrained from making frank and sincere explanations to the public regarding the estimated expenditure amounting to $141.5 billion. In what ways will the capital be raised? Apart from adopting the "user pays" principle ― that is, users nowadays will have to foot the bill for the construction of the third runway in the future ― it is also necessary to stop making dividends payment to the Government. Actually, these are also public coffers as they are part of our revenue.

On the one hand, the Government wants to stabilize its sources of income; yet on the other, it has made life easy for the Hong Kong Airport Authority (HKAA) by allowing it to stop making dividends payment to the Government. How can it do so? Is doing so justifiable? Is this not being self-contradictory? However, if the HKAA runs into trouble, we have to save it and protect it. Can such a fiscal principle convince the public? Can this kind of fiscal principle put our minds at ease, making us believe that this Government would really create a fairer future for Hong Kong, so that all members of the public ― no matter which social segment they come from ― can feel hopeful about the future? It cannot.

If we still think that although we have a lot of criticisms, we should just forget about them and lend the Government our support this time around. This is an irresponsible course of action. We will have given up on both ourselves and our duty as Members, as well as the legislature, so this is not an advisable course of action.

If we really want to make preparations for Hong Kong's future, in fact, some rather desirable recommendations can be found in the review of population policy but what corresponding measures can be found in the Budget? To put it nicely, they amount to a drop in the ocean but to put it more bluntly, some false moves were taken and just a little bit was done as a gesture. What is this talk of industries all about? Many people in various sectors and functional constituencies said, "We are really grateful to the Government but this is still not enough.". Of course, this is not enough. In fact, what is the biggest problem? On the one hand, the Government talks about the industries, and on the other, it has not taken corresponding measures in respect of manpower resources and there is a complete lack of manpower. In that case, what can be done? Just import manpower. We know only talking about the industries and capital but in fact, in a capitalist society, ultimately, everything has to depend on manpower. In that case, from where can Hong Kong get its manpower?

If there is any vision in the Budget  in fact, a women's perspective has been advocated for many years in both the academic sector and civil society. What does a women's perspective mean? In fact, more than half of the people in Hong Kong are women and many of them have high academic qualifications, great abilities and their own ideas. They can run their families properly, so they are really formidable. If we can release the manpower of women and support them by developing child care services systematically and fully, offering subsidies to carers and encouraging various sectors to hire married women who have children and want to re-enter the labour market, is this not a meritorious measure?

A Budget with a women's perspective will actually trigger a review and reform of the whole social system. This is a new direction, the future, yet the Government has never given any thought to this area or raised and guided social discussion in a focused manner, then taken forward the whole reform. Instead, it goes about doing something most baffling, taking about something like hungering for spiritual contentment and food trucks, then just walks away  well, there is also another gesture, that is, to use a selfie stick to take selfies. Can we find people who are more inept than these senior officials and leaders of the Government, who deal with such an important and major matter in such a manner? I believe our Government is really unsurpassed in this regard but I am afraid we will only see ever more such lousy jokes and tricks of this type.

The Financial Secretary has been in office for more than eight years and this is his eighth Budget. However, the impression he has given is someone who is waiting for his retirement, thinking that since time is almost up, he must not make any unwise moves. Members, since the popularity of this Government is really far too low, it needs only do slightly better and not anger too many people and relatively speaking, it is already doing a better job. That is to say, when the standard and level of the whole city are so low, they must by no means take too many high-risk moves. However, ultimately, it is Hong Kong people who will suffer. We will not thank him. We will only condemn and criticize such short-sighted, incompetent and ridiculous financial tricks.

President, in the amendments soon to be discussed, I will propose several amendments, targeting water cannon vehicles in particular. I believe this is a weapon for suppressing the freedom of assembly and the freedoms of thought and speech of Hong Kong people. This afternoon, together with some civil groups, I will call a press conference to explain why we oppose the purchase of these so-called water cannon vehicles by the Government. In fact, these water cannon vehicles can kill and maim. For this reason, we must remove this sum of $27 million from the Budget.

Second, I will target the performance of Secretary Eddie NG and deduct his emoluments because he is a most deplorable and unpopular Secretary. When the occasion comes, of course, I will analyse with Members why I have to deduct his pay and allowances by way of amendments.

The third point is related to the two chief commanders of the "Pravda" in Hong Kong, one being Mr Andrew FUNG, the Information Co-ordinator, and the other being Mr SHIU Sin-por of the Central Policy Unit. I will also propose deducting the emoluments of these two people. As regards the "Pravda", I believe the President is also aware that there is in it a bunch of idle people who tell lies on behalf of LEUNG Chun-ying. They go on the offensive to suppress the freedoms of thought and speech, making enemies everywhere. These people are not needed within the Hong Kong Government *(The buzzer sounded)* 

I so submit.

**MR CHRISTOPHER CHUNG** (in Cantonese):President, I have written a newspaper article some time ago praising the Budget for handing out "candies" to benefit everyone and appropriating funds with vision. I believe this Budget is the most outstanding one by Financial Secretary John TSANG.

The "candies" handed out are worth $34 billion and evenly allocated to Comprehensive Social Security Allowance recipients, the grassroots, the middle class and even small and medium enterprises (SME), so everyone can share the sweetness. It is commendable. The "sweetening" measures that give "candies" to the middle class have become the highlight among all sectors: a tax rebate capped at $20,000, an increase in child allowances to $100,000, a rates waiver for two quarters and another issue of iBond. The middle class welcomes these measures with a big applause.

What is the most surprising is the $290 million support measures offered to the SMEs and shops affected by the illegal Occupy Central. It shows that the Budget this year is not just some imagined satisfaction like those in the past but a timely shower that nourishes everyone.

I will speak on home affairs, which is my responsible policy area and express some views on the Budget.

First of all, I will speak on culture and the arts. President, I have always been very concerned about the local cultural and art development and I think the Government is invariably more than willing but lacking the strength to support local artists. The Government has expended $674 million to promote local arts and culture overseas, but the budget for commissioning artworks by local artists is only $8 million while the expenditure on acquiring artworks by local artists in 2014 was also $8 million. The budget and expenditure practically show that the Government holds a half-hearted attitude towards and pays very little attention to artistic and cultural creation, especially local artworks.

It has become customary in recent years that cultural and art exhibitions of varying scales will take place in Hong Kong in March every year. For example, recently the major art exhibition Art Basel was held at the Hong Kong Convention and Exhibition Centre and there is also Art Central, which has attracted a lot of foreign artists, buyers, museum curators, collectors, art curators, art critics and gallery owners to come to Hong Kong to visit these exhibitions and acquire collections.

However, in this respect, I think the Hong Kong Government has let slip a good opportunity. We hope that the Government will make use of more venues and allocate more public space to enable local artists to showcase their creations and Chinese artworks so that March can truly become a month of exhibitions for Hong Kong artists. In this way, we can nurture a group of local and overseas art-loving audience.

The Budget this year has introduced a new scheme, that is, the establishment of a $300 million Art Development Matching Grants Pilot Scheme which purpose is to encourage art groups to seek external sponsorship. The art circle generally welcomes this scheme and think that it is better than nothing. However, will the business sector sponsor art groups as a result? It is another matter. It is because the business sector has their own way of thinking. Often enterprises would like to set aside some sponsorship funding usually for some charitable organizations or sports events, but rarely for the arts and culture. Therefore, will this matching grants scheme be effective in attracting commercial sponsorship? I think the Government needs to put in more efforts. We hope the Government can follow the example of Korea or European and American countries to sponsor art groups or provide tax concession for acquisition of art collections so as to encourage the business sector to support local art development. I believe it can bring benefits to all parties, prompting the community to support development of the arts and culture.

Currently, the Government's policies on the arts and culture and creative culture are most fragmented. The Home Affairs Bureau is in charge of implementation of art and cultural policies while the Commerce and Economic Development Bureau executes those related to the creative industry or the cultural industry. If we are to develop the arts and culture on the Mainland, it may even involve the Constitutional and Mainland Affairs Bureau. This is the very reason for the currently fragmented cultural policy. The authorities stress that these few bureaux will meet regularly to exchange views but the so-called regular meetings and exchanges of views are way off the mark and merely some exchanges at the policy level, offering no help to the promotion of the cultural and creative industry. The Commerce and Economic Bureau of course would not give much consideration to cultural issues and focus only on commercial interests without sparing any thought for the arts. And the Home Affairs Bureau could not care less about money and is only interested in the arts and culture. How can they be on speaking terms?

Therefore, I think the Government really needs to contemplate how to set up a cultural bureau to co-ordinate cultural policies. Only in this way can such policies in Hong Kong be formulated. When we have strong cultural policies, we can demonstrate the strength of our soft power.

Apart from the cultural industry, I would also like to talk about cultural activities at the community level. The biggest problem of organizing local cultural activities is the lack of venues. The Government will gradually increase the special provision for the community participation scheme to $4,130,000 in the coming five years in order to support the District Councils (DC) in promoting community art and cultural activities. But the amount of community cultural facilities is very limited in Hong Kong. Colleagues who are familiar with community affairs or who have been a DC member will know that there is keen competition in renting community halls. Lots would be drawn two or three months in advance and it is very difficult to rent the community halls for some community cultural and recreational activities. To solve this problem, I suggest that the Government makes good use of its facilities, especially school buildings which contain halls, playgrounds and at least a basketball court. If we can make good use of these community resources, the community can share these facilities after school hours. Or, in terms of management, if the Home Affairs Bureau can discuss and co-ordinate with the Education Bureau so that the community can share these facilities on holidays, it will be a win-win situation. I think government schools should take the lead to open their school halls, playgrounds and basketball courts to members of the local communities.

In addition, President, movies represent another kind of culture, that is, film-making. I wonder if it is because the Financial Secretary likes to watch French movies that the Budget favours the film industry by further injecting $200 million into the Film Development Fund while introducing the Film Production Grant Scheme which subsidizes film productions with a budget not exceeding $10 million, subject to a ceiling of $2 million. We find the scheme desirable for it helps nurture local up-and-coming directors. And the budget ceiling of the Scheme for Financing Film Production will be raised to $25 million, which also addresses the reality of the current high cost involved in film production.

These financial assistance measures provided by the Government will help develop the local film industry. But if we want the Hong Kong film industry to become truly prosperous and reclaim the lost title of "Hollywood of the East", we have to find another way to transcend the Hong Kong boundaries. I have once said the Hong Kong film industry will face a dead end if it does not collaborate with the Mainland, and it has attracted a lot of criticism of course. But it is the reality. If Hong Kong only promotes its local sentiments and focus on the niche market and niche production, how can we become the "Hollywood of the East"? To make films that can break into the greater China film industry and market and go international, the production cost can easily get up to tens of million dollars. If we do not collaborate with Mainland film production companies, how can Hong Kong attract more investors to finance the production? And how can we enter the Mainland market of 130 million people?

The market in Hong Kong is too small. Any film scoring $10 million in box office is already considered to be exciting and outstanding but it cannot compensate for the cost and expenses of a sizable film. This is also a fact. President, apart from setting up a film fund, should the Government not introduce more measures and provide more support to help local film production companies make movies on the Mainland?

On another note, I wish to talk about the problem with Asia Television Limited (ATV). I resolutely oppose Radio Television Hong Kong (RTHK) taking over ATV's radio frequencies. Television is another kind of creative industry in addition to film-making. The Executive Council has recently decided not to renew ATV's television programme service licence. The Commerce and Economic Development Bureau suggested handing ATV's two channels over to the TV unit of RTHK. I utterly oppose it. For now let us not talk about how biased RTHK was in its reports of the illegal Occupy Central ― as an official radio station it beat the drum and cheered for the illegal occupation activities. All right, we do not get into that. But it is impossible both financially and resource-wise for RTHK to operate ATV's channels. First, RTHK is running three digital television channels for public broadcast, which are TV 31, TV 32 and TV 33. Now it is to take over ATV's analogue channels. Is RTHK downgrading itself and forced to do a worse job? Also the Government already has a policy to switch off analogue frequency service in 2020 and implement full digitization, so why should RTHK be taking over?

In addition, RTHK is not capable of producing enough programmes for broadcast on these three digital channels. It just relays programmes of the English channel of the China Central Television. And we wonder who would watch them. Yet one very good thing about these channels is that one of them does live broadcast of the Legislative Council meetings watched by citizens. But it does not count as any production. Relaying programmes to make up for the number demonstrates that RTHK is not competent. What are the audience ratings of its three TV channels? The numbers are never released. I do not know if anyone has mentioned it. But I think these channels have certain viewers as I do need to check out myself in the meetings. Does RTHK really have the ability, manpower, resources and audience to take care of two extra analogue channels? If a drastic increase in manpower is needed, more resources have to be provided. Such an increase will then lead to additional cost in other aspects. We need to make careful considerations.

Third, RTHK is a public radio station operating on public funds so it does not have to care about viewership or production cost. And it does not have any advertising revenue. When it needs money it will come to the Legislative Council ― as the Legislative Council is an "automatic teller machine" ― and say "I am shooting and if you do not give me some funds we will have to stop our production." Eventually the Legislative Council appropriates funds to RTHK like a rubber stamp. Moreover, such an operation mode may constitute unfair competition to other currently operating radio stations or the two commercial television stations which will soon join the market for broadcast. Therefore I hope the Government can think twice before it acts and withdraw its decision.

Talking about culture, lastly I would like to discuss the food culture. It is interesting that the Financial Secretary put forward the suggestion of food trucks. It is indeed quite simple and at all surprising really as there were a lot of food trucks when we were young. When we were still small, many people sold food items like stockfish and peanut congee and Dragon Beard Candies using wooden carts. In this regard, do we need to have regard for the local circumstances or let conglomerates operate the food trucks?

Speaking on food trucks, Mr Steven HO from the Agriculture and Fisheries Constituency also mentioned the food culture of typhoon shelters. Now we can no longer taste fried crabs in typhoon shelter style in a typhoon shelter but only at "Goose Neck Bridge" (Canal Road East and West). Therefore I think 

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

**MR CHRISTOPHER CHEUNG** (in Cantonese): President, the Financial Secretary presented this year's Budget in February 2015 and has generously handed out "candies" worth $34 billion to members of the public, which is welcomed by them in general. Some said everybody is satisfied with the Budget which has responded to the needs of the public. I find it most commendable when the Financial Secretary no longer mentioned the coffee culture and French movies or talked about the middle-class life in a high-sounding manner and, instead, he gave a pragmatic response to the plight of the middle class. It is because the Financial Secretary often placed greater importance on the grassroots than the middle class when the Treasury was "overflowed with cash" and the Government handed out "candies" to the public. However, the Financial Secretary finally made a radical change now and responded to the suggestion of providing more rewards to the middle class as proposed by the Business and Professionals Alliance for Hong Kong. For example, the ceiling of tax rebate is increased from $10,000 to $20,000; the amount of child allowance is increased from $70,000 to $100,000; rates concession will be given for two quarters (subject to a ceiling of $2,500 per quarter); and another batch of iBond will be issued. These measures indicate that the Financial Secretary is committed to the community.

The Financial Secretary once said he did not have any crystal ball. I wonder if now he actually has one so that he could foresee a long time ago that the trading volume of the Hong Kong stock market could reach as much as over $200 billion, accounting for a significant increase in revenue for the Treasury. As a result, he handed out "candies" to the public more confidently and generously this time. In view of the current continuing trend of the Hong Kong stock market, it is estimated that if the daily trading volume in this year amounts to around $150 billion, the revenue from stamp duties will be $50 billion this year. The Treasury will be "inundated with cash" again this year and it seems inevitable to continue handing out "candies" next year.

However, I would like to share my opinions on the overall financial management philosophy adopted by the Financial Secretary. I wish he can implement a policy of "Two Nots and One Prevention" and continue to fulfil his role as the "Chief Exchequer" of the SAR Government.

First, we cannot disregard the financial management principle of saving money for a rainy day. As the saying goes, nothing good lasts forever. We are facing the huge challenge arising from the ageing population. Therefore, it is a proper approach for the Financial Secretary to propose establishing the Future Fund in a provident manner. It is because even though the stock market is booming recently and has brought in a staggering income from stamp duties on stock transactions, nobody can predict whether the stock market will have a trading volume of over $200 billion every day and whether it will become a new norm. Besides, it is uncertain whether the investment return of the Exchange Fund can always reap huge profits, not to mention these incomes are actually unreliable non-recurring incomes. I therefore support the Financial Secretary's financial management philosophy of remaining vigilant and keeping expenditure within the limits of revenues.

Second, we should not levy any new tax. Although I agree that Hong Kong should have a long-term and stable tax base, I have strong reservations about levying new taxes (such as a sales tax) for this reason. It is because the businesses of the local tourism industry and retail industry have been severely affected as a result of the actions against parallel traders, which made tourists hesitate to come, and are facing a really difficult time. Furthermore, the "multiple-entry" policy is limited to "one trip per week". If the Government further levies a sales tax, it will definitely deal another blow to those industries and undermine the competitiveness of Hong Kong. It will also destroy the livelihood of many people at any time, which is particularly unfavourable to the employment of the grassroots.

As for the "prevention", we should prevent drastic fluctuations of the financial market in the future from creating negative impacts on the stability of economic or financial systems. In view of the continuous influx of hot money from different places, the Hong Kong Monetary Authority has injected nearly HK$33 billion into the banking system in five batches since last Thursday to sell Hong Kong dollar and cope with the influx of idle funds for purchasing Hong Kong stocks. However, the inward and outward flows of hot money are unpredictable and erratic. Is somebody stirring up troubles behind the scene? Once the trend takes a reverse course, especially when the United States may raise the interest rate in June, we cannot disregard its impact on Hong Kong's financial system. Therefore, we should adopt full precautions and prevent the "major speculators" from using Hong Kong stocks as a cash dispenser.

President, in regard to the economy, I very much appreciate that the Financial Secretary has not neglected support for the financial industry while promoting the diversification of industries in Hong Kong. The current success of the financial industry is attributable to the concerted efforts made by all of us from scratch. We must maintain this fundamental industry and the existing edges to dovetail with the new policies of the State and continue making greater contribution to the Gross Domestic Product and economy of Hong Kong.

At this juncture, I would also like to mention that I led a financial services delegation of around 50 persons to Qianhai and Shenzhen last Thursday to discuss the preparatory work for the Shenzhen-Hong Kong Stock Connect and the development opportunities in Qianhai. Our counterpart gave a very positive response and wished the Shenzhen-Hong Kong Stock Connect could be launched as soon as possible to expedite co-operation and take a vital step for the national financial policies and the development of financial services in Shenzhen and Qianhai.

Therefore, I hope the measure of leading the local financial services industry to stage more roadshows in the Mainland, as mentioned by the Financial Secretary in the Budget, can be implemented as soon as possible. Mainland investors have started paying attention to Hong Kong stocks. It is extremely important to teach them to understand the Hong Kong stock market and grasp international financial news. I wish the Financial Secretary can seize the opportunity as it is unnecessary to wait to stage roadshows after the launch of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

In regard to the cost for enterprises to promote Hong Kong stocks in the Mainland, while the Financial Secretary will inject $1.5 billion into the SME Export Marketing Fund and the SME Development Fund, we hope he will also consider expanding the scope of these funds to the financial services industry. It is because small and medium securities dealers are also promoting the services and stock market of Hong Kong in the Mainland, attracting capital inflows from China and creating wealth for Hong Kong.

As the Legislative Council Member for the financial services industry, I would like to talk about the problems faced by the industry. Two years ago, CEPA 10 gave an undertaking that securities dealers of Hong Kong could set up businesses in Shenzhen and Qianhai. However, it is still all talk but no action. Such an undertaking is stated as possible in the agreement only while in reality, it remains as castles in the air. Nonetheless, as I have mentioned earlier, Mainland investors are becoming increasingly enthusiastic about Hong Kong stocks. How long do we still have to wait? The SAR Government should open discussions with the relevant government officials in the Mainland as soon as possible in regard to the issue of Hong Kong securities dealers setting up businesses in the Mainland so that local securities dealers can enter the financial services industry of Qianhai, which is an "SAR within an SAR".

Recently, as the number of transactions has increased drastically in the current rising trend of Hong Kong stocks, some securities dealers and major banks were really busy and could not handle all customer requests, giving rise to such problems as excessive Internet traffic and failure to receive phone calls. As a result, members of the public found it difficult to make transactions and did not get professional services. Therefore, I hope the industry will not merely compete for business by waiving the commission fee to the neglect of investment in financial infrastructure. Instead, they should act appropriately having regard to the circumstances, recruit more staff and, at the same time, upgrade their computer systems in order to cope with the new norm of huge capital inflows from China into Hong Kong. Not only should we ensure smooth transactions for the customers, but also prevent undermining our hard-earned reputation as an international financial centre.

Furthermore, the launch of Shanghai-Hong Kong Stock Connect is an important policy on financial reform and innovation in the National 13th Five-Year Plan. It is also a historical moment for Hong Kong as it brings our financial industry to a new era and indicates that China is determined to reform its financial system. We can foresee that the global investment focus in the future will shift from Europe and America to Asia. Moreover, China has proposed the "One Belt One Road" initiative to implement the epoch-making commercial and trade policy spanning Europe, Asia as well as Africa, and has established the Asian Infrastructure Investment Bank (AIIB). These measures exactly indicated that China tries to seize the opportunity of the shift in focus and gain a greater say in the international financial market, which will also create a positive impact on expediting the internationalization of Renminbi. Hong Kong is in a privileged position, so we must seize the opportunity. Enterprises that will participate in the infrastructure construction for the "One Belt One Road" initiative may raise capital through listing in Hong Kong, which will generate enormous revenue for the territory. Therefore, we must join the AIIB as soon as possible and should even strive for the setting up of an AIIB branch in Hong Kong to further enhance the status of Hong Kong as an international financial centre.

After talking about the development of the financial industry, I would like to point out that the Financial Secretary has, as stated in the Budget, spared no efforts to support the diversified development of other industries. Apart from allocating funding to the promotion of the creative industries, he also strove to foster an environment for start-ups, promote the cultural and creative industries and encourage social enterprises to start up businesses, thereby providing more, better and new paths for young people.

I particularly appreciate the Financial Secretary's allocation of more resources to the enhancement of manpower training. For instance, from this academic year onwards, the Government will subsidize on a pilot basis 1 000 students to pursue designated self-financing undergraduate programmes, such as healthcare, architecture and engineering, testing and certification as well as the creative industry. There is a strong demand for talents from these trades and industries in Hong Kong. The further development of Hong Kong requires a continuous supply of new blood and an increase in upward mobility opportunities for young people.

Lastly, since the radical pan-democrats have proposed a record-breaking number of over 3 900 amendments in regard to the Budget again this year and initiated an unjustifiable filibuster which antagonized the public, I would like to advise the moderate pan-democrats to bear in mind the well-being of the public and prevent any delay in the implementation of various measures of handing out "candies" proposed in the Budget as, in particular, the elderly and recipients of Comprehensive Social Security Assistance (CSSA) wish to receive "two additional monthly CSSA payments" as soon as possible. Otherwise, those Members will have to bear the consequences of provoking public wrath.

If the Government submits a funding application later for joining the AIIB, I urge the pan-democratic Members to neither obstruct the approval of funding application unreasonably nor hold the Government back. Otherwise, it will be too late to regret if we miss the golden opportunity.

With these remarks, I support endorsing the appropriation for the Budget. Thank you, President.

**MR LEUNG CHE-CHEUNG** (in Cantonese): President, this year's Budget can be regarded as the best since the reunification in the sense that it addresses the interests of various sectors and hands out "candies" to the underprivileged to their surprise. Therefore, I will support the Budget.

On behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), I would like to express our views on policies related to housing and welfare in the Budget. As usual, the Budget does not include a lot of proposals on housing, and the three major initiatives proposed in the Budget are the "Housing Reserve", the "Premium Loan Guarantee Scheme" and "demand-side management measures". Honestly, the key to Hong Kong's housing supply is not money. Given that the Hong Kong Housing Authority (HA) is now financially sound coupled with its additional revenue from the introduction of 90 000 Home Ownership Scheme flats in phases in the future, it is believed that the construction of 200 000 public rental housing (PRH) flats will not constitute a financial problem. However, like making preparations for a rainy day, it is a good idea to set up a "Housing Reserve".

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

Nevertheless, in promulgating the Long Term Housing Strategy towards the end of last year, the Transport and Housing Bureau pointed out that the existing land and land under planning was enough for developing merely 250 000 flats. In other words, no land is available for the planning of 40 000 flats. From planning study to site formation, land development projects take at least eight to 10 years to complete. Starting from the time when the HA takes up a construction site, public housing projects in general span five years on average. Hence, my hope is that apart from saving money for the HA, it is essential for the Financial Secretary as the one leading the Steering Committee on Land Supply to secure enough land for the HA.

In Hong Kong nowadays, there are about 260 000 subsidized flats with land premium not yet paid. The Financial Secretary has proposed the Premium Loan Guarantee Scheme to facilitate the turnover of such flats and in particular increase the number of rental flats. Despite the good intention of the Financial Secretary, subsidized flats are mainly for personal use in general, and the number of lettable vacant units may be less than the Financial Secretary's estimate. In addition, although flat owners under the Scheme need not make any repayment now, they are still required to pay annually the premium and loan interest, which is about 4% of the loan amount. Let me take a $4 million HOS flat as an example. The land premium is set at 30% of the price, so a $1.2 million loan is needed for that, and a further annual payment of $48,000 for the premium and loan interest is required before the flat can be let. It remains to be seen as to whether the Scheme can attract flats owners and thus release a certain number of flats.

Since the Scheme takes the Reverse Mortgage Programme as the blueprint, I think the authorities should take one step further by looking into the prospect of the Government making the Reverse Mortgage Programme directly available to subsidized flats with land premium not yet paid, such that elderly HOS flat owners may use the properties in their possession to make an additional income through the Reverse Mortgage Programme. After they have passed away, the authorities may recover the flats and resell them to those in need. This would serve the double purpose of increasing the income of elderly flat owners and recovering back subsidized flats for resale.

Deputy President, despite the absence of any "new curb measures" for the property market in the Budget, it is stated that measures will be introduced without hesitation to stabilize the property market where necessary. Two days after the Budget was announced, the Hong Kong Monetary Authority echoed the statement by tightening the loan-to-value ratios. In the face of surging property prices, it is understandable for the Government to introduce countercyclical measures. However, in view of the current sweeping proposals, be it on luxury or entry-level properties or on users or speculators, the loan-to-value ratios are tightened by 10% without exception, so the innocent may then be victimized. In fact, as the media reported, the new measure has upset the plan of some prospective first-time home buyers. A 10% down payment may easily translate into $400,000 to $500,000. To some investors, the amount is just a figure on a new cheque, but to those first-time home buyers, this may well be the fruit of their years of thrift.

In fact, the special stamp duty and buyer's stamp duty have stood to be a curb to short-term and non-local speculators. To further rationalize housing supply, the Government should target prospective investors and renters by levying a higher stamp duty on residential properties not for personal use, or further tightening the loan-to-value ratios for various properties for personal use, instead of targeting first-time buyers. The effect of the new round of policy tightening may remain to be seen, but tightening mortgages across the board may only force first-time home buyers to look for cheaper low-price flats, triggering a new round of record breaking for the price of those flats, contrary to the purpose the initiative is meant to achieve.

Deputy President, on welfare, a further $71 million is earmarked in the Budget to offer 227 additional places for subsidized residential care and day care for the elderly, and the services at six contract residential care homes and one day care unit will be enhanced. In other words, in 2017-2018, there will be 1 710 new subsidized places for the elderly. On the other hand, the Social Welfare Department has reserved space in 11 developments for new residential care homes. If these initiatives are implemented smoothly, they will alleviate the time needed for the elderly to wait for a subsidized place. This is good news, but is the reality that optimistic though?

I believe Members are aware that Hong Kong has already entered the stage of ageing. The number of those aged above 65 will top 1 million in three to four years' time *vis-à-vis* the current 900 000. Nevertheless, there is a long-standing shortage of workers engaged in elderly care. According to the Government's statistics in 2013, a third of the workers imported in the year were engaged in elderly care. A related survey conducted by The Hong Kong Council of Social Service (HKCSS) in the same year found that there were 1 000 vacancies in the sector, and no improvement has been made to the manpower shortage in the elderly care sector all along. The Navigation Scheme for Young Persons in Care Services introduced by the Government in 2013 has a quota of only 200, which is a far cry from tackling the acute manpower shortage in the sector. In the light of the persistent growth in the number of places at residential care homes, the manpower shortage in the elderly care sector is expected to only become more acute to an extent incompatible with the number of places, thus causing implications for the provision of services. Given the obvious manpower shortage, it is really unnecessary for the Government to further spend money on commissioning consultancy reports.

I hold that the authorities should first inject elements of youth and vitality into the elderly care sector. According to the HKCSS survey two years ago, half of the existing elementary carers were aged 50 to 59. It is the least desirable for an aged person to take care of the elderly. The first and foremost task of the Government is to attract young people to join the sector. The residential care service sector is perceived as old, ailing or lifeless. Workers there need to help the elderly take a bath and clear their droppings, so it is regarded as an obnoxious trade. I think it is imperative for young people to have some personal contact with the elderly living in residential care homes before they would reduce their resistance to and unfamiliarity with the sector and remove their prejudice. The Navigation Scheme for Young Persons in Care Services launched by the Government two years ago has actually built up a good foundation and served as a model. The authorities should expand the quota to cover more residential care homes with a view to maximizing the effectiveness.

Second, new technology and skills should be injected into the sector. Apart from having a loving heart and patience for the elderly, care service workers are also required to take care of and assist the elderly who have difficulty in walking or even those who are paralysed. Taking care of the elderly is physically exacting certainly, and there is a need to prevent the demented residents from getting lost. Therefore, residential care homes need to develop in the direction of people-oriented, smart new technology. For example, conveyor belts should be used to replace manual operation for carrying people; items that can be procured include a smart care evaluation instrument which keeps abreast of the physical condition and needs of the elderly, as well as a radio frequency identification and positioning system which prevents the elderly from getting lost, and so on. Nowadays, some well-equipped residential care homes have begun to adopt such new technology, despite it being not popular. Given the huge cost incurred for the installation and maintenance of new technology, it is unaffordable to residential care homes in general. I hope the authorities will consider offering subsidies, which would not only reduce workers' physical exertion and pressure but also enhance the quality of care services immensely and incentivize young people to join the sector.

Third, the elderly care sector should project a professional image and offer a promising pathway for promotion. The authorities should encourage residential care homes to organize different types of training courses, such as inviting nurses from the Department of Health, community nurses, physiotherapists, and so on, to explain and demonstrate various care approaches with a view to enhancing carers' professional knowledge. Of course, residential care homes should also encourage staff to pursue continued learning and allow them to take Enrolled Nurse training programmes as a means for them to make a breakthrough in their work for a better remuneration package.

Deputy President, the problem of ageing is more acute in Japan than in Hong Kong. Reform has taken place for years in the former's elderly care profession, which has become increasingly professional. It is noted that there are now more than 400 vocational training schools in Japan dedicated to elderly care services, and the country's Gross National Product has been boosted by its thriving elderly care profession. In view of the stiff competition, service providers have taken the initiative to introduce better services for the elderly in Japan to really enjoy their twilight years. I hope that in the face of the issue of ageing, the SAR Government will no longer do the planning as a welfare initiative to be tackled or undertaken. Instead, it should approach the matter as a whole from the perspectives of exploring opportunities and introducing new economic initiatives.

I so submit. Thank you, Deputy President.

**MR ALAN LEONG** (in Cantonese):Deputy President, in delivering the work report in the recent session of the National People's Congress, Premier LI Keqiang said that the root of corruption is rent seeking activities in which many people are engaging. In simpler terms and to make it easier to understand, it means that some people ― of course, these are a small group of people in society ― are hoarding most of the resources in society; they are unproductive and make use of their own resources to create greater profits and wealth for themselves. But as these are rent seeking activities, other people do not gain any benefit, whereas those engaging in rent seeking, officials, and people with powers rely on the power structure to continuously consolidate their own powers and ensure the continuation of their powers, resulting in the degeneration of society. Of course, the situation mentioned by the Premier is found in the Mainland. But if the interpretation that I have just made is applied to Hong Kong, is it not the case that there are also rent seeking acts dragging down Hong Kong and causing the territory to degenerate?

However, after reading LEUNG Chun-ying's Policy Address and John TSANG's Budget, we entirely do not see any optimistic outlook or hope because insofar as these two men are concerned, one of them is actually setting fires whereas the other is turning off the tap. While some of the fires can be put out with the "water" in the Treasury, they nevertheless refused to put out the fires and this is utterly disappointing to us.

Deputy President, not only has LEUNG Chun-ying failed to duly take actions to put out the many fires, but he has even continued setting fires. This, I think, is already an indisputable fact, and all the people around have been antagonized. What about the Financial Secretary? Just now I said that he did not put out the fires with the "water" inundating the Treasury. Deputy President, let me cite some examples to explain this point. I think it is already a consensus that John TSANG is stingy and downright incompetent in performing his role as the treasurer. He is adept at handing out "candies" but knows nothing about "running a factory". This is the first reaction of the Civic Party after receiving this Budget. What is he actually doing? Perhaps I can explain it with a more vivid example. The situation is like this: A kid is hungry and while his father has enough money to buy normal kinds of food, such as pork, beef, mutton, vegetables and fruits for him, his father does not do so but instead, he spends only a small amount of money buying chips, candies, and so on, for his son. These can, of course, fill his son's stomach for some time but Deputy President, these kinds of food have no health benefits at all. In fact, this is like what the Financial Secretary has done now. He has handed out "candies" and "chips" to temporarily relieve the hunger of the people, ignoring the problem that these will do no good to the people and are hazardous to health in the long term.

The Government has invariably underestimated the surplus for the past seven years, and many colleagues have already mentioned this. The actual surplus recorded every year turned out to be exceeding the estimate by $9 billion to $100 billion. Now that the Northern capital is being channelled to the South and in the past week alone, I think the Financial Secretary has never expected that such colossal revenues can be generated from the stamp duty on stock transactions, and I am afraid we will be chiding him again for underestimating the surplus this time next year. Let us settle the accounts for him. Over the past seven years, the Government has underestimated the surplus by $435.1 billion in total. Now the Treasury is inundated with cash and the fiscal reserve is enough for meeting government expenditure for over 20 months.

Deputy President, let us try putting ourselves in the position of a middle-class family in considering the problem. To a middle-class couple who have to support the living of their parents and children, who are stuck in the middle, and who have to work very hard to make ends meet, what are their greatest concerns? Certainly, they are most worried about having to take care of their parents once they fall ill and are hospitalized. They are also worried about whether their children can receive the best education and whether they will lose out at the starting line, right? These "sandwiched" people in a typical middle-class family face problems in healthcare, education, housing, and so on, but this Budget of the Financial Secretary has only withheld the money ― I will settle scores with him later ― and then, as I have said, even though he obviously can buy fresh vegetables and meat to feed Hong Kong people, he did not do so but only handed out "candies" and "chips". Such being the case, the Civic Party cannot support this Budget.

However, a more fundamental problem is that the fiscal discipline displayed in this Budget is indeed most worrying. We have seen that early this year, in order for the proposed establishment of an Innovation and Technology Bureau (ITB) to be deliberated at an earlier time, the Government withdrew four items which were originally included in the agenda of the Finance Committee and incorporated these items together with another 21 items of funding applications amounting to over $3 billion into the Appropriation Bill 2015, rather than tabling them to the Public Works Subcommittee (PWSC) under the Finance Committee for deliberations. This is the first time in the past three decades that the Government incorporated non-recurrent commitment into the Budget. Worse still, when we examined these 25 items that had been extracted, we could not find any objective standard for determining what items can be incorporated into the Budget and what cannot. Simply put, it is determined by the Government. The Government does whatever it likes. It will table a proposal to the Legislative Council if it likes; and it will not do so if it does not like it. This is certainly extremely damaging to the relationship between the executive and the legislature, and has seriously belittled the function of the Legislative Council in effectively monitoring the use of public coffers by the executive. This is another reason why the Civic Party cannot support this year's Budget.

Certainly, Deputy President, as you must know very well, colleagues from the pro-establishment camp in this Council have kept saying in this Second Reading debate that this is all because of the filibustering by Members. They said that had it not been the pro-democracy Members filibustering, why would the Government have deviated from the established practices and resorted to these irregularities, resulting in a situation where the rites and decorum are in tatters? However, Deputy President, this claim has stated only half of the background leading to this scenario now, and the other half is, of course, to be explained by me here. Otherwise, the record will be biased as if suggesting that only the arguments of the pro-establishment Members can hold water.

Deputy President, why did the pro-democracy camp filibuster? In fact, insofar as the Budget or fiscal arrangements are concerned, the one and only time that the entire pro-democracy camp took part in filibustering was to thwart the proposed establishment of an Information and Technology Bureau (ITB). On the establishment of an ITB, why did we have to filibuster in order to perform a gate-keeping role for the people? The reason is actually very clear now. Because we found out only after repeated questioning that regarding the establishment of this ITB for which LEUNG Chun-ying asked the Legislative Council to approve an annual provision of some $30 million, there was neither a blueprint nor a draft proposal. While they said verbally that the establishment of an ITB would achieve a greater synergy effect and that its establishment would be of enormous help to the innovation and technology industries, when we questioned them what plans had been made, what practical actions would be taken and how it would operate, they told us to wait, for we should first approve the provision of funding and they would then tell us the details six months later. It was obviously putting the cart before the horse. How could this be possible?

This aside, there are, of course, other examples, and I think members of the public should understand that had it not been the pan-democratic camp acting as the gatekeeper for them in the Legislative Council, bollards for bicycles costing $100,000 each could have been approved; the Liantang/Heung Yuen Wai Boundary Control Point, which was proposed obviously not in the interest of Hong Kong but for supporting planning in the Mainland, could have been approved; and the development of artificial islands in the Central Waters proposed for purposes unknown could have been approved. Therefore, Deputy President, all these must be put on record and made unequivocally clear. In putting all the blame on filibustering and the non-cooperation movement for the slow progress made in vetting and approving funding applications in the Legislative Council, the Government has indeed sought to cover one lie with another and defame the pro-democracy camp.

Deputy President, I have to take this opportunity to put this on record, in order to clearly explain the situation. For instance, in the Public Works Subcommittee (PWSC), we have, as of today, approved 22 projects in the current Legislative Session, which has exceeded the number in the last Legislative Session, and the amount involved in these 22 projects has also exceeded the total amount of funding for 22 projects approved by the PWSC in the last Legislative Session. But as the current Session has yet come to an end, Deputy President, and we will have to hold more additional meetings, I am sure that the total number of projects and amount of funding approved by the PSWC this year will exceed those of the last Legislative Session.

Therefore, Deputy President, all these must be clearly stated. I very much hope the Government can see that this year, with the pan-democrat Members taking up the majority of its membership, the PWSC has, in fact, operated very smoothly and fully and thoroughly given play to its function of monitoring the Government. Why did we not close our eyes and give it the green light? The Government also reacted in good sense, too. Knowing that it should do its homework properly before coming to us to seek funding, the Government, therefore, did its homework. Knowing that the development of artificial islands in the Central Waters was not yet mature and they were unable to provide answers to our questions, the Government, therefore, withdrew the proposal. This is all normal, and shows that the Legislative Council has performed its monitoring function normally.

Lastly, Deputy President, I only wish to say that had the sums of money set aside by the Financial Secretary, including the $50 billion for voluntary health insurance, the $50 billion for retirement protection and the $200 billion for the Future Fund, as well as the surpluses underestimated by the Financial Secretary in the past seven years, been channelled to elderly care, education, healthcare and public services such as buying back The Link REIT, the Western Harbour Crossing and the Eastern Harbour Crossing, many problems could have been resolved. So, Hong Kong is now like a kid with a picky eating habit who keeps on eating candies and food containing a high level of sodium but rarely eats vegetables. Snacks may be satisfying to the palate for some time, but it is far from healthy. Therefore, I wish to bring order out of chaos.

**MRS REGINA IP** (in Cantonese): Deputy President, regarding the Budget presented by the Financial Secretary this year, I think recognition should be accorded to several aspects. Let us first review the development in the past decade. Since 2004-2005, the Government has recorded fiscal surpluses for 11 years in a row, and the incumbent Financial Secretary has recorded surplus every year since he took office in 2007. According to my calculation, the surpluses in total amount to $443.2 billion. The relief measures, or the so-called "candies", introduced by the Financial Secretary since 2007 involve over $300 billion in total, excluding the injection into certain funds. And if the cash handout of $6,000 for all permanent residents in 2011 is also counted, close to $400 billion have been spent on relief measures. In other words, the Financial Secretary has been a competent treasurer during his tenure. Although Hong Kong had encountered the global financial crisis, surpluses have been recorded and injected into the Treasury continuously, and the public has benefited from relief and concessionary measures. Hence, his prudence in finance management and his measures to share the benefits derived from surpluses merit recognition.

Another aspect which should be given due recognition is the preparation made by the Financial Secretary for rainy days. For instance, in view of the expected ageing population, the significant increase in future expenditure on elderly care and the gap between economic growth and increase in tax revenue and the increase in expenditure, the Government has set aside over $200 billion for the establishment of the Future Fund which investment will be handled by the Hong Kong Monetary Authority with a view to getting better returns. His work in making preparations for a rainy day merits recognition.

However, I agree with a point made by a number of Members who have spoken, that is, the Financial Secretary scores extremely low in promoting economic restructuring and proposing new macroscopic economic policies and innovative ideas. For instance, in the part where the Financial Secretary comments on the competitiveness of Hong Kong, he affirms that Hong Kong's success is being ranked the world's freest economy according to the Index of Economic Freedom. He only insists that Hong Kong has attained outstanding performance in maintaining its economic freedom but he falls short of mentioning that Hong Kong's lead over its rivals has further narrowed. In fact, no one knows how much longer can Hong Kong maintain its highly respected brand of being the world's freest economy. Besides, economic freedom is not the only benchmark for assessing whether the economic strategies of a place have kept abreast of the times. In the rapidly changing global economy nowadays, a responsible government should conduct self-examination and self-appraisal constantly and be innovative in developing macroscopic economic idea, but the achievement of the SAR Government in this aspect offers little to write home about.

We may look at the situation of other regions, such as the European Union (EU). Certainly, the EU is a very large economic community, which is also a very large group, and there is no comparison between the EU and Hong Kong. However, we notice that the EU has engaged in deep reflection after experiencing the severe economic blow in the global financial crisis in 2008. They have presented a report titled "Europe 2020" of some 30 pages. The report is not very long, I think the Government should study it. In the report, they have set some new economic objectives, stating that ample freedom should not be the only aim for economic development. In the case of Hong Kong, we have ample freedom. The EU points out that the economic strategy to be adopted should be a strategy for smart, sustainable and inclusive growth. In other words, the economic strategy of Hong Kong should strive for smartness, and I think this can be interpreted as wisdom-based or knowledge-based growth. As for sustainable growth, it means continuous growth. For inclusive growth, it means that the growth will benefit all, but not a small number of people only. They consider it undesirable if economic growth can only benefit some, such as major landlords and owners, or in the case of industries, it should not only benefit certain industries like gold dealers and retailers of parallel goods and renowned brands who are reaping exorbitant profits. They believe that the disparity between the rich and the poor can only be narrowed when economic growth can benefit all. In this aspect, the Government has failed to make any achievement and it has not proposed any new strategy.

(THE PRESIDENT resumed the Chair)

Perhaps we may draw a comparison with Singapore. After the Asian financial crisis in 1998, the economy of Singapore suffered a severe blow like Hong Kong when the aggregate demand in the region diminished significantly. Singapore then set up the Economic Review Committee (ERC), a committee responsible for reviewing the economic development of the country. The ERC is responsible for proposing new challenges and objectives, and the macroscopic economic development objectives proposed by the committee are more innovative, clearer and more creative than those of Hong Kong. The Committee has put forth a grand objective, which do not only focus on economic freedom ― Singapore is also a free economy for it ranks the second on the list of the Index of Economic Freedom. The Committee seeks to develop Singapore into a "Globalized, Entrepreneurial and Diversified Economy". This is the objective set down by the Committee. The Committee also proposes maintaining a certain percentage of manufacturing activities in its economy, which is around 20%, and encouraging domestic enterprises to be innovative. As such, the economic structure of Singapore is more diversified than that of Hong Kong, for it does not rely on a few industries only.

In his Budget speech, of the Financial Secretary has talked about the Government's accounts of public finance management, explained his finance management principles, given an account of a lot of figures and mentioned the various industries in Hong Kong. Regrettably, in his mention of the traditional industries, he has told only the good news but not the bad. He has not mentioned that many traditional industries in Hong Kong are falling into decline. The shipping industry is a case in point. The industry has pointed out that Hong Kong is lagging behind in this aspect, for the terminals in the Mainland are developing rapidly and many maritime cargo shipments do not need to pass through Hong Kong. In fact, it is necessary and worthy for Hong Kong to reinforce its development in river transport, but due to the shortage of land and manpower, the efficiency of container terminals in Hong Kong is dropping. Some shipping companies from Europe have expressed that due to the dropping efficiency of terminals in Hong Kong, more time is needed for unloading goods, so some companies have stopped calling the Hong Kong port, which means they avoid arranging Hong Kong as the port of calling. It is evident that the shipping industry in Hong Kong is now losing out.

In fact, the air transport industry, particularly the air cargo industry, is a bright spot in Hong Kong economy. The air cargo industry is still one of the best in the world. If Hong Kong is to maintain its competitive edge in air transport, it will have to become the air transport hub, which means the capacity of our airport must be expanded. Certainly, many people query how the capacity of the airport can be expanded when the airspace control issue has not yet been solved. Even if the construction of the third runway is approved today, it can only be completed after 2020 or so, which is a dozen to 20 years later. I believe that in the course of construction, with the support of the Central Government, we should be able to solve the problem of airspace control. Hence, I think Hong Kong must maintain its competitive edge in air transport and position as the air transport hub, ensuring that it will not be taken over by our neighbouring places, be it Shenzhen or Guangzhou. Moreover, the economic structure of Hong Kong should also be expanded, so that in the creation of job opportunities, we will create not only some low-end posts like couriering parallel goods or running food vans but some high-end posts with potential for upward mobility. Therefore, the New People's Party fully supports the construction of the third runway. We hope that the Government will solve all the problems concerning environmental protection and airspace control expeditiously, so that the third runway project can be launched as soon as possible to maintain the competitive edge of Hong Kong.

Regarding the concern that the economic structure of Hong Kong remains narrow, during the dozen years after the reunification, the Financial Secretaries of current and previous terms, not only Financial Secretary John TSANG, have not done much to expand our economic structure and conducted thorough reviews of the economic strategies adopted. As a result, the phenomenon of an over-reliance on certain industries prevails in Hong Kong, which includes the reliance on the Individual Visit Scheme (IVS). Recently, the Central Authorities have finally decided to implement the "one visit per week" arrangement for the multiple-entry visas for Shenzhen residents. Some people celebrated their success in striving for the limitation, but others pointed out that this is a "harsh measure". We believe that the impacts of the measure on the economy will surface gradually, and it is difficult to estimate its possible impacts on the tourism and retail industries for the time being. I think we will know only after the measure has been implemented for some time.

Why do the Central Authorities have to introduce this "harsh measure"? I think this is not purely because Hong Kong people have made an all-out effort to strive for it or that the behaviour of a minority of radicals of "kicking suitcases" will affect the relationship between people from the Mainland and Hong Kong. I think the issue is not that simple. If Members have read certain authoritative magazines published in the Mainland recently, such as the commentaries in *Zijing* (紫荊) magazine, Members may find some hints. I believe Members will understand that the tightening of the "multiple-entry visas" will have great impacts on Shenzhen residents. It has aroused dislike in Shenzhen and Guangdong Province, and there is intense discontent in the Government as well as among the people. Members will know this if they care to browse webpages of the Mainland.

In making the final decision, the Central Government has considered several points. First, due to the implementation of the "multiple-entry visa" scheme, there has been a rapid increase in the number of visitors under the IVS, and the total number of visitors arriving in Hong Kong has increased significantly. Hong Kong is a small city, yet it has to receive 40 million to 50 million visitors a year, a task which cities like London and Paris may not be able to cope either. Therefore, it is necessary to review the receiving capacity of Hong Kong. Yet I think it is worthy for Members to listen to the following paragraph of a commentary, for this will facilitate us in reflecting on the future direction to be taken for the economy of Hong Kong. President, I will read this to Members now. It is said to this effect that "The current IVS has *de facto* been expanded to the whole country". Why it is said that the IVS has *de facto* been expanded to the whole country? President, in the Mainland, many people do not only hold the visas under the IVS *(in Putonghua)*, for many of them are departing under the "tourist" *(in Putonghua)* visas or group visas. Under the present arrangement, they need only pay a few dozen dollars to go to Shenzhen and then come to Hong Kong. In that case, will it still be necessary for the IVS to be implemented in other cities? It seems unnecessary then.

"The current IVS has *de facto* been expanded to the whole country" ― the expansion *de facto* is resulted from the visas mentioned just now ― "The increase in cities implementing the IVS will be meaningful only when immigration policies are strictly enforced. Whenever the IVS is reviewed, relevant departments from Hong Kong will present figures showing a decrease in the number of visitors to justify their opposition." This comment is strange. In recent official statements made, it is pointed out that the tightening of the IVS is made in response to the request of Hong Kong. However, in the commentary, it is said that whenever the IVS is reviewed, the relevant departments of Hong Kong will present some figures showing a decrease in tourist number to oppose the review. I am not sure if this is made out of the fear of affecting the economy. The commentary also pointed out that, "The authorities should not be biased in taking such views, for it will spur Hong Kong to rely excessively on the IVS as a means to maintain its economic growth, which will be extremely unfavourable to Hong Kong in upgrading its competitiveness and economic development in the long term. An appropriate slowing down of the increase in Mainland visitors or a suitable decrease in the total number of visitors may be conducive to pressing the SAR Government to make an extra effort to adjust its industrial structure, as well as pressing the tourism industry in Hong Kong to open up sources of international tourists and improve the composition of origins of tourists."

These remarks are made in the commentary of a magazine. Certainly, Members all know that the *Zijing* magazine has a government background. According to the commentary of this magazine, the tightening of the "multiple entry visa" arrangement is not made in response to the request of Hong Kong, nor is it made out of the fear of the continual practice of "kicking suitcases". The tightening arrangement is indeed a bitter remedy prescribed to prompt Hong Kong to speed up the adjustment of its industrial structure, to open up international tourism and to improve the composition of the origins of tourists, so that the economic value of Hong Kong will be increased. I trust that this is the expectation of the Central Authorities for Hong Kong, which is also the expectation of the various industries in Hong Kong. Apart from playing as the treasurer in financial management, the Financial Secretary has the major responsibility of enhancing the long-term competitiveness of Hong Kong and expanding the economic structure. I hope officials responsible for finance and monetary affairs in the Government will reflect on this. Having said that, I will support the Budget after all.

Thank you.

**MR KENNETH LEUNG** (in Cantonese): President, the Appropriation Bill 2015 brings forth several problems with governance and fiscal discipline at the macro level.

The arrangement made by the Special Administrative Region (SAR) Government in the Budget and the appropriation for 2015-2016 has damaged the relationship between the executive and the legislature, as well as the role of the Legislative Council in monitoring and approving the use of public coffers, which is really disappointing. The biggest controversy is certainly the departure from the usual practice proven over the past 30 years, whereby 25 items of expenditure provisions involving $3.1 billion, which have not been approved by the Finance Committee of the Legislative Council, are directly included in the Budget for the next financial year. Consequently, the Legislative Council cannot but consider and approve them as a bundle. The Government has even staked the whole normal operational procedure to force Legislative Council Members to endorse items which have not been thoroughly discussed and which are not backed by sufficient information. I feel most sorry for such an approach.

The SAR Government considers that the efficiency of the Legislative Council in handling its funding applications is lower than before, but President, when we consider an item, our priority is quality rather than efficiency. Fast work does not necessarily mean good work. The SAR Government told us that given the need to clear the backlog and relieve the future work pressure of the Finance Committee, it "has no choice" but to streamline the submission of funding applications to the Finance Committee. The Government also pointed out that it is a "lawful, rational and reasonable arrangement". In fact, such an approach is adopted according to sections 5 and 6 of the Public Finance Ordinance. The present procedure applied by the Government in requesting us to vet and approve the Appropriation Bill is to seek funding approval of the Legislative Council. However, will this kind of "bundling" procedure further damage the relationship between the executive and the legislature?

Let us come back to the inclusion of new non-recurrent commitment items in the Budget. Judging from the provisions alone, certainly I cannot say that such an act is unlawful, but it is hardly "rational and reasonable". Such an approach not only ruins the well-established procedural justice but also infringes on the right and principle for each Legislative Council Member to deliberate on Council business. We all understand that there is substantive difference between examining and approving the items in a bundle and having the items individually vetted and approved by the Finance Committee. Our speaking time is different. The items considered by us are also different. The present approach has, in fact, undermined the ability of the whole Council to consider individual expenditure items of the Government rather than being a simple streamlining of the submission of funding applications as claimed by the Government.

Among the 25 items included in this Budget, apart from the four agenda items deferred by the Finance Committee in 2013-2014, there are 11 proposals on enhancing the Government's services under its existing policies. This approach of bypassing scrutiny by the Finance Committee is absolutely unacceptable. Furthermore, if the SAR Government can selectively include certain items in the Budget today, who can assert whether it will regularize this practice on the grounds of efficiency or emergency or on other pretexts in the future?

President, I have noticed another worrying phenomenon which also concerns the quality of governance. These may be small gestures, but these small gestures have a serious impact on the quality of our governance and fiscal discipline. Let me give an example. According to the paper numbered FCR(96-97)63 endorsed by the Finance Committee in 1996, the Financial Secretary was empowered to approve items involving less than $10 million, which may be amended without the approval of the committees or the Finance Committee of the Legislative Council. How are these items involving less than $10 million actually calculated? Does $10 million refer to each part of an item or the sum of all the parts in an item?

President, an obvious example I would like to cite is the approach adopted by the Police Force to purchase three "specialized crowd management vehicles", commonly known as "water cannon vehicles", at a cost of $27 million without discussion in the Panel on Security. Does the $10 million refer to exactly $10 million, that means quotations have been obtained from different companies for this item and the actual price is $10 million, or is it just an estimated price? Now the Financial Secretary says that the estimated price is actually $9.5 million, which is indeed lower than $10 million, but we cannot rule out the possibility that when a quotation was sought from another company, that quotation might be $10.5 million. Why did it suddenly become $9.5 million? Is someone playing with words?

The Government needs to brief the panels and answer Members' questions only if the amount reaches $10 million. As such, does this present item actually represent $9.5 million for one vehicle, or a total of $27 million for three vehicles? I have asked the Secretary for Security at the special Finance Committee meeting whether the situation will be the same for the purchase of 20 or even 30 vehicles. The Secretary for Security has never addressed my queries. Are certain government departments currently resorting to the tactic of "splitting the bill"?

President, speaking on "splitting the bill", actually when the Public Accounts Committee conducted the hearings concerning Timothy TONG, former Commissioner of the Independent Commission Against Corruption, we already pointed out that it was a rather serious issue. Simply put, what is meant by "splitting the bill"? Let me give another example. To buy a car which costs $2 million, the bill may be split as follows: $50,000 for the hi-fi, $50,000 for the air-conditioning equipment and $100,000 for four tyres if special tyres are used. Suppose under the approval criteria, the purchase of a car which costs over $2 million requires the approval of a certain committee. So the applicant splits up the payment for all these accessories into separate bills, thus obviating the need to submit any application to the committee. It is very simple, President. Other things can work in this way too. For the construction of a building, the payment can also be split into separate bills: one for the foundation works, one for the building, one for the air-conditioning system, and one for the lifts as well. President, in that case, when will the splitting practice end? We have a set of fiscal discipline which must be strictly observed, and we also have a criterion which has been operating for years. The Government cannot refrain from following the procedure because there were changes in the circumstances and there was something which it did not find satisfactory in these several months. President, this is not a justification.

Besides, I would like to point out that in the revised Estimates of 2014-2015, the Government's current fiscal reserve is about $819.5 billion, including the $219.7 billion Land Fund and $126 billion in various funds with designated use, while the remaining $473.8 billion is included in the General Revenue Account. In the past two years, the Financial Secretary mooted the concept of something called a "Future Fund". When he had yet to explain to members of the public what this concept was about after putting it forward, I received hundreds of enquiries as to whether a fund will be established, whether it is a statutory fund, whether it is a fund under the Public Finance Ordinance, and so on. I spent a couple of days studying it before explaining to the electors in my profession. So my electors got a clear idea. Nevertheless, may I ask the Government to think about what this Future Fund can actually achieve before introducing this initiative. This fund may not be an actual fund. Rather, it is an investment portfolio. I find it quite regrettable that the Government did not carry out these procedures or provide transparency.

Speaking of the Future Fund, the Government has introduced a lot of so-called "funds" over the past several years, but they are not statutory funds. Instead, they are provisions from the General Revenue Account. For example, the funds for housing, health protection and retirement protection are provisions set aside. I guess ordinary citizens who do not have much financial knowledge will really have no clue. Now a Future Fund has been introduced. Is it a fund with designated use? Actually, no. President, the purpose of setting up this fund is merely to adopt a more aggressive investment portfolio. That is to say, it concerns investment preference rather than utilization of funds. This fund which is just an investment portfolio will consist of an endowment of about $200 billion from the Land Fund together with 25% to 33% of the fiscal surplus every year. What is special about this combination is that the fund will be invested in a more aggressive investment portfolio, that means investment products generating higher returns other than those usual items in the General Revenue Account. This approach is certainly worthy of consideration, but I hope the Government will explain to members of the public with clearer or easier examples before introducing such initiatives in the future because when Ms Elizabeth TSE came to my office to explain it, it took nearly half an hour before I could understand the concept of this so-called Future Fund, not to mention that the general public, upon hearing that it is an investment fund, will fear whether their money will be used to make a heavy bet. This point warrants our attention.

Looking back at the whole Budget, I think overall speaking, it barely passes because, as pointed out by a number of Members, apart from some measures of handing out "candies" which benefit the grassroots and the middle class, I did not see any long-term measures with vision in this Budget. Although it is said every year that we rely on the four major industries, actually some of the industries, especially the so-called low value-added transportation and logistics industry, have already declined. I would like to point out that as a matter of fact, the throughput of the container terminals in Hong Kong is gradually falling owing to the exorbitant costs. The global ranking of Hong Kong's container terminals may continue to drop, but in the long run, will we still need to rely on the low value-added logistics industry in 10 years or 20 years? I do not think so.

I have also noted that the output of Singapore's industries accounts for about 20% of its Gross National Product. If the throughput of our container terminals falls, shall the land continue to be operated by the same group? I feel gravely concerned that these lots of land will be developed into high-class residential properties in the future. I strongly object to that because if the throughput of Hong Kong's container terminals is gradually declining, I hope the Government will give due consideration to changing the land use for the development of advanced industries there. For example, we need natural gas storage facilities, and we may need industrial facilities for chemical or high-end industries. Land is indeed available there, while the shipping and logistics industry is really on a gradual decline. Hence, the Government needs to conduct long-term assessments and studies.

President, I so submit.

**MR MARTIN LIAO** (in Cantonese): President, I support the Appropriation Bill. Overall, this Budget is the best and most comprehensive one that I have seen in three years. Not only are the grassroots' needs catered for, the vigour of the efforts made to support the middle class is also rarely seen in recent years. Although it is still unable to fully alleviate the grievances of the middle class accumulated over the years, we appreciate that it has practically reduced some pressure on them. According to the University of Hong Kong's opinion poll, the satisfaction rate of the Budget has hit a five-year record high. In pursuance of the governance philosophy of the Policy Address, the Budget provides financial support for a number of policies. It is also pragmatic and prudent. Facing such structural problems as external economic fluctuations and population ageing, the Financial Secretary has set up a Future Fund for Hong Kong to save for a rainy day, which will help cope with the ever-growing long-term commitments in public finance. As the measure is forward-looking, it merits our support.

However, the Budget is still considered inadequate in promoting socio-economic development. In fact, given the existing financial status in which the Hong Kong Government takes pride among countries all over the world, investments should be increased in order to provide foundation for the long-term economic development of Hong Kong. But at present, the Government is preoccupied with handing out "candies", which is way too short-sighted. The handing out of "candies" does have its positive implications in the sense that it can alleviate people's grievances, but resources are limited. If the Government is preoccupied with handing out "candies" constantly, actually it will not do much good to Hong Kong's economic development in the long run. Moreover, the Government has long been claiming that a structural deficit will occur in the future. But it has nonetheless stepped up its effort in handing out "candies". Do they not contradict each other?

President, the handing out of "candies" can only serve as a short-term measure to alleviate people's grievances. But what we face are structural problems, including worsening disparity between the rich and the poor, and the general public being constantly unable to share the fruit of an economic upturn. Hence, the handing out of "candies" cannot help resolve these structural problems. In my view, in order to fully resolve these problems, the Government should make use of the opportunities presented by the weak or relatively unstable external economic conditions at this best time to capitalize on its surplus, increase its investment, push forward long-term economic development, promote a diversified economy, make a bigger pie and expedite economic restructuring, thereby benefiting our society as a whole and inspiring hope among the community.

Certainly, in order to resolve these structural problems, we cannot rely on the Financial Secretary alone. And a mere Budget cannot get everything done. Nevertheless, members of the public eagerly expect the Government to draw up its long-term economic development objectives and action agenda, and that the Budget can provide the financial support necessary for achieving them.

President, this Budget has made some progress in the planning of the long-term economic development of Hong Kong, and more emphasis has been placed on this aspect than before. A number of measures have commanded the recognition of the relevant industries, such as the allocation of resources to the financial sector and nurturing insurance and asset and wealth management talents. The Budget has also mentioned the national policy of "One Belt One Road" and the new opportunities brought to Hong Kong by the establishment of the Asian Infrastructure Investment Bank. I hope the Government will expeditiously identify the development opportunities brought to Hong Kong by these important national policies and formulate the associated development strategies, so that the relevant industries and talents may make preparations accordingly and take timely actions.

President, the Budget is still barely satisfactory in such aspects as breaking the existing development bottleneck and promoting a diversified economy. A comprehensive strategic solution to address the continual erosion of Hong Kong's traditional strengths is nowhere to be seen in the Budget either. For example, when the Financial Secretary talked about the Budget with the press, he mentioned that Hong Kong's degree of dependence on foreign trade was 344% of the GDP, which was among the highest in the world and much higher than the 30% of the United States. But at the same time, Hong Kong's re-export trade has dropped as a result of inadequate competitiveness. What plans has the Government come up with? The absence of any solution in the Budget has aroused concern.

Lastly, the Budget has clearly stated the aim of achieving diversified development of the economy, but regrettably, it has still failed to get out of the deadlock caused by insufficient effort and fragmented measures. Given the limited time available, I will only focus on the development of emerging industries as follows.

President, in the chapter titled "Diversified Development", the Budget has only mentioned two emerging sectors, namely the innovation and technology industries and the cultural and creative industries, which is already not "diversified" enough. However, deviation has been noted concerning the directions of development of these two very industries. The injection into innovation and technology is not focused enough, while the development of the cultural and creative industries is not diverse enough.

In respect of the support given to the cultural and creative industries, although more resources have been committed to them than before, they are only focused on three areas, namely fashion, film and the arts and culture. However, the Hong Kong Government has actually divided the cultural and creative industries into 11 areas, which are not limited to the three named by the Financial Secretary. It is puzzling that the Budget has suddenly limited itself by setting rigid boundaries. We have learnt from overseas experience that the United Kingdom, which has successfully developed the cultural and creative industries in recent years, has also divided the industries into 13 fields covering publishing, television and art trade. Every aspect is supported by dedicated complementary measures. The Hong Kong Government should holistically consider and fully promote the development of our cultural and creative industries by making reference to successful experience overseas.

Regrettably, the Budget has not drawn up a clear development blueprint even for the three areas of the cultural and creative industries favoured by the Financial Secretary. For example, in respect of the film industry, the Budget has only proposed a key measure of making a further injection of $200 million into the Film Development Fund, while failing to give adequate support to a number of ancillary development plans. As regards ways to support participation of Hong Kong films in international film festivals and nurture adequate talents for the film industry, the Budget has not gone into much detail.

We can say that the success or failure of the creative industry hinges on whether we have talents with creativity. However, the chapter on manpower training of the Budget has nonetheless been preoccupied with putting forward concrete proposals for manpower training for the retail, construction and financial services industries, which seems to have left out the creative industry completely.

The Budget has also proposed to launch a $300 million Art Development Matching Grants Pilot Scheme. I think the matching fund is heading in the right direction in the sense that it can encourage arts groups to seek sponsorship by themselves. But the problem is that an arts aura has yet to be created in society accordingly, and we will only achieve half the result with twice the effort. In order to promote the development of the arts industry more effectively, the Government needs to take a few steps further. For example, it may provide tax concessions as incentives for enterprises to sponsor arts groups by making reference to Korea, Europe and the United States, thereby encouraging the business sector to support arts development. Secondly, unlike foreign countries, Hong Kong has no arts administration company specializing in seeking sponsorship and development opportunities for arts groups. In this connection, the Government may consider making greater efforts in this regard and encourage professional arts associations to assist arts groups in "knocking on doors".

President, regarding the cultural and creative industries, as I have repeatedly stressed before, the focus of Hong Kong's future economic development rests on the upgrading and restructuring of pillar industries and the development of emerging industries. And all these have to be pioneered by the innovation and technology industries. Nevertheless, the resources devoted to Hong Kong's innovation and technology, only amounting to less than 1% of the GDP, are seriously inadequate and far less than that in adjacent areas and major regions worldwide. Also, resources are scattered among different technology areas. As a result, the development is just mediocre in the end without any sign of breakthrough. Even though the Budget this year has proposed a further injection of $5 billion into the Innovation and Technology Fund, strategies guiding its usage are lacking. In my view, in order to break this deadlock, a brand new mindset must be adopted. Also, several technology areas with the best strengths, position and potential in Hong Kong should be selected according to stringent criteria. Only by pooling together manpower and resources to make a bold move can we create new footholds for economic growth.

Apart from the low input of resources, there is also a problem with the way the Hong Kong Government provides funding to the industry. Resources are only used to support supplementary or downstream segments, and the industrial and commercial sectors are not offered adequate incentives to make greater and more commitments, resulting in an apparent inadequate input in the core technology part. The Hong Kong Government has not formulated any comprehensive and clear development blueprint or industrial policy for the innovation and technology industries. For a long time, it has done nothing other than introducing some piecemeal development measures, and the funding is always like a drop in the bucket. If the situation persists, our expectation on the innovation and technology industries to propel Hong Kong's overall development long term will be no different from a castle in the air.

The Budget has proposed that the Hong Kong Science and Technology Parks Corporation earmark $50 million for setting up a corporate venture fund for co-investment on a matching basis with private funds. But to our disappointment, it is just limited to those start-ups which are located in the Science Park or have participated in the incubation programmes. We can say that it is worlds apart from the National Research Foundation of Singapore and the Taiwan Silicon Valley technology fund just set up by Taiwan this year. Since the Hong Kong Government is willing to allocate several hundred million dollars for the development of the fisheries and fashion industries, then why is it so narrow-minded when it comes to investing in the promising and burgeoning innovation and technology?

The Budget has also mentioned the intention to develop Hong Kong into a financial technology hub. I think the relevant proposal can not only attract the anchoring of more electronic payment system companies to develop such new technologies as big data analytics, cloud computing and network security, but also improve the ecosystem for local start-ups and technological enterprises to tie in with the direction of moving up the value chain and enabling local industries to diversify. As it can serve multiple purposes, it merits strong support. Nevertheless, crowdfunding has yet to be legalized in Hong Kong, and no amendment has been made to the Electronic Transactions Ordinance since 2004. With the constant changes and rapid development of the financial and technology markets, Hong Kong has been lagging far behind in this regard. Although the Hong Kong Monetary Authority consulted the industry on third party payment two years ago, there has been no further news so far. Countries all over the world are ready to fight for the business opportunities presented by Internet finance. If we do nothing but remain over-cautious, Hong Kong's position as an international financial centre will be put to test. I hope the steering group led by Secretary Prof CHAN will lose no time in commencing their work in order to make up for lost ground.

Finally, President, I wish to commend the Budget this year for actively responding to the predicament of small and medium enterprises (SMEs), including extension of the effective period of the special concessionary measures under the SME Financing Guarantee Scheme, injection into the SME Export Marketing Fund in order to increase the maximum amount of funding support for each project, and expansion of the scope of the SME Export Marketing Fund. Nevertheless, SMEs are in urgent need of policy initiatives to help them resolve problems like manpower shortage and high rentals faced by them now. In respect of manpower shortage, Hong Kong is now in a state of full employment, but the number of workers imported into Hong Kong is only 2 000 or 3 000, amounting to 0.1% of the total labour force. We welcome the proposal of the Budget to seriously consider importing labour, and the Labour Advisory Board has been discussing the details. It is hoped that a consensus can be reached and the relevant policy initiatives implemented as early as possible, so as to ensure sufficient manpower for Hong Kong to facilitate our long-term economic development. In the meantime, apart from proactively identifying sites for housing development, the authorities should not neglect the need to reserve adequate land for commercial and industrial development.

In addition, the authorities should also enhance assistance to SMEs in upgrading their competitiveness. In particular, it should consider introducing a support scheme for SMEs to promote innovation, research and development in the industries, providing to the sector tax deduction for investments in research and development, and providing comprehensive support to SMEs in their innovative and restructuring development, so as to achieve healthy development of SMEs as the backbone of Hong Kong economy.

With these remarks, President, I support the original motion.

**MR CHAN HAK-KAN** (in Cantonese): President, I speak in support of the Appropriation Bill 2015. President, today is the second day of the debate on the Budget. The public, apart from being concerned about whether or not many of the relief measures would be passed, also care very much about whether or not the 3 000 or 4 000 amendments proposed by Members of the pan-democratic camp would make us face a fiscal cliff again this year, thus resulting in indefinite delays to some fairly urgent relief measures requiring immediate implementation.

In fact, when we engage in deliberations in the legislature as Members, apart from monitoring the administration by the Government, often, we also voice many views to the Government, in the hope that it can listen to them and translate them into policies. However, since there is frequent filibustering in the legislature nowadays, our legislature has become semi-dysfunctional. The Government cannot do anything whatsoever, so what is the point of filibustering? Has this not run counter to our original object in serving as Members? I remember that the filibustering Members once said that filibustering is a kind of poison, so they would not filibuster lightly. However, what I see now is that it looks as though they have become addicted to the poison of filibustering and they have to do so here each year. Moreover, it has become some sort of a ritual.

President, some Members said today and yesterday that some time ago, Legislative Council Members had made a visit to Germany and that after the visit, they had all learnt something and formed some views. I also wish to take this opportunity to talk about some of my observations about the operation of the German parliament. As Members all know, the electoral system of Germany is very complicated. In its parliament, no political party can be dominant. For this reason, its parliament must rely on cross-party co-operation. I also have several observations about why the German parliament can function so smoothly. In fact, importance is attached to three points. The first is communication, the second is compromise and the third is consensus. I remember that in the delegation, be it Members of the pro-establishment camp or those of the pan-democratic camp, they all sang considerable praise of the operation of the German parliament. They also agreed very much with these three areas and reached a consensus in this regard. However, as we can see after returning to Hong Kong, do Members of the pan-democratic camp engaged in filibustering attach any importance to communication, compromise and consensus? In fact, ultimately, all they want is to paralyse the legislature, so that the LEUNG Chun-ying Administration cannot function. Members of the pan-democratic camp often say that we have to make reference to overseas practices and that we should learn from overseas legislatures. However, they are unwilling to learn such desirable things. They often say that international standards have to be followed. Hey, these are also desirable international standards, so why do they not learn the desirable but only take home the undesirable instead? I also remember that the Members who filibuster often criticize Asia Television for rebroadcasting old programmes but in fact, they are also rebroadcasting their filibuster each year, President. Do all of these not warrant our condemnation?

Although I find that the administration by the Government is being hampered by filibustering, I have to fulfil my duty as a Member by expressing my views on policy issues of concern to me.

On environmental protection, I find that the Financial Secretary is striving to improve air quality in Hong Kong, in particular, roadside air quality and the pollution caused by vessel emissions. I can see that in respect of roadside air quality and pollution, the Financial Secretary has actually reported on some measures that the Environmental Protection has been implementing, for example, such measures as phasing out Euro III diesel vehicles and providing financial support in the replacement of catalytic converters of liquefied petroleum gas (LPG) taxis and light buses. However, we can also see that in respect of the effort to phase out old diesel commercial vehicles, since its commencement last year, the effectiveness has been limited, or only a little result can be seen; and in respect of LPG light buses and taxis, only some 80% of the vehicle owners have joined this financing scheme and replaced the emission components. I hope the Secretary can urge Secretary WONG Kam-sing to exhort the remaining 20% of vehicle owners to replace their emission reduction devices, for example, by introducing more incentives to encourage vehicle owners to replace their vehicles, so that their business vehicles can operate without problems on the road and we as pedestrians do not have to inhale so much exhaust.

Of course, the Financial Secretary is also the Chairman of the Steering Committee on the Promotion of Electric Vehicles but I find that in promoting the use of electrical vehicles, the tactics are limited to just a few, that is, to exempt them from registration tax, encourage government departments to use more electrical vehicles, putting in place more electric vehicle chargers, and so on. I remember Secretary WONG Kam-sing once told me that the number of electrical vehicles in Hong Kong in the past two years had surged and now stood at 1 800 in total and that there were also 1 100 chargers, so the number of chargers was not an issue and many people would probably switch to using such vehicles. However, President, if you care to take a look, you will note that at present, there are a total of 540 000 vehicles in Hong Kong, so in comparison, the number of electrical vehicles, standing at 1 800, is just a fraction of the total. Therefore, as the Chairman of the Steering Committee on the Promotion of Electric Vehicles, the Financial Secretary should step up his efforts to make more Hong Kong people switch to using electrical vehicles.

I also frequently receive complaints from electrical vehicle owners, who said that the installation of charging facilities in the private car parks of their residences was not permitted, so even though they had bought electrical vehicles, they could not charge them at home and they had no alternative but to use the public charging facilities. In fact, this is a disincentive for potential buyers of electrical vehicles. Therefore, I hope the Financial Secretary will consider, for example, introducing some schemes for private housing estates with a view to encouraging them to install charging facilities. With regard to public transport, apart from the Pilot Green Transport Fund, which lends money to bus companies to buy electrical buses or pays for such purchases for the purpose of conducting trials, are there any other schemes to encourage public transport companies to switch to electrical vehicles? These are the measures that the Financial Secretary should consider as the Chairman of the Steering Committee.

In addition, we can see that the Government also plans to enact legislation this year to mandate fuel switch at berth for ocean-going vessels. I remember that the Financial Secretary has also devoted a great deal of energy and time to this area because from the Fair Winds Charter through the Port Facilities and Light Dues Incentive Scheme to enacting legislation this year, measures have been introduced step by step, so I can see the efforts made by the Government in this regard. However, as Members can see, it seems that the Port Facilities and Light Dues Incentive Scheme has not been very well-received because overall, only 13% of vessel arrivals made use of the concessions under this Incentive Scheme. This being so, although on arrival, some ocean-going vessels has temporarily stopped cruising, they will continue to operate, so how can we make them consume less high-sulphur diesel, so as to reduce air pollution in Hong Kong? In fact, there is a way and it is being done on the Mainland, that is, the onshore power supply facilities used by us now. Of course, the Financial Secretary may say that this is being studied at the Cruise Terminal in Kowloon City and that such facilities may be used. However, the onshore power supply facilities at the Cruise Terminal in Kowloon City have not yet been completed and no results can be seen as yet. As we can see, there are many vessels at the Kwai Chung Container Terminals and each day, they discharge a great deal of emissions during operation. In that case, can onshore power supply systems be used at the Kwai Chung Container Terminals? For example, some ports on the Mainland are fully fitted with such onshore power supply facilities, so can they also be adopted in Hong Kong? In fact, just now, I said that the Government had forgone $240 million in revenue because of the Port Facilities and Light Dues Incentive Scheme mentioned by me just now. If the Financial Secretary is willing to forgo this $240 million, why does he not use it to install onshore power supply systems at the container terminals? It is actually worthwhile to consider doing so.

President, another steering committee chaired by the Financial Secretary is the Steering Committee on Land Supply. I remember that the land and housing supply announced by the Government each year is, just like the revenues in the Budget, apparently not very accurate. What I mean is that the Government is the supplier of land and the land sold by the Government is the major source of residential land supply. In fact, there is no reason for the great discrepancy that arose between the amount of land that the Government expects to sell and the final result. Why am I saying this? In fact, there were 34 sites in the Government's land sale plan last year and it was expected that 15 500 units could be built but in the end, how many sites were sold? Only sites for the construction of about 6 300 units were sold, so this amounted to less than half of the target.

For this reason, the Financial Secretary should also step up his efforts in this Steering Committee because I remember that when the Secretary for Development proposed the abolition of the Application List System in 2013-2014, he said that the reason for doing so was the wish of the Government to assume full control of the initiative in the disposal of Government land. However, two years have passed and the initiative of the Government in land disposal ― I do not know how good its control is ― it seems land sales by the Government often cannot reach the target and the sites are not really selling that well.

As regards commercial sites, which the public are less concerned about and which are also less controversial, in fact, the results last year also failed to make the grade. For example, last year, the Government planned to sell commercial land for the provision of 230 000 sq m of floor area but in the end, how much land did it sell? 180 000 sq hectares  President, rather, only land measuring 180 000 sq m was sold, so the shortfall was 20%.

In that case, how can the problem of land supply in the central business district be solved? The Government of the last term proposed that the Wanchai Tower be vacated and that the commercial buildings so vacated could be let to private companies. This proposal was put forward in 2008 and the study was completed in 2010. However, it is now 2015 and the proposal is still being studied, or it has not been implemented. Therefore, my conjecture is that by 2020, not a single department in the Wanchai Tower will have moved out. Therefore, there is really no knowing when the demand for commercial buildings in the market can be met.

In fact, in the Budget, the Financial Secretary devoted many passages to promoting the diversified development of the Hong Kong economy. The topics ranged from start-ups to "One Belt One Road" mentioned by him, but if we do not have sufficient commercial space to accommodate various industries, all grand plans would only be reduced to empty talk. Of course, it is said that if it is not possible to rent commercial buildings, one can try to make use of industrial buildings. It is true that at present, the initiative of revitalizing industrial buildings have produced some results. However, we find that recently, for reasons unknown, the Lands Department (LandsD) is taking stern law-enforcement actions and as a result, the tenants in industrial buildings that did not comply with the industrial and warehouse uses specified in land leases were all requested to make rectifications. For this reason, tenants who now operate mini storage, small workshops, design studios, photographic studios and hydroponics farms in industrial buildings now will find that encumbrances have been imposed by the LandsD.

President, as you also know, although the rents of industrial buildings are relatively speaking low, they are still much higher than those several years ago. However, these are the places where our start-ups are found and where young people start their businesses, so if the LandsD suddenly takes stern law-enforcement actions, it is tantamount to stymying the many start-ups in Hong Kong. Of course, I also understand that sometimes, instances of violation of regulations or fire safety laws by some industries in these industrial buildings may be found, or environmental pollution or noise nuisance may have arisen, or these buildings may have even been converted into "sub-divided units". However, I believe that so long as the problems mentioned by me just now are not involved, mini storage or hydroponics farming are actually closely related to warehouse and industrial uses, so this is not at odds with the idea of the revitalization of industrial buildings, as proposed by the Financial Secretary some years ago. In view of this, can the Government consider granting these industrial and warehouse uses appropriate exemptions or leeway?

President, an Honourable colleague said just now that this year, under the dominance of the pan-democratic camp, the Public Works Subcommittee was able to give full play to the functions of the legislature and he also said that the number of projects and amount of funds approved in this Legislative Session were far larger than those in the last Session. This has only stated half of the facts because we need only take a look to find that this year, the Government has actually earmarked over $10 billion for carrying out projects but how much funding has been approved by us? We have only approved several billion dollars, so this amounts to less than one tenth of the total. These projects have actually been held up in the Legislative Council, so I hope very much that Members who filibuster or Members of the pan-democratic camp who are organizing the non-cooperation movement can rein in at the precipice and repent before it is too late by kicking off their addiction to filibustering as soon as possible.

Thank you, President.

**MR JAMES TO** (in Cantonese): President, although we are discussing the Budget today, a journalist had a discussion with me over the phone last night on the impact of the constitutional reform on public order. According to my personal judgment, the worst scenario will be the securing of several votes by the Government to enable the reform package to be barely passed. I believe that will arouse strong reactions from members of the community as well as causing law and order problems. As a result, social stability will be rocked. In fact, if Hong Kong is to maintain long-term stability in respect of public finance or society, the issue of constitutional reform must be addressed once and for all. Although the pan-democrats have all along enjoyed more than 50% of popular support over the past decade or so, the Government now insists on adopting a new package to exclude them from the Chief Executive Election. Such being the case, will the public believe they have a genuine choice? Nevertheless, I still believe the Central Authorities have enough wisdom to address this issue.

I find it most annoying and disgusting that the Financial Secretary has acted in contrary to his past practice by bundling up many items and placing them into the Budget in the hope that they can be passed altogether, without tabling them before the Finance Committee for detailed scrutiny. Let me cite as an example the recent procurement of water cannons by the Police, which has become a concern to many people. Actually, I have been keeping a close eye on the Police estimates. During the scrutiny of the estimates, there was not even enough time for colleagues to raise and discuss questions related to water cannons. Moreover, the explanatory information provided by the Government was inadequate. Actually, the Government should obtain more information related to specifications, namely the nature and functions of water cannons, before giving detailed explanations to make the public understand  compared to the entire Budget, the expenditure on the procurement of water cannons is actually not great, but  in the wake of the Occupy movement, society as a whole is very sensitive to this matter. Instead of explaining clearly, among other things, the relevant details, the Commissioner of Police has merely said that "water cannons are also used in foreign countries", in the hope of winning public trust. His act will only remind us of the call made by Mrs Regina IP, more than a decade ago when she was the Secretary for Security, on the public to trust her for the reason that the Secretary would not cheat them. In the present case, however, the Commissioner is telling the public that he will not cheat them. The explanation that "water cannons are also used in foreign countries" is actually futile.

Not only has the Government bundled up 10-odd items with the Budget with a view to bypassing the Legislative Council, for in the recent proposal for building a third runway which might also cost more than $100 billion, it is also using the same method to circumvent scrutiny by the Legislative Council. Under a recent proposal which has to be revised, the Airport Authority (AA) will impose an additional levy of $180 per passenger to finance the construction of the runway. From the point of law, I think that the Government is in a dangerous position because the AA, unlike the MTR Corporation Limited (MTRCL), is wholly owned by the Government, whereas 25% of the stakes of the MTRCL are owned by outsiders. The $180 levy to be imposed by the AA, which is owned entirely by the Government, is actually no different from a departure tax. On further consideration, a levy of $180 will be imposed prior to the construction of the third runway. Even if the third runway is completed, passengers not using it, that is, air passengers using only the first or second runway, will be made to pay $180, too. In other words, the Government will actually collect a departure tax of $180 from each passenger through its wholly-owned intermediary. Originally, the Government should request the Legislative Council to amend the Air Passenger Departure Tax Ordinance before it could impose this levy. Now it has bypassed the Legislative Council and acted in contravention of the Basic Law. The same goes for the waiver of dividends payment from the AA. Under the well-established mechanism for dividends payment, the Treasury should expect to receive dividends from the AA, but now it is suddenly said that the dividends payment will be waived. The Government is actually seeking to bypass monitoring and approval and allocation of public expenditure by the Legislative Council. Certainly, we still have to address other issues, such as those related to airspace, and so on. Whether or not these issues can be resolved and whether or not the authorities concerned will implore the public to trust them, I do not wish to discuss them anymore because we should be discussing the Budget now.

Recently, the Urban Renewal Authority (URA) ― actually, its impact on the economy, land and finance is not too significant ― but the question is: Is the Government playing a hand behind the scene? Originally, the URA promised to adopt a "people-based" approach, but it turned out that the urban renewal policy, which had been in the brewing for a couple of years, had already been put in place stealthily. The URA, which is expected to carry out a dynastic reform later, is now chaired by Victor SO, whose thinking is entirely contrary to that of the Government or even more extreme than that of certain government officials.

President, regarding the practice of using a seven-year-old flat as the basis for compensation, strenuous efforts had been made by this Council to argue for it before a consensus was finally reached in the Finance Committee of the Legislative Council. Today, it is described in some editorials as an infinite royal grace bestowed by the emperor. It must be borne in mind that a new flat was used by the predecessor of the URA as the basis for compensation. The URA is merely adopting a "people-based" approach by using a seven-year-old flat as the basis for compensation after demolishing some 30-year-old or 40-year-old flats to give the affected persons opportunities of purchasing newer flats.

Is it true that the URA wishes to use a 15-year-old flat, rather than a seven-year-old flat, as the basis for compensation? In other words, a person affected can only purchase a 15-year-old flat after the demolition of his 35-year-old flat. However, the second one will have to be demolished again when it becomes old. Is it the intention of the authorities to harass the public? The concept of renewal, which is actually very simple, is an important consensus reached by society after repeated discussions.

I suspect that certain government officials or some other people are seeking to change the past practice through the URA rather than proposing amendments from the perspectives of politics, accountability or engagement of the public. President, it is futile to do so. I find it even more frightening that a report could suddenly be rolled out to pinpoint the importance of value for money. It might be due to the pressure exerted by the Financial Secretary, the Chief Executive or the Secretary for Development that questions have been raised about why the URA is undertaking so many projects at losses. I really think that this consultancy should be fired ― probably McKenzie ― since it has not gained an in-depth understanding of the situation, nor has it any knowledge of the reasons for the maintenance works to be carried out and the URA to take over such works. In fact, owing to its concern that construction workers would encounter difficulty in seeking employment, the Government required the owners in old districts years ago to contribute to undertaking building safety and revitalization works properly to improve the cityscape, with a view to stimulating the economy while ameliorating the employment problem. Subsequently, the relevant tasks were taken over by the URA and the Hong Kong Housing Society on its behalf. However, the latter has now proposed that the tasks be performed by the URA alone. Actually, the URA is performing an important social function on behalf of the Government. This proposal was actually put forward by the Government, for the URA has no intention to do losing businesses.

The URA has recently engaged a great number of professionals to provide opportunities for occupants to carry out old buildings maintenance and make price comparisons and enable them to come up with better estimates. Such a move can actually help fight against bid-rigging. With its far from positive investigation and poor prevention efforts, the Government has been at its wits' end in cracking down on bid-rigging. In addition to the advice offered by professional bodies, the professionals in the URA will usually  because all parties concerned are required to make contribution, and the Government has to bear part of the costs, too. Therefore, this is actually a starting point. Since the URA does not involve any interests, it can advise owners' corporations and owners and help them understand whether a bid is outrageous or bid-rigging is involved, as well as raising their awareness so that remedies can be made. But to everyone's surprise, the URA is accused of running a losing business. I cannot figure out why such a report should have been compiled  I had served on the URA for six years. If I was still there, I would definitely have lashed out at this report. Certainly, it took time for the report to compile. Some big names in the Managing Board must have pumped it up before such a report can be compiled.

It is really ridiculous for the URA to outsource the acquisition of buildings to the Richfield Group. The sale of the sites ― what I mean is that the acquisition proposals made by the URA will be implemented by developers on its behalf with the sharing of profits not guaranteed by a valid agreement. Honestly, I cannot divulge any secret because of my full participation in the efforts on this front. Why was profit-sharing allowed at that time? It was because some people would definitely raise doubts about the offer of benefits to developers by the URA if property prices soar in the future but the sites had already been sold. As a result, allowance has to be made, such that in the event of extreme circumstances, which have resulted in soaring property prices, there is still a way for the URA to share the profits. It must be borne in mind that the benefits thus obtained must be used to undertake rehabilitation or redevelopment projects. As a matter of fact, over the past eight to 10 years, particularly the past couple of years, property prices have continued to soar, and the extra profits thus derived by the URA can actually be used for subsidizing losing projects. If the sites are already sold, the URA can only make a small profit from the initial sale. Actually, its losses will outweigh its gains in the future. I hope that the "people-based" approach can be re-affirmed by the Bureau. Should it continue to pressurize the URA, the one to be held politically accountable in the end will definitely be the Government, not the URA.

Lastly, I would like to say a few words about the housing problem, running the risk of being long-winded. I still hope that the Government can come up with a long-term home ownership strategy. Even if private property prices drop 30% to 40%, many people can still not afford to buy a flat. Hence, if the Government can build a large number of Home Ownership Scheme (HOS) flats in a planned and strategic manner, it can actually give the people hope of buying a home and leading a stable life.

Assuming that a person will have to service his home mortgage for the next 20 years after purchasing a HOS flat at the age of 35, he can at least start making life planning now. If another person applied for a HOS flat at the age of 28 but had failed seven times, would the Government give him a chance to purchase his first HOS flat when he reaches 35 years of age? Certainly, I agree that this arrangement smacks of planned economy, but property prices have been pushed up to a sky-high level due to the influx of a large amount of capital into Hong Kong. If Hong Kong people cannot remain hopeful or plan for their career, living or life, Hong Kong will be unable to maintain stability.

I hope the Government can give concrete consideration to this proposal ― if a person started applying for HOS flats at the age of 28 but had failed for seven years in a row, can he be given an opportunity to purchase an HOS flat and start making mortgage payments at the age of 35? The Government should calculate the number of HOS flats to be constructed according to this principle and then act in accordance with its planning and strategy.

**MR CHARLES PETER MOK** (in Cantonese):President, what should a budget contain? How much money to spend? How to spend it? How much revenue? Where does it come? Of course, we need to set priorities when distributing financial resources, but there should also be directions for development. Hong Kong is lucky as revenue has never been a big problem. This year the Financial Secretary has introduced a new way to release the budget information in an open digital format and with open data. Some young people gathered together over the weekend after the issue of the Budget to analyse the data. They asked me why all data are about how to spend money and that they do not understand why it seems that no mention is made of where revenue comes from. The data does not look quite like the financial statements of companies. It took them a long time to find out the part about revenue.

It is true that even in the Legislative Council, Honourable colleagues also just focus on asking the Government to spend more money here and hand out more "candies" there. In the past many colleagues would criticize that the budget only focused on handing out "candies" in the short run to appeal to some fleeting public applause, without investing in long-term strategies. The theme of the Budget this year is "diversification and enhancement" but assistance to all industries and measures of strategic development are still lacking. However, the innovation and technology industry that I represent is already quite lucky because it is given more mention. But it is still mainly about short-term measures, devoid of long-term goals and strategies. The problems are yet to be solved and Hong Kong is still sitting on its luck and living off its stored grain.

To promote innovation and technology, it is most imperative to create an environment where they can be developed in Hong Kong in the long run. And proper legal, land, infrastructure and manpower planning is required to build a healthy environment and atmosphere. To date, the Government has done no planning, no blueprint, no accountability and no performance assessment like the key performance indicators (KPI).

Earlier Financial Secretary John TSANG has published a blog article to send a message to the young generation that they should get fully prepared in venturing into start-ups. That is right. It is not easy to start a new business but even more difficult to stay in business. The Government should not only distribute cash to entrepreneurs but invest in the future and dare to take the risk to sow the seeds of innovation so that young people would understand that starting a business also requires finding their own positions. They should not just look at collaborating with China but also markets worldwide.

As a matter of fact, providing capital to young people for start-ups *per se* is good but the Government only helps them "at the start" after all. Many friends in the industry told me that apart from research and development, the Government has not provided adequate support in terms of promotion and advertising. No wonder we always say the commercialization of research results has not achieved any good progress. For example, the Small and Medium Enterprise (SME) Export Marketing Fund subsidizes SME to carry out export promotion but does not cover enterprises geared in different directions of development. Therefore, to successfully support business start-ups, we need to further assist companies which lack the capital for expansion and promotion.

The Hong Kong Science and Technology Parks Corporation (HKSTPC) has earmarked $50 million to set up a corporate venture fund for co-investment, on a matching basis with private funds, in start-ups which are located in the Science Park or under its incubation programmes. However, why is this fund only limited to companies in the Science Park? And the sum is only a dozen million dollars. Is it enough? It will only be useful if in the future we can expand the scope and increase the sum to stimulate user and market demands for technology services and products. But if the Government agrees that this funding direction is important, why does it not shoulder the responsibility but pass it to the HKSTPC which has to implement it using the not-so-generous $50 million with so many strings attached?

Some time ago, I suggested that the authorities should study how to promote financial technology and electronic commerce so that Hong Kong will not fall behind other places. The Budget announced that the Financial Services and the Treasury Bureau will set up a steering group to study how to develop Hong Kong into a financial technology hub. I believe this is a right direction because if we do not start doing it now when London, Singapore and other places are all doing it, we definitely cannot afford to fall behind anymore.

Yesterday, I attended an event about financial technology. All of the speakers were very young, and many of them have experience in start-ups in Hong Kong, the Mainland or overseas. They mentioned that Internet loan has become very mature in China and the United States while Hong Kong has fallen way behind. And micro-loans and mobile payment have also become very developed in the Mainland. Payment is made just by shaking the mobile phones a few times. Hong Kong still has a long way to go. We are still talking about electronic cheques while other places have already stopped using cheques. The biggest beneficiary of electronic cheques is always those with vested interests like large banks as they can save a lot of money. Policies in Hong Kong often help the vested interests. If innovation cannot break the existing rut, how can it lives up to its name?

It is true that the regulators in Hong Kong attach a lot of or sometimes too much importance to risk management while the Policy Bureaux emphasize the stability of the financial system. However, what the industry is most concerned about is how to foster an innovative business mode to attract talents with both technology and financial expertise to return to Hong Kong so as to end the monopoly of middlemen and large corporations and increase competition to create new added value for users and consumers. Only in this way can consumers' rights be truly protected, otherwise only the interests of the vested interests are protected.

Members had raised questions about Bitcoin to the Government. Every time the Government said that such a thing could not become a currency and the steering group would study it carefully. However, the Securities and Futures Commission issued a notice last year that warned that crowdfunding might possibly be illegal. Singapore has started formulating guidelines and legislation to monitor this kind of financial activities and included Bitcoin on the agendas of major financial meetings. I have also pointed out in the special meetings of the Finance Committee that I hoped the Government could explain its direction as soon as possible and that the comments made by the authorities about Bitcoin being risky came across as demoralizing to the industry. Fortunately, the Secretary has responded at the Finance Committee meeting that the recent cases were just frauds and unrelated to Bitcoin while the blockchain technology of Bitcoin indeed has very great potential for development with a chance of revolutionizing the entire financial and other systems.

The Government should not just talk but provide actual resources to support the study of these financial technologies. Will the Government consider introducing crowd loans which have manageable risk and flexibility to SMEs? The market and private equity funds need to know the Government's work and timetable on this matter and have requested the Government to consult relevant stakeholders to increase the certainty expected by the market in order to make Hong Kong sufficiently competitive.

President, the biggest problem faced by Hong Kong now is the shortage of talent, a dropping birth rate and the mismatch of education and market demands. Sadly the Government has turned a blind eye to these problems, completely lacking any strategy to tackle them.

The Government always says it needs to enhance the start-up admission scheme *a la* the measures of similar overseas schemes so as to attract entrepreneurs to come to Hong Kong. However, the applicant companies may not be able to make profits and pay tax immediately so overseas governments would at least require that these companies be of a considerable size and capable of creating employment opportunities. Otherwise I am afraid the many immigration consultants in Hong Kong would quickly become start-up immigration consultants. And the result is the policy being exploited before the benefits can be seen. Instead of importing overseas and Mainland talents into Hong Kong, why does the Government not strategically invest in local education and follow the example of foreign countries of retraining some middle-aged people so that they can join the innovation and technology industry which they have never thought of joining?

Apart from strengthening the support for scientific research and start-ups, the Government also needs to review its policies to create more space for development in the future, for example, procuring more local products and services and changing the often-criticized policy that mainly provides services through outsourcing and hiring temporary contract workers.

Fortunately, the Secretary for the Civil Service happens to be present now. The questions in respect of the Budget have followed up on the issue of appointment of Non-Civil Servant Contract (NCSC) staff to the Civil Service. Many NCSC staff have conveyed to me that it is very difficult for them to be appointed as civil servants. Civil service posts are small in number and they have to be downgraded to lower positions, which is not fair to them. It in fact means they should not think about changing their appointment. A bigger problem is if the Government takes the lead to outsource and cause unhealthy manpower development in industries, how can it convince people that it supports innovation and technology?

President, last year it was the first time that the Government and the Financial Secretary released the summary of expenditure estimates in a spreadsheet. This year it is released in the comma-separated values (CSV) format which is even more convenient to application developers and data analysts. It is very good. A lot of interactive charts about government expenditure have appeared on the Internet. I hope government departments can continue to release more datasets in relation to expenditures and revenues to facilitate analysis and development, thus closing the gap between the people and the Government.

President, lastly I would like to cite an example. The United Kingdom Government has recently published a strategic proposal on promotion of financial technology, which is worthy reference for us. Their first recommendation is to establish an advisory group. This we have already done. The second recommendation is very interesting. They said the Government should create a programme of grand challenges for business, academia and the third sector ― usually referring to the civil society, people and media. It is a very important concept. The United Kingdom requires all stakeholders to take part in creating demands, unlike the industrial policy in Hong Kong which simply sets up a fund, hand out cash and do some other work to support a certain industry. It is completely a supply-oriented strategy which does not take effectiveness into account at all. Recommendations were made but may not be accepted. Therefore, I think it deserves our serious thought.

Another recommendation is to support the application of big data and analytics while understanding the benefits of related financial technology to society and the economy. It is also very important. If society does not understand or agree with the benefits of this kind of support, people may think it is better to hand out cash in other aspects. In this way how will the policy gain support? The Hong Kong Government always says it will promote innovation and technology. But if the Government does not provide a blueprint to convince society and all citizens, as we have seen now, it is just getting half the result with twice the effort.

Other recommendations for the United Kingdom to promote financial technology include risk management, enhancement of relevant courses of university education and development of a regional collaboration network. These are all worthy reference. Moreover, Hong Kong needs to rethink two things. First, the United Kingdom Government has clearly indicated that it must use its own purchasing power to assist the development of industries and introduction of new products and services. On the contrary, the Hong Kong Government has never mentioned nor done this, and instead it does not help the development of and does not procure local products and services. Lastly, the United Kingdom Government also points out that it is imperative to promote its own products to overseas markets. Apart from the so-called SME Export Marketing Fund, I think we do not have other comprehensive strategies to carry out work in this respect.

Apparently if Hong Kong is to develop financial technology, we cannot treat it just as developing some schemes to assist the local finance industry ― we must take it as an entirely new industry to develop. Be it developing financial technology or the entire innovation and technology industry, it should be the same.

President, the current-term Government has now made such a high-profile statement that it will develop innovation and technology. I hope it is not just going to be some high-ranking officials spending money to do some projects, which are then taken as political achievements and some "buddy socializing" within their own clique. Instead the Government should do some serious study on the directions and ways that can bring about changes in society. It does not help the industry by just giving assistance, doing some gimmicks or hosting some carnivals. We need to change the ways how different Policy Bureaux and departments work and think so as to induce innovation and technology in the design and planning of future policies or measures. Otherwise our fair, transparent, free and open culture, as well as the competitive edge of our international position and proximity to the Mainland market will be squandered. In that event, I am afraid the setting up of an Innovation and Technology Bureau will not produce the intended results.

With these remarks, I so submit. Thank you, President.

**MR CHEUNG KWOK-CHE** (in Cantonese): President, according to this year's Budget, the Government forecasts a surplus of around $60 billion for last year. Like the past few years, the revenue was higher than expected and the fiscal reserves also increased to over $800 billion. I have emphasized in the Legislative Council time and again that Hong Kong is facing the problem of an ageing population. With the huge fiscal reserves, the Government should make proper plans for universal retirement protection and long-term social welfare measures immediately to provide the elderly and the needy with livelihood protection to which they are entitled so that they can live their lives with dignity.

It is disappointing that the Government still has not set its mind to these tasks. In this Budget, the Government officially announced that $220 billion will be allocated to the establishment of the Future Fund. On the one hand, the actual purpose and the way of using the Future Fund are not clearly explained. The Government did not give any direct response in regard to whether the Fund will be used for addressing the problem of an ageing population, causing suspicions about the Government bypassing monitoring by the Legislative Council and building up a "private vault". On the other hand, the Government pointed out that the reason for establishing the Future Fund is to enable the Government to "finance strategic infrastructure projects conducive to Hong Kong's future economic development".

Nevertheless, it was already reported last year that although the construction works of the nine major infrastructure projects had yet to complete, it was estimated that there would be a cost overrun of over $160 billion. Perhaps the Government can also foresee that the amount of overrun will definitely be larger when the construction projects are completed. Members of the public have divergent views on whether the Government should commence more infrastructure projects and cast serious doubts on the Government's capability of monitoring the infrastructure projects. Even though the Government stated that the construction of infrastructure projects can promote economic growth, can these infrastructure projects which cost a huge amount of public money eventually benefit the general public? Does it simply aim to make some people rich or even richer? Why can we not directly use the Future Fund for social welfare measures which are related to the ageing population?

On the contrary, the Government's investment in social welfare initiatives which are related to people's livelihood, such as improving their quality of life, is the only effective means to directly encourage people to enter the labour market, stimulate production and promote economic growth. However, it is widely known that in Hong Kong, there is a serious shortage of resources in various areas, such as retirement protection, education, healthcare services, housing and rehabilitation services, community services and residential care services for the elderly and persons with disabilities. The SAR Government is still behaving like Scrooge. Hoarding such a huge surplus, the Government neither allocates resources nor makes plans. It even perversely implemented the "0-1-1" envelope savings programme which requires all departments to cancel some services and re-engineer the ways of working so as to reduce expenditure by 2% over the next three years, the amount of which will be passed to the central, that is, the HKSAR Government, for redistribution. It reflected that the Government simply refused to bear the responsibility for improving people's livelihood as it merely adjusted the expenditures of different government departments by using resources from the same pool. It is really outrageous that the Government has literally turned a deaf ear to the urgent needs of the public for social services at present.

It is basically the responsibility of all governments to protect the livelihood of the people, including taking care of the elderly who make up an increasing proportion of the population. Unfortunately, the number of elderly in poverty has long been the largest one among different age groups. According to the statistics released by the Government in the Hong Kong Poverty Situation Report 2013, after the intervention of recurrent cash benefits, the number of poor elders aged over 65 was 290 000, which accounted for 30% of the elderly population. This ratio of poor population was higher than that of all other age groups. It is actually a shame of Hong Kong that although the elderly have toiled throughout their lives, they are spending their twilight years in poverty. A capable government should undertake to implement a universal retirement protection scheme funded by tripartite contributions, set a timetable and formulate a roadmap, rather than presenting inflated figures and creating a false impression that the universal retirement protection scheme will collapse. The Government should also devote efforts to increasing the amount of the seed fund, promote a tax reform based on the principle of redistribution, increase the labour force, and so on, in order to enhance the continuity of the retirement protection scheme and live up to the expectations of the public.

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

Since everybody will grow old, there will be an increasing public demand for retirement protection and residential care places for the elderly as a result of population ageing. At present, there are over 30 000 elders on the waiting list and around over 5 000 elderly persons passed away every year while they were still waiting. On average, elderly persons have to wait for as long as three years for subsidized residential care places. We mention these figures time and again every year but there is still no improvement to the situation. For the elderly and their family members or carers, the long wait is indeed a huge torment. It is because those elderly who are waiting for subsidized residential care places have undergone assessments and have impairment at moderate level or above, entailing urgent needs for day care services. The health of elders may get worse at any moment as the wait continues, and this greatly increases the burden of their family members and carers.

Although the Government has earmarked $800 million for implementing a new programme, Residential Care Service Voucher for the Elderly (the RCS voucher), so that the elderly will be subsidized in purchasing places provided by qualified private residential care homes for the elderly (RCHEs), the consultation on the RCS voucher was actually conducted in a really hasty manner. After inviting the study team to give a brief introduction on the programme in the Legislative Council on 9 February, the Government immediately held several consultation seminars in camera. A lot of members of the public actually did not understand the content and purpose of such a programme while even social workers, the elderly and their family members did not have enough time to express their views. The public consultation on the RCS voucher was completed by the end of February and the Government implemented the Pilot Scheme on Community Care Service Voucher for the Elderly. Yet, when we have yet to review the pilot scheme, the Government stated that the RCS voucher will be implemented beginning in September this year. This is really weird.

The RCS voucher introduces the principle of "co-payment" and, in the name of "focusing public resources on people most in need", introduces financial tests of income and asset for RCHEs. People are therefore worried about whether the Government is making the RCS voucher a pilot project in an attempt to apply the "affordable users pay" principle to the conventional subvented residential care homes in future and to introduce the same means test system, thereby raising the threshold for access to elderly services. The example of Old Age Living Allowance has illustrated that some elderly persons became "month-end brokes" and spent all of their savings as soon as possible in order to avoid becoming the sandwich class again. Their children also gave less or simply did not give any pocket money to them so as to reduce the amount of their additional assets and comply with the application threshold. These outcomes are contradictory to the Government's social policy of promoting family values. According to the questionnaire findings obtained by the study team on the RCS voucher, 34.4% of the elderly are willing to consider using the RCS voucher but only 10.5% of them also support a means test. It indicates that although there are elderly persons who are willing to consider using the RCS voucher, 90% of them do not support the means test. It is therefore evident that to comply with the wish of the elderly, there should not be any means test for the RCS voucher.

Furthermore, the service quality of private RCHEs has all along been drawing criticisms. Maltreatment of the elderly and unhygienic environment of the care homes were reported from time to time but the Social Welfare Department rarely revoked the licences of non-compliant RCHEs. The Director of Audit's Report of last year also pointed out that many elderly opted not to stay in private RCHEs under the Enhanced Bought Place Scheme (EBPS). By the end of March in 2014, the proportion of applicants on the waiting list who were applying to take up EBPS places was only 5%. It indicated that although the waiting time for subsidized residential care places is really long, most of the elderly are reluctant to stay in private RCHEs which vary in quality unless they are left with no choice. The Government then offered the RCS voucher as an inducement for the elderly and bulldozed ahead with the EBPS. People are therefore worried that the Government will be dumping money down the drain again. Unless the Government increases the subvention for purchasing places in private RCHEs to improve the services and strengthen monitoring of the service quality, I think the Government should not further hand over its responsibility of providing RCHEs to the market with a view to reducing the amount of resources allocated to conventional subvented RCHEs. Instead, the Government should make a long-term commitment to, based on the demographic profile, drawing up afresh five-year or 10-year social welfare plans, review and plan the land use for subvented RCHEs, provide manpower training, establish a ladder for recognition of qualifications, and so on.

Persons with disabilities and their carers, including students with special education needs (SEN) and mental patients, are another group of people who are badly in need of the Government's protection for their livelihood. For instance, persons with intellectual disabilities face many more problems in their twilight years than ordinary people of the same age. Yet, the Government has been reluctant to draw a line for the ageing of persons with intellectual disabilities and provide them with appropriate services. Moreover, the Integrated Community Centres for Mental Wellness in various districts have now been set up for four years and served a total of 43 000 persons in need. There are 7 000 new cases every year, indicating a huge demand for mental wellness services from the community. However, as the resources allocated by the Government are insufficient, there is a shortage of manpower, such as social workers, occupational therapists and staff who assist in organizing activities. As a result, the provision of services is insufficient to meet the demand from the community. Furthermore, there are still many centres which do not have permanent sites or are located in sites with a limited area, which affects the provision of services. The Government must address this problem as a matter of urgency.

In addition, every year, there are over 30 000 SEN students whose studies or even further studies are affected as a result of insufficient assistance provided by the Government. On the one hand, the Government refused to answer my question about the workload of educational psychologists. On the other hand, the Government refused to provide information on the distribution of students in each tier under the 3-Tier Intervention Model and the number of students who have been provided with an Individual Education Plan in different schools. The Government's reluctance to improve its policies has directly deprived the students of their prime time for learning. Meanwhile, many people are waiting for various services, such as pre-school services, day training and vocational rehabilitation services as well as residential services, and the waiting time is very long. For instance, the average waiting time for an Early Education and Training Centre place is 19 months while the number of places only increased by 271 last year; the waiting time for a Special Child Care Centre place is 18 months; and the waiting time for a place in the Integrated Programme in Kindergarten-cum-Child Care Centre is 14 months. Yet, there was no increase in the number of places for each of the aforementioned services in the past three years. A child may not be able to receive such services even if he/she waits and becomes a primary student. As to the most serious problem of waiting for a residential home place, the average waiting time for a place in a hostel for severely physically handicapped persons is 142 months; the waiting time for a place in a hostel for moderately mentally handicapped persons is 119.5 months; and the waiting time for a place in a hostel for severely mentally handicapped persons is 105.6 months. When it takes a longer time to wait, it reflects that less assistance is provided by the Government and, therefore, the carers will be facing greater pressure. Eventually, the situation may become intolerable and create new problems to society.

It is obvious that the Government does not share the public's urgent concern. It did not do any social welfare planning and kept shirking the basic responsibility of protecting people's livelihood. I think that apart from allocating more resources to different aspects for meeting the public demand for the relevant services, it is more important for the Government to enhance the residential respite service for elders and persons with disabilities. It should also fully launch an allowance for carers in order to relieve their financial burden, recognize their roles and contribution to society as well as improving their quality of life.

Now, young people who have gone through the Umbrella Movement are most concerned about the construction of a third runway at the airport and police powers. Although there was no direct mention of the third runway in the Budget, it is in line with the spirit of "conducting extensive infrastructural projects in the name of economic development" of the Future Fund which was mentioned at the beginning of my speech. Even though the Airport Authority Hong Kong (AA) will bear the construction cost of the third runway, it will raise funds for the project to evade being monitored and questioned by the Legislative Council during the application for funding. Cost overruns in infrastructure projects have now become a norm. If the Government has to provide a guarantee for the AA, eventually members of the public will be the one footing the bill and underwriting the project but they are not entitled to monitoring it.

For many years, I have, as always, emphasized and urged the Government to conduct long-term planning for social welfare and, as the Treasury is "inundated by cash" every year, seize the opportunity to implement short-, medium- and long-term development plans. Yet, the Government has yet to provide any blueprint. I am left with no choice again this year *(The buzzer sounded) * so I will vote against the Budget.

**MS CYD HO** (in Cantonese):Deputy President, a number of pro-establishment Members sang high praises of LEE Kuan-yew in their speeches yesterday and today. I think this is because he managed to speedily and effectively wipe out dissenting voices by high-handed means and achieved the so-called effective governance. However, they did not mention that LEE Kuan-yew was, in fact, a successful separatist who led Singapore to become independent of Malaysia. Singapore has since become independent not only politically. It has achieved independence also in terms of the essential needs economically and in the people's livelihood, thus making it absolutely unnecessary to rely on Malaysia economically anymore, and I think we really need to make reference to his practices particularly on the economic front.

Using Singapore as an example in this comparison with Hong Kong, we can see that the commercial sector in Hong Kong lacks this political vision. Quite the contrary, the Hong Kong economy has all along been dependent on the prosperity or otherwise of the Mainland economy, unlike LEE Kuan-yew who consciously worked for developing Singapore into an independent economy. Before the opening up of the economy of China, Hong Kong could act as a "comprador" given its unique status, providing expertise in management, logistics, and so on, while reaping as many benefits as possible from the cheap labour provided in the Mainland. This thus became an industry which was developed too easily, resulting in an increasing reliance on the Mainland and a lack of direction. This explains why the agricultural and fisheries industry has diminished and the manufacturing industry substantially declined. Even for the financial services and tourism industries or the film, cultural or creative industries nowadays, Hong Kong has been losing more and more of its own position and has gradually found itself to be led by the nose. Even when it comes to collaborative film productions, the freedom of creativity must be greatly compromised before any plan can come to fruition. This economic relationship has actually undermined the independent and autonomous economic role of Hong Kong.

Take the agricultural industry as an example. In 1960, Hong Kong had a vast expanse of agricultural land measuring as many as 13 730 hectares; in 2013, there were only 4 523 hectares left. Of course, the reduction of agricultural land is certainly an outcome of commercial development and a larger population. But have we ever thought that while 60% of our vegetable and fruit consumption was met by the local supply back in the 1960s, local productions could meet only 1.9% of the daily needs in 2012? What is the result? The result is that the "tainted food" or food with pesticide exceeding the safety limits in the Mainland can be smuggled into the territory and Hong Kong people are made to consume such food out of no choice. Our food safety is not under any protection at all.

As for the manufacturing industries, we have seen that the number of people engaging in the textile industry drastically decreased from its peak of 500 000 or 10% of the total population in Hong Kong in the 1970s to some 30 000 among the 7.3 million population in Hong Kong now. This is also because wages are far too cheap in the Mainland and a large number of textiles quotas are available there. Therefore, the local enterprises have only cared to ensure their commercial viability in the easiest way or by taking short cuts and forgotten the need to "preserve the capital" in Hong Kong. As a result, skilled workers can no longer be found in the textile industry. Nowadays, Guangdong Province has "emptied the cage for new birds", and when even Guangdong Province has succeeded in restructuring and ceased to rely on cheap labour, we are nevertheless going backwards and vowing to develop the industries of Hong Kong. But the point is that we almost have to start from scratch and begin training up skilled workers all over again and this is, in fact, a huge waste of our manpower resources. This is also the bitter fruit of the long-term reliance on the Mainland in production and long-term reliance on the Mainland labour.

As for tourism, it is again indicative of a "fast-food culture" aiming to make quick money without preserving the fundamentals and consolidating our strengths. We have focused only on meeting the short-term and instant needs of Mainland visitors without seriously making an effort to develop Hong Kong into a tourism brand; nor have we seriously carried out work in conservation. We are unable to become like Kyoto where tourists wish to visit over and over again and which is a destination for high-spending visitors. On the contrary, we have only seen the mushrooming of drug stores when powdered formula in the Mainland was found to contain melamine, which has consequently driven up the shop rental due to speculation, hence affecting the livelihood of local residents. Such an approach of business operation and economic development can certainly make quick money but at the end of the day, it will shatter our foundation in the long term. This business approach which seeks to make quick bucks and spurs people to take short cuts will not do any good to Hong Kong in the long run.

The latest example is the Shanghai-Hong Kong Stock Connect. Since the Easter holidays, the stock market has seen great fluctuations. Of course, huge revenues are hence generated from the stamp duty, but as we can all see, the same stock can increase by 10%, fall by 10% and then go up again by 10% in a day or two. Is this trend of speculation healthy? Other than the Financial Secretary coming forth to tell people to be careful and advise them against taking part in this lunacy, nobody else has said anything. Everybody is more than happy to seize these opportunities to reap instant benefits. Have Members noticed that the blue chips nevertheless dropped despite a bullish market? Even the prices of some very stable stocks yielding an income from rentals have come down. Is this a healthy economy? While the economic bubble in China has given us an opportunity to make quick bucks, have we thought about what we should do once the bubble burst? What should we do to protect ourselves?

As many people have already pointed out, insofar as the banking system in China is concerned, how much money is involved in bad debts, how much is involved in doubtful loans, how much is involved in false accounting, and how many loans have been approved in an irresponsible manner or out of favouritism or as a result of corruption and transfer of benefits? No one knows. But we can see that many cites in the Mainland are "ghost cites". These residential properties developed with bank loans are purchased by nobody and the entire housing estate has thus become uninhabited. This is all because there is no accurate figure for us to find out about the actual situation of China's economy and even its governance, and all we can do is to make guesses. As some international research institutes have pointed out, these inaccurate figures may likely put off the bursting of China's bubble economy to 2015 but the time may come earlier. When the economy of China collapsed, and if Hong Kong only follows this old path of relying on the economic development of the Mainland in looking for ways to do business, that would be completely unreliable. However, the Government of the Hong Kong Special Administrative Region has consistently and habitually belittled the economic power of Hong Kong. Since the TUNG Chee-hwa era it has been said repeatedly that if China does well, Hong Kong will also be doing well, in a bid to promote among Hong Kong people their psychological and practical reliance on the Chinese economy. This attitude has remained unchanged for the past 17 years and finally, during the plenary session of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference this year, I saw some Hong Kong Deputies to the NPC holding in their hands the scripts of their speeches, facing the camera and saying repeatedly that the Mainland has been the most powerful support at the back of Hong Kong. What good will it do to demoralize Hong Kong people in such a way, apart from making it easier to bring Hong Kong people under control?

As a special administrative region, Hong Kong enjoys a unique position which enables it to develop a relationship of economic co-operation and forming a partnership with the Mainland. But let us not forget that the Mainland is also a competitor of the Hong Kong economy. Any businessman with common sense will not neglect the possibility of his business partner taking his place one day and hence will not unreservedly dedicate all of his efforts to pursuing development in only one direction. Deputy President, it is necessary for Hong Kong to reconsider today the economic positioning of Hong Kong and, particularly in view of such an unequal economic and political relationship between Hong Kong and the Mainland, it is all the more necessary to enhance the independent economic power of Hong Kong, rather than wholly relying on the Mainland.

Singer Denise HO, a supporter of the Umbrella Movement, is a good example of how we can keep improving ourselves to enhance our competitive edges. Her support for the Umbrella Movement has caused her to be banned from the market and her income has dwindled by 90% ― she said that the last "zero" of her income has now gone ― she cannot have her contract renewed with the original entertainment company; nor can she rely on a company to provide her with support in public relations, publicity or negotiations on commercial terms and conditions. However, Denise HO has put forward the idea of "re-imagine". It means that in the face of so many restrictions, we must re-imagine the possibilities of breaking away from the existing restrictions. She started all over again as an independent singer. Having lost a market with a population of 1.3 billion, she turned to another market and started singing for the Taiwanese market with a population of 20 million. She handles everything by herself, putting up posters and publicity materials everywhere. Now that she has even launched the brand "re-imagine" with products ranging from stationery, household goods, and children's wear, and even organization of bread baking classes. I think, with her brain, she may probably be more successful doing business than going into politics.

But what Hong Kong needs now is this power of "re-imagine". We must not let our imagination be subdued by the external restrictions. We should find for ourselves room for free development. The idea of "re-imagine" does not only target Hong Kong's excessive reliance on the Mainland economy, but also stresses the need to get rid of the current *modus operandi* adopted by many existing corporations of imposing restraints on creativity in the market.

Let me cite the Umbrella Movement as an example again. Many musicians had speedily produced a touching and rousing song called "撐起雨傘" (Raise the Umbrella). This song, which cannot be played in commercial radio channels, is circulated only on the Internet. There have been great restrictions on the publicity channels for this song, but it was named "My Favourite Song of the Year" for 2014 in Commercial Radio's music awards. That this song won the award has given us an insight that we can make a breakthrough from the *modus operandi* adopted by many existing corporations which strangled creativity and allowed only those productions with commercial potentials to be played or published. There are ways for us to break away from these restrictions. However, it turned out that this song has not brought any commercial benefits at all. I have asked for the reason and learnt that it was because many of those who took part in producing this song are on contracts with major companies, and their receipt of benefits from outside these companies will constitute a breach of contract or infringement of property rights on their part. I would like to point out from this example that freelancers and independent creative workers can find room for their own creation and identify their economic position outside the established rules of market operation.

But much to our regret, the Government has not encouraged efforts to break monopolies. Worse still, in handling the incident concerning the licensing of the Asia Television Limited (ATV), the Government has damaged the cultural and creative industries in Hong Kong with the established administrative procedures. As a result, ATV is now in a mess and the Television Broadcasts Limited will be dominating the market before 2020. In view of this practice of damaging the industries with the established procedures, I hope that the Government will truly and expeditiously reconsider discarding this mentality of putting politics above the economy. It should open up more room for the young people in Hong Kong to develop a new enterprising spirit of paying due regard to social meanings and the long-term interest of Hong Kong in business operation, thereby opening up a new direction for Hong Kong.

The Labour Party certainly supports diversified economic development. This is why we support the proposals put forward in this Budget in relation to the Film Development Fund, the introduction of a new agricultural policy, the nurturing of the textile industry, and research and development. Having said that, there is the inadequacy that the Financial Secretary has not made consideration from the angle of rebuilding local production lines by focusing on the industries and the manufacturing sector. For example, in respect of textiles, the authorities have only focused on training up designers without taking into consideration that in making a product, from its design and preliminary drawings to completion, skilled master workers with a thorough understanding of all the production procedures are required. From the characteristics of fabrics, tailoring skills, sewing techniques, washing and ironing, to storage and the hanging of a piece of clothing for a fortnight to find out the final effects on the product, all these procedures require the input of a lot of skilled workers who can contribute their life-long experience in the process. Therefore, we hope that the Government will not only make grandiose but empty plans of training up designers. Rather, it should expeditiously rebuild production lines in Hong Kong, so that master workers can have the opportunity to pass on their knowledge at the local production lines for the development of the manufacturing industry afresh in Hong Kong.

Thank you, Deputy President.

**MR ALBERT HO** (in Cantonese): Deputy President, the speech I am going to make on this Budget may likely be the last one I give on the Budget in the Legislative Council. I will look at the economic outlook of Hong Kong from a macroscopic perspective and focus on the crises faced by Hong Kong.

At the end of the Budget speech, the Financial Secretary made an earnest and sincere remark. It is evident that the prevailing crisis in governance has really affected the economic development. I have joined the Legislative Council for many years. I have heard a number of Honourable colleagues, particularly colleagues from the business sector, strongly advocate that Hong Kong people do not have to be too enthusiastic in politics, for importance should be attached to economic development and improvement of people's livelihood. Many people are even resistant to political reform or political issues, for they consider these issues are merely economic concerns politicized, and an over-politicized society will have negative impact on economic development.

In fact, these viewpoints are not only outdated but also detached from the reality in society. In Hong Kong, the crisis we faced today in economic development is caused by the difficult situation or failure in governance. Hence, at the end of his Budget speech, Financial Secretary John TSANG said that Hong Kong's success has been built on our sound social system and shared values over the decades, but the system and these values are being subjected to impact. He even described that social bickering has come to extremes. It is self-evident that the situation will affect or seriously undermine the economic development of Hong Kong in the future.

In my view, those remarks should have been made in the Policy Address. But now, it is the Financial Secretary who made those remarks. It is evident that the Chief Executive lacks the courage to face the reality, or he utterly lacks the wisdom to identify the problems. Perhaps he has another political agenda that only if he can continue to be in power, a failure or political confusion will not be his concern.

Many people have glibly attributed blame to Chief Executive LEUNG Chun-ying for the prevailing quagmire in politics. They consider that it is a matter of "one single man", and accuse him of being headstrong, hardhearted, self-righteous and unwilling to give explanations, and so on. Of course, his quality, his personality and ability are definitely problematic. However, the problem is not confined to individuals, for the system and the structure are definitely involved. If the Chief Executive in power considers he should follow only the orders from Beijing, or if he recognizes only the expectations from the North but not those of Hong Kong people, he cannot possibly keep tabs on the public pulse, he will have no accountability to Hong Kong people and he will not be subject to checking by the Legislative Council. Against this background, the many problems we mentioned earlier will arise. Those problems will arise even if Hong Kong is not governed by LEUNG Chun-ying.

The problem we are facing today is not merely a problem with an individual as I mentioned earlier, but one resulted from the lack of democratic participation in the system. This problem of lack of democratic participation will affect not only Hong Kong. We have already seen that the "high degree of autonomy" is threatened. The relationship between the Central Authorities and the SAR is deteriorating and the people's confidence in the Central Government and the SAR Government is withering. Moreover, over the years, the Chief Executives of the previous terms have left behind some problems. In the past, many policies were tilted to large consortia and the authorities were accused of collusion with the business sector, but no improvement has been made to date. Furthermore, the problems of disparity between the rich and the poor and impoverishment of the grassroots, and so on, have created unfairness in society and shattered the hope of the younger generation. These problems set the scene for the prevailing intense conflicts in society.

Deputy President, in the political and economic scene in future, Hong Kong will be facing three major crises or risks. Many people studying economics have made comments on investing in Hong Kong and assessed the relevant risks involved, and they are using a new item, the so-called policy risk, in their assessment, which had never been used in the past. This assessment item of policy risk emerges as the relationship between the executive and the legislature deteriorates and becomes tense, society being torn and the lack of incentive to improve the relationships on the part of the Chief Executive, for these problems have made the implementation of many policies extremely difficult.

In fact, by virtue of their overall objective, many major policies should not have aroused intense confrontations and conflicts, but now, the authorities will encounter such problems even in the implementation of these policies. The same applies to policies which should have gained support in some measure or society at large should have agreed in general that it is a direction in which Hong Kong should head. For instance, we will all agree that the authorities should identify as many sites as possible in the New Territories to carry out large-scale development, so as to ensure an adequate supply of housing in Hong Kong. However, it should not be carried out in the way the development of the North District is implemented. Under the development of the North District, large-scale planning of the entire site is carried out, which results in the unnecessary resumption of a number of sites by the Government and the subsequent transfer of these sites to developers for development. It is unnecessary for the authorities to adopt this approach, but due to the lack of communication and dialogue, these problems cannot be ironed out.

Another example is the construction of the third runway at the airport. I think many people in society consider that the construction of the third runway may be necessary for the economy. Many people consider that further discussions on improving the environment can be carried out. Even on the issue of airspace, people are merely asking the Government to provide clear figures as proof. If the authorities can address these problems, perhaps more people or Members will support the construction of the third runway.

However, at issue today is the self-financing mode adopted by the Government for the project in order to circumvent the Legislative Council. Worse still, Secretary Prof Anthony CHEUNG has even refused to propose a motion in the Legislative Council to obtain the recognition of the representatives with public mandate before launching the project. This approach does not involve the approval of the funding application, but still he refuses to do so. As for the proof or information that should be submitted, the Secretary said that they cannot be presented as they may involve confidential information. How can such a practice be conducive to solving the problem? This will only beg more doubts and conflicts.

The third example is the television service licensing incident. The incident has aroused a strong outcry in society, and the responses were nearly unanimously negative and critical. This is known to all. I think a majority of Members of the Executive Council considered that a license should be issued to the Hong Kong Television Limited of Mr Ricky WONG, for he is capable and has the zeal in providing the services. I even believe that many people are of the view that the authorities should not issue a licence to ATV which is incapable of keeping the operation afloat. The incident had aroused discontent in various strata, people from the rich to the grassroots were blaming the Government, and the incident had sparked off a series of protests. The incident has indirectly prompted the public to doubt the sincerity of the Government in setting up the Innovation and Technology Bureau (ITB), and they do not understand the intents of the Government. People's discontent, doubts and lack of trust arising from the incident have prompted them to come to the conclusion of doubting the setting up of the ITB by the Government. Certainly, the doubts about the setting up of the ITB are also prompted by other factors. As Ms Cyd HO said earlier, does Hong Kong only need a Policy Bureau responsible for studies on high-level and high-end technology? As for the production lines at the middle and primary levels, should the authorities not also work to promote and conduct studies in these aspects with a view to bringing about economic benefits? At that time, we considered that the authorities had failed to provide full explanations. To conclude, the policies of the Government are unstable, and the competence and wisdom of the Government in formulating policies, as well as its ability in enforcement, are greatly doubted. This is the so-called policy risk.

Furthermore, the rankings of Hong Kong in the Corruption Perceptions Index and the Rule of Law Index have continued to drop, which is worrying. In respect of the Corruption Perceptions Index, in 2010, Hong Kong was ranked the 13th worldwide, but it dropped to the 17th in 2014. As for the Rule of Law Index, it is even worse, for Hong Kong has dropped from the 13th to the 15th in 2015. With regard to competitiveness, Hong Kong has fallen out of the first three places for the first time in the past 10 years. We are facing increasing worries. First, it is the lopsided policies tilted to large consortia adopted by the Government, which I have mentioned earlier. Second, it is the worry about the spread of the corruption culture. Another worry is about whether state enterprises operating in Hong Kong will be subject to fair and strict regulation. This is a very important point, for Mainland enterprises account for over 60% of the market value of Hong Kong stocks. Do the regulatory authorities have the determination and ability to exercise fair and straight regulation on these enterprises?

The CITIC incident has aroused doubts among many people. The incident has been processed for six years, but the criminal investigation is still underway and no clear account has been given so far. I have cited the case in Singapore a number of times. The incident there was processed within three to four years, where people concerned were persecuted and sentenced for imprisonment. After four to five years, some of them have already served their full imprisonment terms and have been released. Why is the situation in Hong Kong so different? The case of Barry CHEUNG is similar. It is still under investigation and no one has given any account of the case. I can cite eight to 10 cases involving large consortia like state enterprises one by one. The authorities have not provided a clear account of these incidents to put the mind of the public at ease other than simply keeping everything secret. Certainly, the Government said that it must comply with the confidentiality requirement, yet the public still have enormous misgivings about these.

Upon the implementation of the Shanghai-Hong Kong Stock Connect (S-HK SC), the stock market in Hong Kong has naturally become more vibrant, yet at the same time, it has aroused other concerns, such as insider dealings. In the event of irregularities involving Mainland enterprises, ranging from insider dealings to conflicts of interest, how will Hong Kong exercise its authority as the regulator properly? This is the first concern. Second, in a recent case, a Mainland company refused to provide certain contracts to Hong Kong auditors for auditing purposes on the ground that the contracts were state secrets. The company involved is the China High Precision Automation Group. The company eventually sent the relevant documents to the Mainland to a state institute for certification as state secrets and should not be audited, and the documents were then stamped by a famous auditor in the Mainland. Eventually, the company continues to be listed in Hong Kong and its stocks continue to be traded without suspension. Are we handling things in this manner? Certainly, there are certain large companies like the China Resources, on which suspension of stock trading had not been imposed despite the arrest of a number of members of its management. On the contrary, small companies are prone to be subject to suspension of trading.

Let me come back to the disparity between the rich and the poor. The Gini Coefficient of Hong Kong is rising. The population living in poverty has exceeded 1 million. As I said earlier, the elderly people living in poverty already amount to 290 000. Social mobility has come to a halt and the unemployment rate of young people remains at a high level. I am most perplexed about the problem of manpower mismatch. I recall that in 2001, I read a report on manpower published by the Government stating that the types of talents to be in short supply 10 years later, but today, there is still a shortage of those talents. What have the authorities done? Property prices are another concern, as many people cannot afford to purchase their own home today. In the face of various problems, how can the authorities foster economic prosperity? If it does not work on the reform of the system, we have no hope. If there is no democratization in Hong Kong, we will not have an accountable Government, and we will not have any hope. *(The buzzer sounded)*

**DEPUTY PRESIDENT** (in Cantonese): Mr HO, speaking time is up. Please be seated.

**IR DR LO WAI-KWOK** (in Cantonese): Deputy President, to tie in with the Policy Address, the Budget this year has incorporated some of the proposals made by me and the Business and Professionals Alliance for Hong Kong (BPA) on economic development and improvement of people's livelihood, and addressed some of the needs of society in the short, medium and long terms. However, the key lies in how these measures can be implemented effectively.

To alleviate the plights of the public, the Financial Secretary has spent $34 billion on handing out "candies" this year. He has introduced a number of one-off relief measures, including the reduction of salaries tax and tax under personal assessment by 75% and the increase of the ceiling to $20,000, the increase of child allowances to $100,000, and so on. These measures have benefited the middle class which has been neglected all along. At the same time, the Financial Secretary has not forgotten the provision of assistance to the grassroots. The measures include one month's rent concession for public rental housing tenants and the provision of an extra allowance equal to two months of the standard allowance to recipients of Comprehensive Social Security Assistance and Old Age Allowance, and so on. As for the five major industries hardest-hit during the Occupation movement, including tourism, hotel, retail, catering and transport industries, support measures like the waiving of licence fees are introduced. The application period for the special concessionary measures under the SME Financing Guarantee Scheme will be extended and $1.5 billion will be injected into the SME Export Marketing and Development Funds. These measures will facilitate the small and medium enterprises in pursuing development and maintaining their competitiveness.

At the same time, since Hong Kong is an open economy, its economic development is vulnerable to external challenges. Adding to this problems of an ageing population, it is necessary for the Government to prepare for a rainy day. It is proposed in the Budget that the Future Fund will be set up with $220 billion from the Land Fund and a proportion of annual budget surpluses, so that the Government will have back-up resources to commence key projects in the event of a future fiscal deficit to promote sustainable development of the economy of Hong Kong.

Deputy President, I will next reflect the views and proposals of the industry and society on a number of subjects of relatively greater concern to them. In respect of economic development, apart from introducing measures to reinforce the traditional industries, the Budget has also proposed measures for exploring new industries. For instance, in the promotion of the development of the innovation and technology industry, the Hong Kong Science and Technology Parks Corporation (HKSTPC) will earmarked $50 million for the setting up of a corporate venture fund for co-investment on a matching basis with private funds, seeking to encourage private participation in the form of co-investment in start-ups. I hereby declare that I am a director of the HKSTPC, but I do not have any pecuniary interest. The Government has also proposed the injection of $5 billion into the Innovation and Technology Fund (ITF) and the inclusion of the Research and Development Cash Rebate Scheme under the ITF to provide a more stable source of support. At the same time, the Government will set up the Enterprise Support Programme to strengthen the support for private enterprises in research and development (R&D). All this proves that the Government is determined to promote innovation and technology, and the industry feels encouraged by this. However, the proposal strongly advocated by the industries, that is, to provide double to triple tax concession for expenses on R&D to encourage enterprises to spend on scientific research, is not adopted by the authorities. On the other hand, the science and technology industry and the business and industrial sectors have been advocating the setting up of a science and technology bureau for many years. Hence, I think it is most regrettable that the funding application for the setting up of the Innovation and Technology Bureau could not be passed before the deadline on 14 February as a result of the filibuster by Members. The industry and I look forward to the early passage of the motion when it is re-submitted to the Legislative Council for scrutiny, for this will be a booster to the development of the innovation and technology industries in Hong Kong.

Deputy President, the enhancement of the overall competitiveness of Hong Kong is not confined to the promotion of the development of the innovation and technology industries. On the enhancement of industrial structure and the strengthening of the competitiveness of Hong Kong to ensure sustainable economic development in Hong Kong and a steady increase in government income, it has become an imminent issue for Hong Kong society to identify ways to achieve all of these. However, neither the Policy Address nor the Budget this year has proposed any forward-looking policies and measures in this aspect. At the meeting of the Legislative Council on 19 March, I proposed a motion and it was passed. The motion seeks to urge the SAR Government to expeditiously formulate a long-term, comprehensive and balanced industrial policy, set clear policies, visions and targets and put into practice the public finance principle of allocating resources where they are required. Through the Government's fiscal measures and resource allocation, it should provide comprehensive ancillary measures on various aspects like land supply, tax concessions, special subsidies, personnel training, co-operation among the Government, industry, academia and the research sectors, to strategically stimulate the growth of different industries, to attract inward investments and to promote the diversified development of industries in Hong Kong, thereby reinforcing our pillar industries, promoting the development of new industries and revitalizing traditional industries. The experience of development in such economies as South Korea indicates that not to advance is retrogression. Hence, the Government must do something to expand Hong Kong's competitive edge to enable sustainable economic growth. I earnestly hope that the SAR Government will break away from the rut and put forth an overall industrial policy and a proposal on resource support.

At the same time, the SAR Government should proactively explore opportunities of participation in regional development. The one in the limelight is the strategic concept of "One Belt One Road" put forth by the State, which means the initiatives of building the Silk Road Economic Belt and the 21st Century Maritime Silk Road, and the other one is the advocacy for the setting up of the Asian Infrastructure Investment Bank (AIIB) to promote co-development among countries on the belt. This development strategy has aroused widespread concern in countries around the world. Many countries have made vigorous efforts to participate in the AIIB, as evident in the increase in the number of prospective founding members to over 50 so far. Hong Kong banks on the Mainland and implements "one country, two systems", so it enjoys the privilege of proximity. Besides, it has been an important financial, business and shipping centre in the international community, and it has already established an extensive international network. Professional services in the business and industrial sector, works projects, construction, finance and legal sectors have attained international standard and enjoy a competitive edge. Therefore, various sectors in society should work hard to strive for the inclusion of "One Belt One Road" as a vision of economic development of Hong Kong, so as to promote the development of our industrial structure in the direction of high-value-added services and diversification. This approach will not only explore new openings for professionals of all kinds and enterprises of all scales, but also facilitate the opening up of the country to external economies and assist Mainland enterprises in going global, thus creating a win-win situation. I think the SAR Government should actively examine the possibility of joining the AIIB. It should also join hands with the business, industrial and professional sectors to examine ways to fully capitalize on the development opportunities arising from "One Belt One Road". This may include the formulation of policies and measures and the injection of resources accordingly, the promotion of Hong Kong brand professional services in the Mainland, the striving for Mainland accreditation of Hong Kong professional qualifications, the provision of assistance for Hong Kong professional service enterprises in setting up companies in the Mainland, and the provision of one-stop enquiry and support service to facilitate the co-operation of professional services in the two places, which may include encouraging Hong Kong project consultant companies to join hands with Mainland enterprises in bidding for overseas projects, and so on.

Deputy President, the Financial Secretary has also proposed many measures on housing and land supply, including the setting up of the Housing Reserve to provide financial resources to meet the 10-year public housing supply target. The initial injection is the investment returns generated in 2014, which amounted to $27.5 billion.

The Land Sale Programme this year will include 29 residential sites, of which 16 being new ones. With the relocation of government offices away from core business districts, valuable sites for commercial use will be released. However, if the current-term Government is to avert the imbalance between supply and demand in land and housing thoroughly, it must change its course to adopt a diversified planning approach. This includes increasing the plot ratio under specified terms and conditions, change of land use, land resumption, redevelopment and the use of brownfield sites, and so on. For instance, colleagues from the BPA and I have proposed to the Government to consider rezoning 2% of the sites in the Green Belt for the construction of residential flats affordable to the middle class or young couple families. It is expected that this proposal alone will lead to the provision of around 180 000 flats. At the same time, the authorities must commit resources to building a proper housing ladder to cater for the needs of different classes, including the home purchase aspiration of the middle class and young couple families. The authorities may adopt the following measures. First, to provide more incentives to encourage public housing tenants with the means to make home purchases, thereby expediting the turnover of public housing units. Second, to draw reference from approaches implemented in the past in assisting the public in home ownership to introduce an enhanced Home Starter Loan Scheme and an enhanced Sandwich Class Housing Scheme. Third, to co-operate with private developers in constructing small-size and low-price residential flats, so as to provide suitable residential flats with "buy or rent" options for eligible young couple families, assisting young people to take the first step in home purchase. Fourth, to support and encourage non-profit-making organizations to speed up the construction of youth hostels, such as the conversion of old industrial buildings, so that flats can be offered at prices below market rental rate for eligible young people as soon as possible.

Deputy President, the Financial Secretary mentioned that Hong Kong has to overcome the limitations it encounters in the course of economic development, particularly when the problem of skills mismatch in the labour market is becoming more evident in recent years. I think that the situation faced by the construction industry speaks volumes about the importance of making prompt adjustments to the supply and demand of manpower. The political bickering in recent years has affected the planning of infrastructure projects. As a result, the number of major projects reaches the peak of construction stage in this year and next year, causing a serious manpower shortage. According to the findings of surveys, the trade estimates that Hong Kong now faces a short fall of around 12 500 construction workers and around 4 600 electrical and mechanical workers.

Members in the construction works industry hope that various sectors in society will face squarely the imbalance in manpower supply and demand, and the authorities will continue reviewing and enhancing the Supplementary Labour Scheme. While according priority to locals in employment, we should import manpower in a targeted manned in accordance with the actual situation, so as to prevent the problem of delay or cost overrun from further deteriation.

On the other hand, due to the filibuster and non-cooperation movement initiated by some Members of this Council last year, the progress of scrutinizing and approving public works projects at the Public Works Subcommittee and the Finance Committee has been slowed down, seriously affecting the implementation of new works projects. According to a recent reply of the authorities to a Member's question, in the year 2014-2015, only 18 capital works contracts amounting to $18.2 billion in total had been awarded. Compared with the 57 contracts awarded and the total amount of $51 billion incurred, there were significant drops of 68% and 64% respectively. The industry expects the situation to be even worse this year. The Government says that in order to secure the survival of the industry and sustainable development of Hong Kong, investment in public works should reach $70 billion or more every year, and the private works projects should involve around $170 billion to $180 billion.

Eighteen organizations including trade associations, societies and trade unions of the industry have formed the Construction Industry Alliance (CIA), and I am a member of it. On 8 March, the CIA mobilized 5 000 people to join the anti-filibuster rally. Participants included construction workers and many engineering professionals from the middle class. They felt concerned that if the filibuster continues, there would be a shortage in public works projects, and the livelihood of 360 000 workers in the trade and their families with a population of close to 1 million would be seriously affected. The SAR Government should draw up a contingency plan to introduce public works projects at suitable intervals according to the long-term infrastructure planning of Hong Kong and the priorities set based on the scale, significance and urgency of these projects. With this approach, the industry will not face the predicament of a serious shortage of manpower at one time and an oversupply of manpower at another, while projects involving housing supply, transport and community facilities will be implemented as scheduled.

Many people consider the Budget this year proactive and pragmatic in offering immediate relief measures to alleviate the plight of the public and giving due regard to the long-term development of Hong Kong, so it merits support. Regrettably, some Members still use filibuster to torpedo the scrutiny of the Budget. They will eventually obstruct the administration of the Government and hinder economic growth and improvement of people's livelihood, thereby jeopardizing the interest of the public. Therefore, I earnestly hope and urge Members to set aside their differences and stop the bickering to enable Hong Kong society to have sustainable development, to let Hong Kong people live in peace and work with contentment and to create opportunities of upward movement for the new generation.

With these remarks, Deputy President, I support the Appropriation Bill 2015.

**MR ABRAHAM SHEK**: Deputy President, the Financial Secretary's concluding remark in his Budget speech is, I quote, "Believe in opportunity, not fate." (End of quote) May I reciprocate him with a Shakespearean quote from *Julius Caesar*, "Men at some time are masters of their fates: The fault, dear Brutus," ― and here, I say, "dear Financial Secretary" ― "is not in our stars, but in ourselves, that we are underlings." We await the Financial Secretary's leadership and policies in preparing ourselves to be masters of ourselves and not to be underlings to face future challenges for economic growth and survival. We believe in you, Mr Financial Secretary *in absentia*, that opportunities must not only be pursued but also be created for economic growth and excellence.

This year's Budget has met with unparalleled popularity, which is uncommon or even rare for government Budgets over the last few years. According to the University of Hong Kong survey, this year's Budget has a rating of 60.2 marks, a new high since 2010. The rating of the Financial Secretary has leaped to 61 marks, with a net approval rate of 44%. This is quite unusual compared to the last few years, when his popularity dropped significantly upon the release of the Budget and amid severe criticisms. Without a doubt, considering the current erratic socio-political environment, the hard work of the Financial Secretary definitely lies behind these excellent rankings. This year's Budget is bourgeoisie-oriented and curries favour with the large middle class which is the very foundation of our socio-economic stability.

The budget surplus recorded this year was once again seven times higher than the original estimate, reaching $63.8 billion. Stamp duties have brought in nearly $30 billion of revenue to our accounts, of which more than 75% comes from the double stamp duty. At that time, the Financial Secretary said that this is not for a tax purpose, but actually, it is. Such a forecast indicates that our public finances are definitely healthy and stable, providing us with sufficient financial strength to meet public aspirations and support long-term development. To be honest, despite my complete support for this year's Budget, I still believe that the Financial Secretary should grasp this opportunity to invest heavily in our future development. Mr Financial Secretary *in absentia*, you are the guiding light for our economic growth and wealth creation, not a candle light in the dark dishing out handouts year after year with minimal long-term economic effect.

Deputy President, this Budget proposes measures to support local economic development. It covers strategies and financial support to our pillar industries and also provides support for small and medium enterprises (SMEs). It supports the financing of start-ups and encourages the development of creative and IT sectors in order to offer a platform to help our younger generation to reach their potential. Without doubt, all these measures will certainly stimulate our economic development. However, the public reserves are also sufficient to support policies for economic restructuring. I believe the SAR Government should adjust its policy initiatives. Instead of isolated improvement measures, it should launch systematic and long-term policies. In a free market and open economy, government policies should motivate but not intervene and should leave the market to unleash its potentials for economic growth.

Hong Kong's economy is once again at a crossroads. Economic restructuring has pushed us to switch from primary and secondary industries to tertiary industries. Our services sector generates nearly 93% of our GDP. However, while the services industry maintains our high employment rate, the services provided are low-end and low value-added. What is alarming, Deputy President, is that at 3.3% unemployment rate, which by any international standard meant virtually full employment, we only achieved a moderate growth rate of 2% in GDP. This means we are at risk of facing structural problems in our economy. If our unemployment rises, our GDP will go in the opposite direction. This is a wake-up call for Mr Financial Secretary *in absentia*. The previous TSANG's Administration proposed developing six advantageous industries and upgrading the services industry, but progress remains rather limited. Has the Administration studied and introduced proper resolutions to further these advantageous industries? Big question mark. If we give up or delay our initiatives initiated by TSANG's Administration whenever they meet with any objections or obstacles, our advantages in these industries could vanish into the thin air.

This year's Budget also mentioned that Hong Kong is well placed to become a premier intellectual property (IP) trading hub providing high value-added IP services in the region. However, only $23 million in the coming three years is earmarked for offering IP consultation, manpower training and other services to SMEs. I admit that I have limited understanding of high value-added IP services. However, earmarking only $23 million for three years is hardly enough to foster a new industry. I am skeptical that any positive impact will be limited by such a scale and time frame. Such meagre and scant injection is really a joke.

Investing in human resources is the key to developing a high value-added economy. Global competition for talents continues to grow, and this year's Policy Address and Budget have focused on nurturing and attracting talents that are of paramount importance to Hong Kong. I sincerely hope that, despite objections in our society, the SAR Government should actively implement policies to attract international talents to Hong Kong. No individual or group with vested interests, particularly the labour sector, should be able to override the overall interest of Hong Kong. Hong Kong's previous success, Deputy President, hinged on a formula of employing global talents and effective use of our natural resources ― that of human resources. The absence of either one of these elements will only bring about our downfall.

Deputy President, I thank the Financial Secretary deeply for providing another $100 million for the Construction Industry Council to train more skilled workers for the construction industry. To be honest, regardless of which industry, I will support the Financial Secretary for investing public money in nurturing Hong Kong's talents. As I said, talents are invaluable. It is a matter of fact that career prospects in the construction industry are promising, since we have massive infrastructure, urban renewal and land development projects in the works ― if they are not held up by the opposition in filibustering. With the advancement of technology and the extensive use of construction machinery, a new page is starting for the development of the construction industry, and I sincerely hope that more fresh blood will join our industry.

Deputy President, Singapore comes out recently very well. Singapore ranks ahead of Hong Kong in various global competitiveness tables and has taken forward-looking steps to invest in its human assets to prepare for future fiscal challenges and to raise long-term productivity. In Singapore's latest budget, despite having recorded a HK$0.75 billion deficit last year, their Government is still committed to building up the skills and capacity to prepare Singapore for future challenges. In their 2015 budget, the Singapore Government set aside more than HK$6 billion per year from 2015 to 2020 to provide Singaporeans aged 25 or above with an initial credit of HK$3,000 per person for continued education and training. Hong Kong's initiatives, compared to Singapore, are sadly a drop in the ocean for manpower development. In contrast, Hong Kong, with a surplus of $63.8 billion, seemingly cannot withstand the political or social pressure to deliver "recurrent sweeteners". A large part of the surplus has been spent, applause has been won, but these short-term measures, originally aimed at meeting short-term financial pressures, can only yield short-term outcomes of irrelevance. What if we spent the surplus on education and skills training to prepare people for the diversified development of our economy and facilitate their opportunities for upward mobility? What if we spent the surplus on community health to help people live longer and healthier lives, so that the elderly do not need to die, to the number of 5 700, waiting to go to care and attention homes, and do not have to wait three to nine years for just an initial check-up? This is a shame for Hong Kong. All these investments could also enhance our capacity and generate long-term returns. However, under pressure from populism, the Government focuses more on putting money directly into people's pockets and stays conservative on long-term socio-economic investment.

Our education policy is a case in point. Despite the massive surplus and strong fiscal base, the Government still plans to maintain the number of UGC-funded first-year-first-degree places at the current level of just 15 000 per annum until 2019. It is sad, it is really sad. The dreams of students who are not among those 15 000 are bleak, restricted not wholly by a lack of ability, but by a lack of places. The Government is not only dashing their hopes for betterment but also wasting Hong Kong's available opportunity for the development of young local talents.

Spending on education and training is an investment, not an expenditure, and it always pays the highest dividends. Investing in high-quality human capital can maintain Hong Kong's GDP trend amid its dual challenges, namely, an ageing population and a shrinking labour force. It is also an important means to facilitate social mobility.

Deputy President, the setting up of the Future Fund, though details are still unclear, to store up grain against dearth seems to be a passive approach to facing up to the challenges of a potential structural deficit. Clearly, building new engines for economic growth is a better option to boost productivity and, most importantly, to enlarge the economic pie.

The Financial Secretary *in absentia* has clearly been racking his brains to resolve land development needs. I support all policies that help increase land supply and optimize land use. We need land for economic development as well as for improving local livelihood. Despite the hard work of the Government, limited progress has been made in increasing land supply. This Budget seems to overlook this issue.

Deputy President, in summing up, "Believe in opportunity, not fate", as I have said earlier, was the Financial Secretary's concluding remark in his speech. Is that meant as a target or simply comforting words against the backdrop of a possible structural deficit? The economic slowdown and shrinking growth of industries are already established facts. We should be eager to search for and to create opportunities, rather than believing in fate or handouts from our Motherland. Economic input increased by 2.2% overall in the last decade, widely deviating from the pace of growth of total public expenditure, which rose by 4.9% over the same period. While searching for opportunities, some may ask whether opportunities still exist, and whether the local economic environment nurtures opportunities. Opening up the exchange of a wealth of opportunities with a great number of countries and regions through the initiative of "One Belt One Road" could be an option, which will allow local enterprises to move to a higher level. A larger economic pie is not only essential to avoiding a structural deficit, it also encourages a bigger and more salient topic ― social mobility. Mr Financial Secretary *in absentia*, it is now time for the Government to bring us through the present difficulties by proactively creating more opportunities.

Thank you, Deputy President.

**MR IP KIN-YUEN** (in Cantonese): Deputy President, being a representative of the education sector, I am disappointed with this year's Budget.

Deputy President, the focus of this year's Budget is "augmenting competitiveness" and "diversified development". I believe no one will object to this being made the financial strategy to handle Hong Kong's public finance. The question is, is the Government's distribution of resources actually carried out in this direction? That means is it practising what it preaches, and can the policies and measures adopted achieve such objectives?

Being a representative of the education sector, I do not have the slightest feeling that the Government's investment in education can achieve the objectives of "augmenting competitiveness" and "diversified development" mentioned by it. Neither can I feel that this year's education policy can echo the theme of enhancing competitiveness in last year's Budget. On the contrary, I can only feel that the administration and distribution of resources for education will only lead to a disappointing result, which is stifling the opportunities of young teachers and causing vicious competition among schools. I will expound on it in a while.

Deputy President, the Government has all along claimed that it attaches importance to education. The Financial Secretary, Mr John TSANG, stated in the Budget that the total expenditure on education reaches $79.3 billion. With a recurrent expenditure of $71.4 billion, it is the Government's largest spending area. However, the Government fell short of mentioning that it holds a surplus of $60-odd billion and fiscal reserves of $800-odd billion. Under such circumstances, the growth in Hong Kong's education expenditure has been declining and shrinking. The latest percentage of the total expenditure on education as a share of public expenditure is only 16.7%, far lower than its highest, which is 24%. This year's figure is the second lowest since the reunification. In the past decade, the average increase in public expenditure on education was only 3.1%, which ranked ninth among the 10 major policy areas. The rate of increase was far lower than the average growth of 4.9% in public expenditure, and it was also lower than the inflation rate of 4.4% last year. For this reason, the new spending on education can only manage to maintain the existing educational services, while the newly added educational items have to compete for the old resources available.

The Government also fell short of saying that if we compare Hong Kong's expenses on education with those in other countries, the percentage of our public expenditure on education as a share of government expenditure has continually dropped, and the percentage taken up by education expenditure in our Gross Domestic Product (GDP) is also low. In this year's Budget, the public expenditure on education accounts for only 3.4% of the GDP, having lagged behind the 5% to 8% in other advanced countries and regions for a long period. Yet how can 3.4% be comparable to 5% to 8%?

The biggest plight and deepest discontent in the education sector is that to carry out all the old and new tasks, there must be sufficient manpower support, but with regard to its investment in education in recent years, the Government has been unwilling to increase the establishment and recurrent expenditure. Most of the expenses were met by one-off grants, or financial support was provided by way of setting up a fund. As such, schools could only employ temporary teachers or contract staff. These short-term and unstable resources have bred grievances in the education sector. We cannot make any long-term planning. Eventually, we cannot do any part of our job well. Since teachers cannot make any long-term plan, how can they develop a good and long-term relationship with students? Money has been spent, but it was not spent for optimal use.

Deputy President, several major issues are coming onto the stage in the education sector in the next couple of years. The biggest one of paramount importance, which I believe is the greatest concern to society, is the launch of 15-year free education. Here I must seriously warn the Government not to be mistaken that it can dismiss the education sector by perfunctorily introducing some mixed up measures. Neither should it deal with comprehensive early childhood education from the perspective of the industrial and commercial sectors. If what is delivered eventually does not meet our expectations, we absolutely will not accept such delivery.

Concerning 15-year free education, our prime concern lies in whole-day and long whole-day child care services. We understand very well that apart from serving an educational function, whole-day child care services can unleash the female labour force. While satisfying children's learning needs, it can also extensively produce significant social benefits on various fronts, such as poverty alleviation, gender equality and social integration.

In the consultation document on population policy released last year, the Steering Committee on Population Policy indicated that the labour force participation rate in Hong Kong will decrease by 10% in the next 30 years, and one of the corresponding policy strategies is to "foster a supportive environment for childbearing for young couples". The provision of whole-day child care services is the most vital and suitable solution. We hope the Government can establish a diversified model which acknowledges the respective functions of half-day, whole-day and long whole-day schooling, thus also recognizing the different modes of operation. On this basis of recognition, diversified options of financial assistance should be developed to cope with the needs of different child care services and family conditions. These options must ensure that kindergartens adopting different modes will receive sufficient resources for reasonable operation.

We are very worried about the recent news that using the standard for half-day schooling, some kindergartens were requested to deploy resources meant for half-day schooling to carry on long whole-day or whole-day operation. Such an act was simply unreasonable.

Besides, we must establish a remuneration mechanism which can stabilize the teaching staff in kindergartens and attract talents. This is a most crucial key to the success of free early childhood education. On this point, we are worried because what the Government is talking about now is a lump sum grant (known as "one-off grant") calculated on basis of the median. The one-off grant mechanism in the social welfare sector has aggravated the whole problem ever since its implementation. We absolutely will not allow the introduction of this mechanism into early childhood education. The experience of social welfare organizations is that after the implementation of one-off grants, it is necessary to exercise austerity and cut expenses. Salary reduction and dismissal of senior social workers and even management staff take place, causing a profound impact on service quality. Such a situation will pose greater difficulties to early childhood education because the scale of kindergartens is usually much smaller than that of social service organizations. Regarding this point, last year the Director of Audit's report pointed out: "To upkeep a stable team of qualified teaching staff is important to kindergartens. High wastage/turnover of teachers may adversely affect the quality of kindergarten education." We request the Government to set up a sound remuneration system for kindergarten teachers, and it needs to be implemented on a mandatory basis. The pay scale should reflect the years of experience and academic qualifications. The salaries should also be attractive enough to recruit talents and stabilize the manpower for early childhood education. We will totally object to any system which carries any incentive to suppress the salaries of kindergarten teachers or dismiss senior staff.

Furthermore, as we all know, the professional development of teachers has a positive impact on the quality of early childhood education, since the quality of education hinges on the quality of teachers. Hence, in the past, whether it be the Kindergarten and Child Care Centre Subsidy Scheme or the Pre-primary Education Voucher Scheme, proactive measures were put in place to encourage kindergartens to raise the entry qualifications of teachers and provide training subsidies. In the Report on Review of the Pre-primary Education Voucher Scheme released in 2010, the Working Group on Review of the Pre-primary Education Voucher Scheme of the Education Commission pointed out that the Education Bureau should explore the proposal made by the kindergarten sector for setting up a sustainable Professional Development Fund and supporting school-based initiatives. Regrettably, the proposal for 15-year free education recently disclosed by the Government does not include any relevant plan. In that case, the professional development of teachers will become stagnant. Compared with the neighbouring regions such as Singapore and Taiwan, we will lag further behind. We urge the Government not to display the slightest ambiguity in the establishment of a professional ladder for early childhood education. We must provide dedicated funds to support kindergarten teachers in pursuing further studies and set a timetable for upgrading the qualifications of kindergarten teachers to degree level. Only when the capability of kindergarten teachers is enhanced that the quality of early childhood education can be upgraded.

The State of the Union address recently delivered by President OBAMA of the United States mentioned the study results of Prof James HECKMAN of the University of Chicago, who pointed out that the investment return rate of some early childhood education schemes reached 10%. Subsequently, the United States Congress proposed a bill to provide additional whole-day pre-primary places for children from low- and middle-income families. Prof HECKMAN considered that early childhood education should be the focus of social policies, and early investment in early childhood education would yield a higher return rate than investments made at any other stage. In some countries which attach great importance to early childhood education, the entry academic qualifications for kindergarten teachers require a bachelor's or even master's degree.

Deputy President, such vision in early childhood education coincides with the concept long held by Chinese people that the child is father of the man, which illustrates that education at the stage of early childhood is so important that missing it may be irrevocable. If, at the launch of this important policy on 15-year free education, the Government still sticks to the rut, refuses to directly address the aspirations of the education sector and fails to rectify the wastage and turnover rates of kindergarten teachers which are both currently high, leading to such maladies as schools being unable to retain talents and full-time students being unable to obtain reasonable support, it will miss such an important milestone in history. During the review over the past two years, members of the community, parents and teachers have held high expectations. The current-term Government must take the responsibility should it fail to find a good solution.

Deputy President, next, I would like to talk about primary and secondary education. While the Secondary One student population is on the decline, the Education Bureau has not done proper planning for school places, causing everyone in the secondary school sector to feel insecure and unable to concentrate on teaching. The teacher establishment in many secondary schools has been frozen or shrinking for years, giving rise to a large number of surplus teachers. Young teachers have no hope of finding employment, resulting in a tremendous waste of resources in teacher training, as well as the emergence of a succession gap in the education sector. On the one hand, the authorities downsize and freeze the teaching establishment, blocking a large number of teachers from getting employment. Yet on the other hand, manpower in schools is stretched and teachers are overloaded with excessive work pressure. The review of the New Senior Secondary Academic Structure only worked on the curriculum and assessment and avoided expanding the establishment, let alone reviewing the class-to-teacher ratio. Given the failure to enhance the teaching environment, the Government has in fact let a golden opportunity slip. What is more, the termination of some subsidy schemes which could effectively alleviate the manpower shortage such as the Refined English Enhancement Scheme and the Liberal Studies Curriculum Support Grant necessitates the layoff of numerous contract teachers, thereby exacerbating the manpower problem in schools and young teachers' difficulty in getting employment. Who can benefit from such a situation? Is it beneficial to education? Is it beneficial to the Government? We request the Education Bureau to expand the teacher establishment. It should also reduce the number of students allocated per class by two to three under a district-based approach next year, and extend the retention period for surplus teachers with reference to the Voluntary Optimization of Class Structure Scheme.

Moreover, I have to talk about integrated education. Integrated education deserves support, but regrettably, in this respect, we can only create a post to have a teacher responsible for co-ordinating matters related to special educational needs in mainstream schools. Unfortunately, this teacher who does not fall under the permanent establishment can only be appointed on a contractual basis, and upon appointment, he cannot discharge his function as a co-ordinator because he may not have the status and authority to co-ordinate integrated education in the whole school. It is a far cry from our expectation. Regarding education subvention, the Secretary for Education, Mr Eddie NG, should bear the biggest responsibility because he is obliged to submit appropriate policies so that our Budget *(The buzzer sounded)*  will cover this subject.

**DEPUTY PRESIDENT** (in Cantonese): Mr IP, speaking time is up. Please sit down.

**MR ALBERT CHAN** (in Cantonese): Deputy President, I found that today, the Financial Secretary is often not in his seat. Please invoke Rule 17(2) of the Rules of Procedure to summon "Moustache TSANG" here.

**DEPUTY 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)

**DEPUTY PRESIDENT** (in Cantonese): Mr Albert CHAN, please speak.

**MR ALBERT CHAN** (in Cantonese): Deputy President, I am still somewhat disappointed as I still cannot see the Financial Secretary here. He may be basking too much in the numerous praises sung of the Budget, so he does not have any sense of crisis at all, nor does he have any awareness of the need to continue to sell his Budget because he is confident that with the protection and escort by the pro-government camp, as well as the support of some Members of the pan-democratic camp, this Budget stands the chance of being passed with a great majority.

The public and many public opinion surveys, as well as some Members, pointed out that at present, the great majority of the public apparently support this Budget. Probably because of the adulation by the pro-government mass media, coupled with the absence of critical opinions, many people have been led into thinking that this Budget is apparently a fairly good one. Each member of the middle class can receive $20,000 as both tax reduction and a waiver of rates are offered, so apparently, it looks as though society were peaceful and prosperous, and the public have been led into thinking that there is nothing to worry about in their lives. However, if we think about it more carefully, we will find that this Budget is actually an abysmal Budget for the seventh year running.

I will try to spell out the inadequacies of this Budget by way of 10 sins, so that the Hong Kong public can gain some sort of awakening and will not totally disregard our social problems amidst the voices of adulation and what is more, lack any sense of crisis. As Members all remember, the former State Premier, Mr WEN Jiabao, mentioned the problem of deep-rooted conflicts a number of times but it was not dealt with in any way in this Budget, nor is there any measure that attempts or is intended to actively ameliorate these deep-rooted conflicts. Instead, these deep-rooted conflicts have been exacerbated. If we look at this Budget, we will find that it is biased in favour of the powerful, the privileged, the rich and consortia, whereas the grassroots and young people earning low incomes can get nothing whatsoever. Therefore, the wealth disparity is further exacerbated and the conflicts have also deteriorated further.

Let us look at the median household income. In 2008, it was $18,400, in 2015, it rose to $23,500 but during the same period, the rate of increase in prices was 30%, whereas property prices increased by half. Let us look at the number of people living in "sub-divided units". In 2007, it was 94 200 but by 2013, it increased to 171 300. The number of people waiting for allocation of public housing was 114 000 in 2008 but by 2014, it increased to 270 000. Members can all see the hardship and suffering borne by the public in living and an increasing number of people have to face the pressure of life. Therefore, if we look at various aspects, the deep-rooted conflicts have not been ameliorated in any way, so the Financial Secretary has committed a very serious crime.

Second, he has exacerbated wealth disparity. The tax reduction and the rates waiver allow rich people to get back $20,000 but the measure to waive public housing rents and the measure related to Comprehensive Social Security Assistance (CSSA) only involved a sum of $6.6 billion, so Members can see that the skew therein is quite obvious.

The third sin is to discriminate against the "five have-nots", that is, people who have no jobs, do not own any properties, do not receive CSSA, do not live in public housing units and do not pay any tax. This group of people is not benefited in any way. Therefore, if you have no power or influence, you will be discriminated against by this Financial Secretary.

The fourth sin is that this is actually a major financial scam. I am not talking about the Budget, rather, I mean the present situation is a major scam that has deceived the public time and again. The pro-government camp and people who support the Budget are colluding with the Financial Secretary to deceive the public. Each year, he would deliberately announce an underestimated surplus and fabricate a prediction of a structural deficit. Each year, he would say that there was a structural deficit but in the end, the amount of surplus each year was colossal. Through expectation management, the public would feel very good about the situation in Hong Kong when the Budget was released because initially, it was forecast that there would be a deficit but we ended up with having a profit, so it was believed that the fiscal budgeting and management done by the Financial Secretary were terrific. However, actually, he created such an illusion. He has been in office for seven years and each year, a wrong estimate was made and the total amount of revenue underestimated stands at $406.5 billion, enough to meet Hong Kong's expenditure for a year. In one year, he was so outrageous as to underestimate the amount by as much as $100 billion. Since he is so incompetent, he may as well go home and sleep. Given his low abilities, how can he serve as the Financial Secretary? How could he receive so much praise in spite of this? If you have a subordinate in charge of managing a company for you but he could go so far as to make such mistakes, I believe you must have sacked him seven years ago. Now, he has even been given such high praises and adulation, so I am not a human being if I do not inveigh this bunch of lackeys. Therefore, Members can see that such fiscal budgeting and management practically represent a dereliction of duty, still less is there any talk of how to distribute wealth in a reasonable way.

The fifth sin is damaging the relationship between the executive and the legislature. The situation this year is particularly serious. Members can see how he proposes to establish the Future Fund, and how he has evaded scrutiny by the Legislative Council by injecting funds into the Hong Kong Airport Authority through waiving the distribution of dividends to the Government in order to develop the third runway. In addition, 25 items of fund allocation ― including the funding application by the Police to buy water cannon vehicles ― have circumvented scrutiny by the Legislative Council, so this is to deprive the Legislative Council of its power to approve fund allocations. How come he is still praised then? Why is it still said that Members of the pan-democratic camp should lend it their support?

Deputy President, I request a headcount according to Rule 17(2).

**DEPUTY 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)

**DEPUTY PRESIDENT** (in Cantonese):Mr Albert CHAN, please continue.

**MR ALBERT CHAN** (in Cantonese):Deputy President, it is good to pause for a while, so that my blood pressure can come down a little bit.

Deputy President, the sixth sin is robbing the poor to benefit the rich. Looking at the whole Budget, the Financial Secretary waived a total of $71 billion in rates and this sum is enough to "refund" $10,000 to each and every person in Hong Kong. This sum is enough for that. In addition, the reduction in salaries tax amounts to $63.3 billion, so all Hong Kong people can also get a "refund" of $9,000 each, can they not? Therefore, you can see that the whole system and the so-called measures are all tilted to the rich. A consortium owns 16 000 units and could receive $200 million in the course of three years but to those "five have-nots", do you mean they cannot get a cent? Therefore, you can see that these measures basically discriminate against the poor and transfer benefits to tycoons. It is hardly necessary to talk about the $20,000, since a tax reduction of $20,000 is offered to 164 000 people, so people in this Chamber are all entitled to it, including me, but I hope very much that the Government would not return this amount of $20,000 to me but hand out $10,000 to each person in Hong Kong instead. That would really be a great service. When it comes to the issue of tax reduction, some 400 000 people can only get back $710 but these 100 000 or so people can get back $20,000 each, so if this is not bias in favour of the interests of specific classes, what is it then?

In addition, about rates, as pointed out by me just now, the party offered the greatest amount of rates waiver received $200 million over two or three years but many ordinary members of the public, including tenants and households living in "sub-divided units", can get nothing. In addition, Deputy President, in respect of rates, 430 000 units will account for $2.1 billion of the $7.7 billion waived and the top 10 rates payers holding the largest number of units ― that is, those big corporations ― will get back as much as $120 million. Therefore, the greater the wealth of some people, the more the benefits transferred by the Financial Secretary to them.

The seventh sin is perpetrating a fraud on a gigantic scale and this is precisely about the third runway of the airport mentioned by me just now. Of the dividends distributed each year, $5 billion will be handed back directly to the HKAA and with it, the HKAA can take out loans, so that financial support can be secured for the development of the third runway costing $140 billion. The Financial Secretary bundled the third runway up with the future of Hong Kong as a whole, saying that it is on grounds of economic benefits that such a measure is taken. If Members still remember, when the Hong Kong Mercantile Exchange Limited (HKMEx) was established in 2008, in his capacity as the Financial Secretary, John TSANG attended the celebration hosted by the HKMEx and pointed out that the HKMEx would bring tremendous economic benefits to Hong Kong. However, did the HKMEx not eventually close down? Has Barry CHEUNG not gone bankrupt? Now, the Financial Secretary has linked the airport to Hong Kong's interests and disregarded the power of the Legislative Council to give approval. Back in those years, when the British-Hong Kong Government wanted to build the airport, the Communist Party of China (CPC) wanted to monitor the use of funds, saying that "throwing a banquet at its expense" would not be allowed, so it wanted to exercise stringent oversight. At that time, the DAB and various political parties, working to the dictates of the CPC, also monitored the financial expenditures and cost-effectiveness closely. Under Members' oversight, the whole airport, the Airport Railway and the Ten Core Projects proved to be value for money and on the whole, their cost-effectiveness has also been satisfactory over the years. But now, there is no scrutiny, no oversight, nothing whatsoever, so one can do as one pleases and this is tantamount to "the Financial Secretary playing host and Hong Kong people footing the bill". Therefore, in these circumstances, will the third runway of the airport meet the same fate as the HKMEx? This is a cause for concern.

The eighth sin is using the Future Fund to hide wealth. The present plan of the Financial Secretary is to allocate one third of the annual surplus to the Future Fund and there are various mechanisms to ensure that this Fund would not be used in the next decade. At present, there are 310 000 elderly people aged 80 years or more and many of them are living in deep water. They are waiting for places in residential care homes for the elderly but at present, some 5 000 elderly people would die while waiting for a place in such homes each year. However, the Government has surpluses, so why does it not develop residential care services for the elderly and improve the lives of the elderly, so that they do not have to suffer? In view of this, when there is money, all that he knows is to set the money aside and return the wealth but he does not care a bit about the "five have-nots" and the elderly. Therefore, people who say they would support this Budget lack any conscience whatsoever or are totally removed from society, not knowing how the world nowadays is like.

The ninth sin is affinity differentiation. Earlier on, the Financial Secretary said that on account of the effects of the Occupy action and Umbrella Movement on some of the industries, a number of licence fees levied on the tourism industry, the hospitality industry, as well as the light bus and taxi trades would be waived. However, with regard to the charges for the services needed by the public, for example, cremation charges, they are increased heftily by 4.3 times. If the charges are related to the rich and powerful, under the advocacy and lobbying of the rich and powerful, that part consisting of licence fees can be waived but in respect of other areas, the authorities are making profits even out of the dead and after people have died and have to be cremated, the authorities still want to increase their cremation charges by 4.3 times, so what kind of thinking is this?

The tenth sin ― this is what Dr LAM Tai-fai would like to hear ― relates to my condemnation of the Financial Secretary for his disregard for the needs of various industries. Each year, including this year, we in the People Power would propose that the Government foster and develop the high-value-added industries in Hong Kong, including the watches and clocks industry, pharmaceutical industry, medical device industry, fashion industry, jewellery industry, food processing industry and environmental industries. However, the industries in Hong Kong now only account for 1.5% of the GDP, whereas in Singapore, the proportion is 20%. In the 1980s, the figure once exceeded 20% in Hong Kong but it fell continually and factories are now disappearing gradually. In the entire Budget, the word "工業" (secondary industries) can be found only once, whereas the tourism industry is mentioned in six paragraphs, the financial industry is mentioned in 10 paragraphs and even the "One Belt One Road" is mentioned in five paragraphs. However, the word "工業" can be found only once. Therefore, given the disregard for the development of industries, it can be seen that the entire economic structure is skewed and distorted and Hong Kong will surely go down a path of gradual decline in economic development.

Deputy President, when it comes to the philosophy of financial management, we can see the pattern displayed by the Financial Secretary, that is, each year, wrong estimates would be made, then the money was kept as savings. I wish to tender him a piece of advice: If we make reference to history, one of the well-known remarks made by MA Zhou, the Chancellor to Emperor Taizong of Tang Dynasty, was, "Since antiquity, the rise and fall of countries did not depend on the amount of savings but the happiness or suffering of the populace.". If the Government saves up but ordinary members of the public live in hardship and continue to live in "sub-divided units" ― not just "sub-divided units", nowadays, they also live in toilet cubicles, with a toilet bowl underneath a loft made of wooden planks and there was not even any room for turning around ― such is the hardship in Hong Kong nowadays and elderly people cannot move into a residential care home for the elderly even by the time they die. One of the causes of the Umbrella Movement or the Umbrella Revolution is the failure of the public to see any future, in particular, young people now find that their future is not promising and that the powerful and privileged can secure more interests. The Members of the pro-government camp here, in particular, young Members of it, have already got rich but what should ordinary members of the public do? What should the younger generation do? If you do not belong to the rich and powerful but only come from an ordinary family, you have to endure hardship, Deputy President, and you will not be allocated a public housing unit despite a wait of 20 years.

Therefore *(The buzzer sounded) * this Budget should be opposed.

Deputy President, please do a headcount according to Rule 17(2) of the Rules of Procedure.

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

**MR ALBERT CHAN** (in Cantonese): The Financial Secretary is back.

**DEPUTY PRESIDENT** (in Cantonese):Mr Albert CHAN, this is not the time for you to speak. Please sit down.

**MR ALBERT CHAN** (in Cantonese): Deputy President, I am only asking for a headcount.

**DEPUTY PRESIDENT** (in Cantonese): After you have requested a headcount, you should sit down.

(Mr Albert CHAN was still standing and speaking aloud)

**DEPUTY PRESIDENT** (in Cantonese): Mr CHAN, a headcount is being done. Please sit down.

(While the summoning bell was ringing, THE PRESIDENT resumed the Chair)

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

**PRESIDENT** (in Cantonese):Ms Starry LEE, please speak.

**MS STARRY LEE** (in Cantonese): President, the Budget is an annual event in which Hong Kong has to settle its accounts. Every year, the size of the surplus and how the Financial Secretary is going to return wealth to the people will become the talk of the town before and after the announcement of the Budget. Besides being concerned about the Government's fiscal position, members of the public still have great expectations for the Budget. Firstly, they hope the Financial Secretary can provide impetus to Hong Kong in meeting new economic challenges, seizing new opportunities, supporting the diversification of industries, and promoting long-term economic development through the Budget. Secondly, they hope the Financial Secretary can address the needs of different social strata through redistribution of wealth.

Insofar as these two hopes are concerned, the Budget this year actually has made commitments. The first commitment is to promote Hong Kong's socio-economic development. In this year's Budget, the Financial Secretary has earmarked resources for giving support to small and medium enterprises and assisting industrial development, as well as targeting the problem of talent shortage. For instance, it is evident that Hong Kong's financial industry has an edge and is very promising. Nevertheless, it has been pointed out by both the reports compiled by the Financial Services Development Council and the business sector that Hong Kong's financial industry is facing a shortage of talents, especially in filling high value-added posts in asset management, insurance product development, and so on. In fact, not only are the financial and insurance sectors facing a shortage of talents, other industries, such as transport, catering, construction, healthcare and maintenance, are also complaining about difficulties in staff recruitment. Hence, the direction of the Financial Secretary's call for the Vocational Training Council to launch vocational education and employment assistance programmes in the form of a pilot scheme to lure more new recruits to join industries facing a labour shortage is right. Moreover, he must continue to work hard and exert his utmost because the manpower shortage currently faced by Hong Kong is indeed a key constraint to its development.

As one of the highlights for the promotion of economic development, the Government will take forward the cultural and creative industries with, among others, the injection of $500 million into the fashion industry and a further injection of $200 million into the Film Development Fund. All these are the long-standing calls made by the industries. Nevertheless, the Government must bear in mind that it cannot rely solely on squandering to promote the diversified development of Hong Kong economy. Apart from drawing up blueprints and providing proper support facilities, it must ensure that the resources injected are used where they are due for enhanced efficiency to assist the economic transformation of Hong Kong. In order to achieve good results, the Government must have faith in the industries that the latter have the capacity, experience and wisdom to propel industrial upgrading and transformation, so that the industries will make publicity efforts, whereas the Government will assume a complementary role. Should the Government continue to impose barriers in promoting industrial development, it will still be difficult for the industries to achieve a breakthrough in development, even though resources have already been earmarked for them.

In addition, the Financial Secretary will make a further injection of $5 billion into the Innovation and Technology Fund. In this connection, I would like to renew calls for the opposition camp to stop filibustering and support the establishment of an Innovation and Technology Bureau to enable Hong Kong to catch up in innovation and technology. The opposition camp is opposing the establishment of the Bureau for the sake of opposing the LEUNG Chun-ying Administration. Members of the public can see that their blind opposition, which is irrational and irresponsible, disregards Hong Kong's competitive edge, and Hong Kong's economic development is taken hostage to achieve the political purpose of some people in the opposition camp.

President, if the fable on a sprint race between a tortoise and a hare is used to draw an analogy, Hong Kong must be the hare which is lagging behind in innovation and technology. Should Hong Kong fail to study the actual situation again and hasten to make up for lost ground, this arrogant hare will surely lag behind forever, not to mention the fact that Hong Kong has never occupied a leading position in innovation and technology. Hence, it can simply not be compared to the hare. Thanks to the vigorous effort made by its Government, Korea as one of the "Four Small Dragons in Asia" has achieved evident results in its technology, innovation and cultural undertakings.

Next, President, I would like to talk about wealth redistribution and returning wealth to the people. In general, society's response to this year's Budget is positive. I have been told by some middle-class people that this is the most satisfactory Budget delivered by the Financial Secretary in recent years. According to the opinion poll immediately conducted by the Public Opinion Programme of the University of Hong Kong, 45% of the respondents were satisfied with this Budget and gave it an immediate score of 60.2 points, hitting a new high since 2010.

The high score is understandable, especially to the middle class. Let me cite a typical middle-class family with two children and a $50,000 monthly income as an example. If all the tax deduction requirements are met, the family will be able to enjoy the three concessions proposed in the Budget, namely tax rebate, increased child allowances and two-quarter rates concession, which will add up to $55,000. The family has therefore emerged as a big winner in the Budget.

President, Members may still recall that the Budget last year was focused on poverty alleviation, with the Government spending more than $10 billion in public money on the introduction of the Low-income Working Family Allowance and regularization of seven programmes under the Community Care Fund. Not only were the comments made after the delivery of the Budget by the middle class negative, but the Budget was also criticized as being mean, with the points scored falling to a new low since the Financial Secretary took office. I was told by all the middle-class people I met that they hoped the Financial Secretary could address their needs in the Budget because they were actually "mid-serable".

This year, the middle class has suddenly emerged as the largest beneficiary of the Budget, with the offer of a salaries tax rebate capped at $20,000, the increase in child allowances from $70,000 to $100,000, and the rates concession hitting a new high in recent years. These various concessionary measures involve $34 billion of public money in total, representing more than half of the $63.8 billion surplus announced in the Budget. The Financial Secretary has indeed made great efforts in relieving the financial pressure on the middle-class people. This explains why they are generally satisfied with this Budget.

However, it is unfair to say that the Budget merely addresses the needs of the middle class at the expense of the grassroots because it has continued to waive rents payable by public rental housing tenants for a month and, in an unusual move, granted triple pay in subsidy payments to recipients of Comprehensive Social Security Assistance, Old Age Living Allowance (OALA) and Disability Allowance. What is more, the Treasury is seriously overflowing with money this year, mainly because of the significant increase in double stamp duty revenue, which alone has accounted for nearly $30 billion in revenue. Since such taxpayers are predominately middle-class people, it is reasonable and sensible to give them back the money collected from them.

President, another highlight of this Budget is the establishment of a Future Fund. Although Hong Kong's economic position is very stable and healthy at the moment, its birth rate has remained at the world's lowest level over the past two decades or so, with the average life expectancy of Hong Kong people "catching up with the United States and surpassing the United Kingdom". With the ageing population and the constant decline in the workforce size, expenditure on retirement protection, healthcare and elderly care will soar. In the face of these circumstances, the Government has issued repeated warnings, claiming that should expenditure continue to rise as it did during the past decade, our reserves will be depleted by 2042 and the Government is likely to be indebted.

In the face of the challenges brought by the ageing population, it is indeed necessary for Hong Kong to provide for a rainy day and make effective utilization of our reserves. We can see that the return on the fiscal reserves kept in the Exchange Fund investment mix has actually kept falling year on year. Actual figures also show that the ratio between the investment income from fiscal reserves and the total government revenue has continued to fall from the peak of 14.6% in the 2008-2009 fiscal year to 5.8%, or a mere $27.5 billion, in the 2014-2015 fiscal year. Such an investment income rate is really disproportionate to the coffers deposited in the Exchange Fund.

Earlier on, the Democratic Alliance for the Betterment and Progress of Hong Kong proposed to the Government to draw reference from such places similar to Hong Kong, where there are abundant fiscal surpluses or foreign exchange reserves, in establishing a sovereign fund for reserves management, making investments in projects conducive to people's livelihood and in line with long-term development strategies, identifying suitable investment opportunities involving infrastructure, strategic industries and social enterprises within the region, thereby upgrading Hong Kong's long-term development strategies and further diversifying the Government's reserves. By then, the Government will have more resources and room to cope with the challenges posed by the ageing population.

According to the latest data released, during the period between 2009 and 2013, the average annual return rate of some of the most established sovereign funds in the world was between 6.8% and 13.9%, far higher than the investment income from the Exchange Fund.

Hence, we support the proposal made by the Financial Secretary this year for establishing a Future Fund to invest our fiscal reserves long term to yield higher returns to address the financial needs arising from the ageing population in the future. Nevertheless, the Government must still take one more step forward by studying the feasibility of establishing a sovereign fund, boarding the express train of the Asian Infrastructure Investment Bank and making proper investments with Hong Kong's reserves.

President, one of frequent criticisms of the Budgets is, among others, their wrong estimate of the amount of the surplus. This year, the same thing has happened again. Moreover, such a "budgetary misestimation" has persisted for years. In fact, quite a number of people have suggested ways to improve the estimation. So long as the Government is willing to analyse its accounts carefully, it will find that its misestimations are caused mainly by the significant variations in several revenue items, including its investment income, land sales revenue and the special stamp duty introduced this year.

President, there must be a way to improve the situation if only the Government understands the crux of the problem. It only needs to enhance the management of these major and more variable data and improve the disclosure arrangements by, for instance, making prior arrangements to draw up timetables for the disclosure of these important data, so that the public can have a much better understanding of Hong Kong's financial situation.

President, Hong Kong's development is often praised by people living abroad as having "a good momentum and enormous opportunities". Over the past five years, our Gross Domestic Product (GDP) has recorded an annual average growth rate of more than 3%. In 2013, our GDP exceeded $2,000 billion, with our unemployment rate remaining at 3%, which was actually full employment, and the inflation rate remained at a moderate level of 1.5% to 5.3%. What is more, our reserves have continued to rise year after year. However, President, we are aware that quite a number of middle-class people, especially young people, in Hong Kong have started questioning Hong Kong's previous mode of development.

President, quite many people are dissatisfied with the growing disparity between the rich and the poor in Hong Kong. When they see the proliferation of sub-divided flats and high property prices in Hong Kong, they cannot but ask this question: Why does the Government not expedite land development when there is so much land in society? When we see that young people are unable to acquire their own homes after getting married because of the high property prices, we will again ask this question: Why do we encounter so many obstacles in land development and housing construction? Whenever we go visit many elderly persons living in residential care homes with poor hygiene and environmental conditions, we will feel most uncomfortable.

President, members of the public think that Hong Kong society should be better, can be better, and deserves to be better. What is more, the Hong Kong Government can do more. Financial Secretary, society is changing. Apart from continuous economic growth, members of the public also aspire to sustainable development and fairer distribution in society. Both the Government and the Legislative Council are duty-bound to respond to these aspirations.

President, since taking office, the present-term Government has actually been making great efforts in addressing various deep-rooted conflicts in society by proposing the OALA and, in last year, the Low-income Working Family Allowance, as well as introducing the "double curbs" measures and perfecting measures for the management of housing demands. From the angle of the public, however, these measures are still inadequate. The Government must continue to push itself to act more speedily and work hard in achieving a sustainable society and fairer distribution.

President, although the Financial Secretary is, according to my observation, a believer in free market and small government, the Government definitely still has room to take several steps forward to address the many problems in society mentioned by me just now. When we see that rents are rising unreasonably, hear small shop operators making complaints and see the difficulties faced by elderly people in their daily life during each and every visit to the districts, notice that the Gini Coefficient remains high and understand the anxiety and worry of parents looking for full-day kindergartens, the Government and the Legislative Council are actually obliged to address these serious and knotty problems.

President, the Government must liberate its mindset. It must take the initiative to act once the self-adjustment mechanism in society fails. When injustice can obviously be seen in society, the Government must narrow the disparity through redistribution of resources. The Government needs to face squarely the public's growing expectations for a fairer society. Besides introducing initiatives, the Government should also review their effectiveness and keep improving its administration in compliance with public expectations.

Hong Kong people should be able to see that the current-term Government has the determination and policy to progressively deal with the deep-rooted conflicts confronting it. Nevertheless, albeit with determination, the Government can still not achieve smooth administration should it be obstructed by the Legislative Council. Now, the non-cooperation movement staged in the Legislative Council is already in a state of madness, with meetings held by the Legislative Council, the Finance Committee, the Public Works Subcommittee and the Establishment Subcommittee, as well as the Budget, the establishment of an Innovation and Technology Bureau and the constitutional reform package, facing filibusters one after another.

President, the Government is set to face difficulties in its administration with the Legislative Council being turned into a "Council of Filibuster" in the next two months. Who should be held accountable when Hong Kong people see us going around in circles and Hong Kong standing still? Opposition Members should be held accountable for staging persistent filibusters here for the sake of derailing the Government. For this reason, I would like to renew calls for opposition Members to immediately stop staging filibusters blindly. Filibusters seeking to derail the Government's administration, which are actually taking Hong Kong people as hostages, are not only irrational but also irresponsible. President, I call upon the opposition camp to turn back by giving up filibustering and support the Budget.

I so submit.

**DR LAM TAI-FAI** (in Cantonese): President, thanks to the abundant revenue generated as a result of the implementation of the "curb" measures, the Government's Treasury has reaped a windfall this year, thus giving the Financial Secretary sufficient "ammunition" to promote sustainable development and care of the socially disadvantaged.

It seems that the Budget this year enjoys a pretty good reputation. The responses from various social strata, including the commercial and industrial sectors, the professional sectors, the middle class, the grassroots, and so on, since the Government's announcement of the Budget have been very favourable. When commenting on the Budget prepared by the Financial Secretary this year on various occasions, I have described it as the best and most outstanding among the eight Budgets delivered by him so far as the Financial Secretary.

President, the Financial Secretary has recently appeared to have adopted a more high profile and active attitude, probably due to the good response of society to this year's Budget. If an official is popular, enjoys a high popularity rating and commands the support of many people, he will naturally behave and act in a more decisive manner and have greater confidence. Because of the trust by more people, he can speak louder and his air will certainly be different. Nevertheless, I very much hope that the Financial Secretary will not let these small achievements go to his head and change his attitude and principle unknowingly. The Financial Secretary I know is a quiet, sincere, pragmatic and honest man who dislikes bragging, exaggeration and demagogy.

President, I think that the shooting gesture made by the Financial Secretary at "Long Hair" on a recent public occasion is most naïve, ridiculous and exaggerated, except that he can thus demonstrate in a high profile his allegiance to the Chief Executive and vent his spleen. Honestly, it is a waste of ammunition if a real gun with live ammunition were used to handle such people as "Long Hair" and Albert CHAN, not to mention a practically useless shooting gesture.

President, some radical opposition Members are prepared to begin filibustering next week by proposing more than 3 000 amendments and have stated explicitly that they will veto the Budget. I believe the Financial Secretary cannot stop them from filibustering even if he brings a toy machine gun next week and shoot at them indiscriminately. Recently, the Chief Executive has called on the electors in Hong Kong to cast their votes in the 2016 Legislative Council Election in order to kick these Members out of the legislature. I think the remark made by the Chief Executive this time around is perfectly correct. I also consider such a tactic the most effective. But honestly, given his low popularity rating, I am afraid the public might not heed his call because many people might wish to kick him out rather than "Long Hair" or "Hulk". Given the Financial Secretary's high popularity at the moment, the effect will definitely not be the same if the call is made by him instead. I believe he can win the support and approval of quite many people.

President, praises and criticisms are in direct conflict; yet they are often entangled together. When we sing praises of someone, we will often criticize him or her from another perspective unknowingly. Quite a number of Members, including I for one, have said that the Budget proposed by the Financial Secretary this time around is better than the seven previous Budgets. Does it imply that the seven Budgets prepared by the Financial Secretary were no good? Why were all those Budgets made by the Financial Secretary over the past seven years regarded as no good? Is it because he was not competent? Or is it because he was too slow in response or he had failed to prepare the Budget with due diligence?

However, I have been told by some sages belonging to political parties that the Financial Secretary is actually a modest and talented man who keeps a low profile. He is extremely worried and eager to save Hong Kong because he can see that the administration of the Government is encountering difficulties and cannot run smoothly. Moreover, society is seething with conflicts, confrontations, divisions and grievances. Let us examine what the Financial Secretary said in paragraph 5 of the Budget. He said, " aroused concern about much more radical social conflict which in turn will make it harder to mend conflicted relationships among people." In paragraph 6, he added, "Prolonged bickering will only bog down our development." He knows that Hong Kong people want change and hope to see universal suffrage, so that they can elect a competent, trustworthy and patriotic Chief Executive by "one person, one vote" to develop the economy, improve the livelihood and take forward democracy in Hong Kong. Believing that Hong Kong people should be given one more option and the Central Authorities be given one more hope, he is even prepared to demonstrate his strength and reveal his ambition. In paragraph 174 of the Budget, the Financial Secretary told the public with great confidence, " I became Financial Secretary in 2007  Hong Kong has remained economically stable and financially healthy despite global economic turbulence and financial market volatility." What did he wish to tell us in these remarks? He wanted us to know that his tremendous contribution to Hong Kong over the years was helpful to the development of Hong Kong.

President, paragraph 4 of the Budget said, " with constitutional reform entering the next stage, we anticipate that disputes, both inside and outside the Council, will become even more vehement this year." President, this prediction made by the Financial Secretary will definitely come true because the existing relationship between the executive and legislature is so poor that it can be described as cannot be worse. The pan-democratic camp is utterly at loggerheads with the Government. With the announcement of the constitutional reform package by the Government next Wednesday, I trust there will be a new round of fierce disputes in society, with both the pan-democratic members and the Government opening fire on all fronts in a head-on manner. Never will there be days of peace in the legislature. Every day, Carrie LAM, the team leader of the "constitutional reform trio", tells Members with a grim face that she has failed so far to secure a vote from the pan-democratic Members. However, a couple of days ago, our spirit was lifted when LEUNG Chun-ying told us with full confidence that he was very confident that he could secure 13 to 14 votes from the pan-democratic Members. I believe even the Central Government would give him a thumb-up in secret to cheer him up.

President, the "constitutional reform trio", who are at the front line charging forward and constantly on the run, and the Chief Executive, who is issuing instructions at the back and responsible for planning, belong to the same team. However, it is really puzzling that there is such a big discrepancy in their expected outcome. What are these several senior officials actually doing? The pro-establishment camp and the general public are so puzzled that they have no idea of which side to trust.

President, I have a peculiar idea this time around. Although I do not trust the Chief Executive, I choose to trust him this time around because he is closer to the Central Authorities than the "constitutional reform trio", and his information is definitely more accurate. Moreover, he is good at fighting a hard battle, and he is so resourceful and intelligent that he can very often defeat his opponent by a surprise move even amid adversities. Certainly, I do not wish to see him issue a blank cheque again this time around.

President, recent opinion polls have shown that more and more members of the public hope to see pan-democratic Members act in the interest of the overall situation and pocket the package proposed by the Government first. In fact, I think that the pan-democratic camp will lose quite a number of votes no matter whether the constitutional reform package is passed or vetoed. As the saying goes, "self-inflicted evils cannot be forgiven ". Their days are already numbered.

President, paragraph 8 of the Budget reads, "We seek to reinforce the foundation for long-term economic development. In addition to capitalizing on our strengths, I shall explore new ideas and strive for diversity to help members of the community realize their aspirations." President, Hong Kong's edge lies in its four pillar industries, namely the financial services, trade and logistics, business support and professional services, and tourism industries. With a good foundation and solid base, the development of these four industries has been pretty good. Thanks to the effort made by the State in vigorously promoting the financial industry to "go global", Hong Kong has been able to play a key role. Members can already tell from the robust stock market recently the power of integration between the two places.

On the contrary, President, I am a bit worried about the future development of the tourism industry. Recently, the Central Government has acceded to the request made by the Special Administrative Region (SAR) Government to replace the arrangement of "multiple entry permits" with the "one trip per week" policy. However, I do not approve of this change because it is only a temporary relief measure without solving the problem at root. Moreover, it is putting the cart before the horse to do so. Not only will Hong Kong's economy, employment and revenue be affected, but the relationship between the two places will be hurt once more. Once the policy is tightened, it is like spilt water that cannot be retrieved because the Central Authorities must have made careful and serious consideration and taken into account the interests, the gains and losses, and the feelings of various parties before making every decision. In contrast, the attitude adopted by Hong Kong in handling matters is frivolous. Just as the King of Qi who summoned ZHONG Wuyan when he was in trouble but summoned XIA Yingchun when he was out of trouble, Hong Kong can only go through the crunch but not share the prosperity with the Central Authorities, and only cares about itself. Hong Kong has all along lacked concrete plans and the ability to step up law enforcement to combat parallel traders, maintain public order and upgrade its visitor reception capacity. Instead, it merely sits there and keeps talking, blaming and censuring itself, waiting again for the Central Authorities to resolve problems for it.

In fact, President, Hong Kong has really failed to shape up. After the reunification, the Central Government has been giving full support to Hong Kong to maintain its prosperity and stability. However, Hong Kong has become increasingly chaotic, whereas the Government is gradually losing its governance ability, with processions and demonstrations being held almost on a daily basis. Despite the launch of 36 policies conducive to Hong Kong, such as CEPA and the Individual Visit Scheme by the Central Government, Hong Kong does not know how to capitalize on these policies and, what is more, be grateful. Quite a number of people are still condemning the Central Government every day, testing its bottom line and challenging its prestige. What is more, a very small fraction of people advocate and disseminate the mindset of independence for Hong Kong and collude with foreign forces to make waves in an attempt to interfere with the internal affairs of the SAR.

President, the SAR Government must drum up its resolve to slap these people hard in the face and reveal to the public their evil plots and deeds promptly. As the saying goes, a single spark can start a prairie fire. Should the SAR Government fail to step up its efforts in combating these people and continue to tolerate the constant acts of these unlawful and bad elements to stir up trouble and collude with foreign forces, Hong Kong will only become more and more chaotic and fall into decay. Moreover, it will be increasingly difficult to govern Hong Kong. When the Central Government decides one day to tighten the yardstick for "Hong Kong people ruling Hong Kong" and "a high degree of autonomy" for the sake of national unity and unification of sovereignty, will Hong Kong people please not blame the Central Government. It will be too late to regret then.

President, the Budget this year contains a lot of sound bites as well as words from the bottom of the Financial Secretary's heart. In paragraph 178 of the Budget, the Financial Secretary said, " behind and beyond material fulfillment, the people of this city, our younger generations in particular, are hungering for spiritual contentment. This is what a mature society should manifest, and this is a change that needs to be addressed and dealt with. Nonetheless, conflicts should be resolved through conversation rather than confrontation, and this is the point that we all must come to terms with."

President, the SAR Government is currently not welcomed by the public, and its popularity rating is low. Except the Financial Secretary, Secretary Dr KO Wing-man and Chief Secretary Carrie LAM, senior officials dare not visit the districts to get in touch with the public, understand the sentiments of the people, and appreciate the people's plight for fear that they will lose face as a result of being condemned and besieged. As a result, they will do nothing but express their views through their blogs. With such a unidirectional and non-communicative approach, how can the public be aware of the existence of the Government and feel that it is doing solid work seriously or doing something good for them? Therefore, if the Financial Secretary really believes that we have to engage in dialogue, I hope he and other government officials can put words into action and work harder in the districts, visit all the 18 districts across the territory and get in touch with all Hong Kong people from different strata. What is more, they should get in touch with the younger generation to make them feel that the Government respects them, take them seriously and care about them, so that they will understand that they are also part of Hong Kong society.

President, although this year marks the 25th anniversary of the promulgation of the Basic Law, there are still quite many members of the public who misunderstand or do not entirely understand the Basic Law, or even publicly defy the Basic Law and "one country, two systems". This reflects the less than satisfactory results achieved by the Government in promoting the Basic Law, and that it can hardly shirk its responsibility.

In fact, quite many Central Government officials have repeatedly indicated that they are concerned about the poor understanding of the Basic Law of the general public in Hong Kong. However, the SAR Government has done nothing but shirk its responsibility to someone else. Not only has it failed to take the initiative to conduct a self-review, but it has continued to evade responsibility and shirk its responsibility to the general public and students. President, we should understand that society is composed of people from different strata. There is a gap between them because their educational attainments and levels are varied. Certainly, the public must rely on the Government's effective promotion effort to get in touch with and learn more about the Basic Law.

President, the approach used by the Government in promoting the Basic Law can be described as completely outdated. Over the years, it has still remained at the level of slogan-loaded, patriarchal and superficial propaganda seeking to criticize and denounce someone. No wonder the Government has achieved nothing so far in promoting the Basic Law. President, I hope it can reflect on itself and seriously review its effort, practice, approach, mindset and staffing arrangements in relation to promoting the Basic Law and examine if there are any inadequacies in teaching and learning, thereby enabling improvements to be made expeditiously through the use of diversified approaches, platforms and channels to instill knowledge of the Basic Law in Hong Kong people, especially young people, on all fronts. Should the Government continue to rest on its laurels and handle the matter with a hackneyed mindset, I believe the promotion of the Basic Law will be doomed to failure again.

Furthermore, the Government should also review the effectiveness of the work of the Basic Law Promotion Steering Committee expeditiously. Should its effectiveness be found to be unsatisfactory, it should be restructured or optimized immediately with the introduction of a new mindset and approach. In the face of national education being shelved, the Education Bureau must refrain from watching from the sidelines. Instead, it should enhance teaching on the Basic Law in primary and secondary schools and review the number of hours devoted to the relevant curricula as well as the curriculum guide, so that students and young people can get to know the Basic Law fully and positively at a very young age.

President, I so submit.

**MR MICHAEL TIEN** (in Cantonese): President, the Budget of the Financial Secretary this year, as commented by many Honourable colleagues who support it, is acceptable overall. Compared to the Budgets of the past couple of years, this one is, relatively speaking, relatively balanced and capable of responding to the feelings of many people. Yet, it is another matter as to whether the Financial Secretary ought to act in this manner. Nevertheless, apart from taking into account the public's feelings, I think that the Financial Secretary should seriously consider the direction Hong Kong should take and how its competitive edge can be maintained in the long run and give a response next year.

In view of the time constraint, I can only speak on the following three areas: First, the long-term development of the tourism and retail industries in Hong Kong; second, Hong Kong's status as an aviation hub; and third, the long-term competitiveness of our manpower. In fact, complementary efforts have to be made in terms of policy and capital in these three areas.

Firstly, insofar as the long-term development of the tourism and retail industries is concerned, I noted in early February last year that, following the big gift sent by the Central Government and the implementation of the individual visit policy in 2003, Hong Kong's overall economy had been close to full employment over the past decade. This was particularly so for the grassroots, including the front-line employees of the retail industry and many eateries. The support was very strong indeed. Meanwhile, I also noted that a balance must be carefully struck in three aspects, namely the opportunities for our Mainland compatriots to come to Hong Kong for pleasure and sightseeing, the development of Hong Kong economy and the quality of life of the public.

I noted early last year that the number of Individual Visit Scheme (IVS) visitors, particularly the number of visitors with "multiple entry permits", had been rising very sharply over the past couple of years. I believe the people in Hong Kong will only live in increasing pressure should the rising trend continue. In that case, coupled with the occurrence of parallel-trading activities, Hong Kong might not be opened up further to other cities, except for some of the Mainland cities opened up in 2007, in the next one or two decades. Is it fair to other compatriots on the Mainland? From the angle of Hong Kong's long-term economy, what should we do to encourage visitors to stay in Hong Kong overnight?

Hence, on 14 February last year, I proposed for the first time in public that the rise in the number of IVS visitors should be adjusted and the arrangement of "multiple entry permits" be reviewed. Subsequently, I was criticized by the *Global Times* on 20 February for being selfish. During his meeting with the Hong Kong Deputies to the National People's Congress (NPC) on 6 March, ZHANG Dejiang, the NPC Chairman, pointed out in public that it was time to study the reception capacity of Hong Kong. At the Finance Committee meeting held on 2 April, Secretary Gregory SO told us not to worry about Hong Kong's reception capacity on the ground that the number of visitors to Hong Kong was expected to rise to 70 million passenger trips only by 2017. I pointed out immediately there and then that if the average annual growth rate of 20% to 30% in the number of IVS visitors over the past couple of years was used as the basis for calculation, then the number of visitors would top 100 million rather than 70 million by 2017. In view of this, I doubted whether we could have adequate reception capacity by then. On 27 June, it was rumoured that the arrangement of "multiple entry permits" might be capped at "52 trips per endorsement". Now, 10 months down the line, "one trip per week" has eventually come into effect.

I would like to publicly praise the Special Administrative Government here for its steadfast efforts over the past year and, what is more, I am grateful to the Central Government, the Guangdong Provincial Government and the Shenzhen Municipal Government for their support and concession. I deeply understand that it is not easy for the Mainland authorities to impose regulation after the issuance of visas. But, honestly, if no structural adjustment is made to the rise in the number of visitors, how can we give other Mainland compatriots an opportunity to come to Hong Kong for sightseeing in the future?

According to my estimate ― I also trust the figures provided by the Government ― through the "one trip per week" arrangement, the passenger trips made under the arrangement of "multiple entry permits" will be slashed by approximately $4.5 million within six months to a year. By then, not only will we see a significant reduction in parallel trading activities, but more room can also be released, thereby reducing the crowdedness among Hong Kong people.

Hence, I would like to tell the Financial Secretary that it is time we discussed with the Central Authorities the possibility of considering further opening up Hong Kong to visitors from other cities in six or nine months' time. Despite the relatively strained relations between the two sides at present, which makes it impossible for such a request to be made today, we have to start giving consideration to this issue. Financial Secretary, why did I say so? It is because the tourism industry has indicated that it is now facing a bitter winter. As we all know, the industry attaches great importance to overnight visitors and people coming to Hong Kong from different parts of the world for spending and sightseeing at various tourist spots and tourism nodes in Hong Kong ― if the industry wishes to improve its situation ― I strongly believe that the "one trip per week" arrangement will not make the situation faced by the tourism and retail industries more acute because it is targeted mainly at parallel trading activities. However, the overall development of these two sectors will definitely not see any ray of hope. If it is said that Hong Kong should turn to relying on foreign visitors, we do not know how long we have to wait because the strong US dollar is beyond our control. If there is a chance to extend the IVS to other cities, discussions must begin now.

Insofar as combating parallel trading activities is concerned, there is one point Members have failed to notice, and that is, it is unlawful for Mainland parallel traders to engage in parallel trading activities in Hong Kong because they are allowed to come to Hong Kong by virtue of their visit visa. So, it is actually unlawful for the commodities bought by them to be sold rather than for self-use. In theory, the Police in Hong Kong ought to interrogate such visitors and require them to prove that the commodities purchased are for self-use. Meanwhile, it is not unlawful for local parallel traders to engage in purchasing activities locally. However, these two types of persons will have to make false declarations when bringing parallel goods into the territory of China, claiming that the commodities purchased are for self-use, not for sale. Therefore, Members should understand this.

Financial Secretary, compared to the previous year, the overall performance of the retail sector recorded a negative figure or close to a tie in the latter half of last year. Compared to the year before last, negative figures were recorded in two months for the first time in a decade. Such being the case, I think that we really have to make an effort on this front.

Furthermore, I would like to say a few words about Hong Kong's status as an aviation hub. I have been told by some friends of mine who are academics that the strongest performance of Hong Kong is in three areas, namely Hong Kong's status as an aviation hub, the quality of its higher education and academic freedom, as well as the quality of its judicial system and the degree of its judicial independence.

Now I would like to turn to the problems faced by Hong Kong as an aviation hub. The Financial Secretary should be aware of the key role played by the Chek Lap Kok Airport in connecting with other international cities. Not only does Hong Kong operate more international flights than any of its neighbouring big cities, including the Pearl River Delta on the Mainland, but the role played by the Chek Lap Kok Airport as a passenger airport is even more significant because we must guarantee timely delivery, cargo safety, the compliance of valuable items with their bills of lading, and that they will not get lost for no reason. In fact, a very high standard has already been attained. However, the recently proposed spending of $140 billion to upgrade the passenger and cargo capacity, which has already been reached, cannot bring relief until 2025. In other words, Hong Kong will be stuck in a standstill in the next decade. This is actually like surrendering its leading position to someone else. Despite the spending of $140 billion by the Government between 2025 and 2032, what will happen after 2032? The Government has failed entirely in giving us an account. Does it mean that Hong Kong's aviation industry will come to an end by 2032?

When I asked Secretary Prof Anthony CHEUNG recently how long it would take to build a new airport, he said he had not thought about it before and had no idea how long it would take. When being asked what would happen in three years' time, he was also unable to give a reply. Simply put, should we consider an alternative? Will we have an alternative if we begin today studying the feasibility of building a new three-runway airport which can operate 102 flights per hour? Should a comparison be made with the proposal on spending $140 billion on the operation of 30 additional flights per hour, to be followed by the construction of a new airport in 2032? I find it very strange that the Government has apparently not considered this idea at all. I really hope that the Government or the Financial Secretary can consider what should be done after 2032.

Lastly, I would like to say a few words about manpower development and competitiveness. Whenever these two issues are mentioned, Members will know that I will definitely mention our English standard. Excuse me, Financial Secretary, I have read the entire Budget and found that the issue of English standard is not given any mention at all. Actually, Members should be aware of the English standard in Hong Kong and so, need I say more? Members should be able to tell from objective figures that the standard of English in Hong Kong has seen no progress at all over the past decade. The filibusters staged by Members earlier ― why do I frequently talk about English and say every year that the Government has done nothing at all ― have derailed the proposed Innovation and Technology Bureau. Everybody says that without scientific research, there is no way out for Hong Kong. Come to think about this. How can Hong Kong surpass others in scientific research development if its standard of English is not high enough?

A professor in Electronics Science said during his sharing of tips that any person aspiring to engaging in scientific research must learn English as the first step. When sharing his experience with students, MA Yun, Executive Chairman of the Alibaba Group, summed up seven keys to success. The first key is to learn English to broaden one's vision because doing so can help absorb the way of Western thinking and train one's expression, organization and communication power. Can simple greetings for tourists such as "How are you?" and "May I help you?" be considered good English? If we were to compete in technology in the future, we must be able to communicate with others in professional English. A person engaging in scientific research has to communicate with international academics, collaborate with them in conducting scientific research and, what is more, read a lot of foreign literature. Scientific research can be applied to various professional domains, such as medicine, environmental protection, and biotechnology. Which of these areas does not require good English? English, if not upgraded, will only hinder the development of technology by talents in Hong Kong. There are many talents in scientific research in Europe and the United States because the people there enjoy inherent advantages and are capable of communicating with authoritative international academics easily. In the United Kingdom, primary and secondary students are already taught how to write programmes. In the United Sates, tens of thousands of students know how to write their own programmes, but I have been told that certain secondary schools in Hong Kong are still teaching their students how to use Microsoft Word.

Hong Kong lacks the environment for speaking English as well as nurturing talents in technology. The greatest obstacle encountered by our talents who pursue postgraduate programmes abroad is basically English, which makes life very difficult for them. Without the setting up of an Innovation and Technology Bureau, Hong Kong appears to have no leader in development and scientific research. Given its low English standard, Hong Kong has apparently failed to equip and nurture its talents. Since the language and education policies play a very important role on many fronts, if we do not exert our utmost to upgrade Hong Kong's English standard today, how can our human resources maintain their competitive edge in the future?

With these remarks, I hope the Government can give serious thoughts to these three areas and take one more step forward.

**MR VINCENT FANG** (in Cantonese): President, this morning, I attended the press conference of the "HAPPY@hongkong Super JETSO" campaign. Jointly organized by the Hong Kong Quality Tourism Services Association and the business sector, this campaign is supported by the Hong Kong Tourism Board (HKTB). With an additional funding of some $80 million granted by the Budget to organize a series of promotional activities in order to restore the confidence of overseas and Mainland visitors in Hong Kong as a shoppers' paradise, the HKTB has launched this campaign as a kick-off. Apart from this shopping festival, the HKTB and other government departments, including the Information Services Department and overseas offices, have indicated that they will strengthen promotional efforts in overseas countries.

The total amount of money involved in this activity as well as the relief measures introduced to assist sectors affected reaches $290 million. This is only a small amount in comparison with the loss suffered by Hong Kong and the business sector during the 79-day illegal Occupation movement. However, the Financial Secretary has in general responded to the aspirations of the business sector this time around. For this reason, I will give additional credit to this year's Budget.

On the day the Budget was announced, incidents of violent behaviour targeting Mainland visitors in Tuen Mun had not yet taken place. But I had mentioned at that time that if the Government did not attempt to stop the anti-parallel trading activities staged on weekends, the money used on promotional campaigns would only resemble "getting water with a bamboo basket ― all efforts in vain".

As a matter of fact, incidents that took place in less than two months since the announcement of the Budget have proved my views on this incident correct. Videos clips of violent behaviour targeting Mainland visitors in Tuen Mun have spread to the entire Mainland and even the whole world. A special feature programme entitled "Do you plan to visit Hong Kong?" was broadcast by the China Central TV. In March, there was a drastic decline in the number of inbound visitors from the Mainland. Compared with the figures in the same period of last year, a drop of 20% to 30% was recorded. Customer packs were no longer visible in shopping malls throughout the territory. The announcement by the Central Government to replace the "multiple-entry" Individual Visit Endorsements for Shenzhen residents with "one trip per week" entry permits has further aggravated the situation.

Last Sunday, when I was taking part in the City Forum, some young men who had been advocating sentiments against Mainland visitors actually applauded cheerfully when they heard that the number of Mainland visitors had dropped. I asked them at once why they were not afraid. If this situation is allowed to go on, the local economy and employment will also be affected. I would like to ask them how they are going to maintain their livelihood in future. Of course, this worry of mine is probably undue. The SAR Government has put in place a comprehensive safety net, with the provision of public rental housing (PRH) as well as Comprehensive Social Security Assistance. People in Hong Kong can certainly survive. Talking about this, I cannot help but ask myself, after we have fought for such a comprehensive safety net for the grassroots and those in need, and have proactively demanded the Government to build more PRH units, insofar as these young people are concerned, is this really a good thing, or has this resulted in their loss of motivation and over-reliance on this safety net?

Despite all these, the Liberal Party supports the measures outlined in this year's Budget for the provision of more care and welfare to the elderly and the grassroots, as well as the allocation of $300 million for setting up the Youth Development Fund with the aim of facilitating upward mobility for young people. We have an affection for Hong Kong because Hong Kong is the place where we grew up. We have witnessed the development of Hong Kong from a place engaged in processing to the world's financial, trade and exhibition centre that plays an important role on the global stage. However, young people nowadays do not have this experience and affection. Some young people cannot see a way out for themselves; thus, the mentality and aspirations of young people should be of special concern to us.

Nevertheless, I hold that there are still many inadequacies in the Budget. First of all, the Financial Secretary has persistently emphasized that government departments are required to review their fees and charges in accordance with the principles of "cost recovery" and "user pays". Consequent to the result of last year's review, several hundreds of fees and charges have been raised. This year, a number of livelihood-related fees and charges are still subject to a review. The principle of "cost recovery" appears to be most reasonable. However, we must not forget that the salaries and welfare enjoyed by civil servants are relatively higher than those of the market. Furthermore, the Government has been recording a fiscal surplus every year, but it still proposes increases in fees and charges. In relative terms, this has increased the burden of enterprises and small and medium enterprises. This just does not hold water.

Second, the Government's funding for public healthcare services is insufficient. Although the Financial Secretary has stated in the Budget, "The Government will continue to increase resources on healthcare  Government's recurrent allocation to the Hospital Authority  up by nearly 50 per cent over five years ago". However, as a matter of fact, the increase of the annual allocation is only in line with inflation. This year's allocation is $49.9 billion, an increase of only 3% in comparison with that of last year. This year's healthcare expenditure amounts to 16.8% of the Government's recurrent expenditure, much lower than the 17% of the previous five years. What makes me most unhappy is that, with the aim of stabilizing government revenue, the Financial Secretary has put forward the plan of exploring again in due course the feasibility of broadening the tax base, which includes carrying out studies on the introduction of a Goods and Services Tax (GST).

If Hong Kong's total retail sales of $493.3 billion recorded last year is used as the basis for calculation, assuming that the sales tax or the GST introduced is set at 3%, even such a low tax rate will bring in $14.8 billion of tax revenue. If tax revenue from the service sector is added, the revenue income will be even better. And the Government does not have to do anything at all. It will be like collecting rents. This is, indeed, a very attractive measure. However, the GST is, in fact, an instrument used to grind the axe at the 95% of Hong Kong people who do not have to pay any tax. I believe not only will the business sector not agree to this, other representatives of the grassroots will also not agree. This is particularly so when the current fiscal reserve in Hong Kong amounts close to $1,000 billion. Under the circumstance of not having any financial pressure, the Financial Secretary has actually mentioned again the broadening of the tax base and carrying out studies on the introduction of a GST. I simply think this is something we should never contemplate.

At present, the total assets of Hong Kong's Exchange Fund have reached over $3,200 billion, but the average rate of investment return over the past five years is 2.6% only. Such a rate is even lower than the inflation. Whenever the Exchange Fund records a huge gain, it is said to be the result of an improvement in the investment environment. A poor investment return is then attributed to an unfavourable macro-environment. If this is so, why should we spend over $10 million to employ the Chief Executive of the Hong Kong Monetary Authority? Even if the management of the Exchange Fund is handed over to any fund company, the investment return will be higher than that of its present level.

Despite the fact that the Liberal Party has supported each year's budget, it does not mean that we think an excellent job had been done by each budget. It is only that there were no major flaws with the eight budgets. Moreover, each budget offered some petty favours which rendered it acceptable to us. But we really cannot quite understand the fiscal management concept of the Financial Secretary. An article of Mr LAM Hang-chi, entitled "Abiding by the principle of keeping wealth is not wrong; refusal to spend money causes major problems" was published on 10 March. I would like to quote some of the contents from this article. Mr LAM wrote (I quote) to this effect: "The Financial Secretary is like a well-off housewife running a family. Drafting the budget is absolutely not a difficult task. He does not have to worry about cutting expenses, and even has extra resources to roll out more dishes at mealtime and buy presents for every member in the family. Handing out a few candies will be able to win a short-term applause, creating a scene of joy and happiness  Mr TSANG has been in office for so many years; he has a thorough understanding of the financial situation of Hong Kong. Nevertheless, he has used the pretext of following the principle of keeping expenditure within the limits of revenues to practise the strategy of sticking to the rut and refusing to make progress. He has not only failed to think out of the box set by predecessors, but he also lacks the ability to, based on the latest conditions, anticipate future developments, thereby setting the signpost of advancement for the economy of Hong Kong." (End of quote)

I think the comments of Mr LAM are fair. This is particularly so as the longer the Secretary is in office, the more his understanding of the financial structure of Hong Kong and the clearer his comprehension of the needs of the community. Under the circumstance of a more abundant reserve, his performance should also be more outstanding. Our biggest disappointment is the increased grievances? Take the Individual Visit Scheme which is most beneficial to the Hong Kong economy as an example. It has now become a crisis in Hong Kong. Financial Secretary, you cannot shirk your responsibility for this. It has been ten and a half years since the launch of the Scheme. The Financial Secretary is in charge of tourism and has been in office for almost eight and a half years. During this period, has the Government done anything at all to develop support facilities for tourism? One of the reasons for more and more grievances in Hong Kong in recent years is the difficulty in acquiring a property. Basically the fundamental solution to the problem is to identify land for building more units as soon and as many as possible with a view to increasing supply. However, over the past eight and a half years, apart from the slight increase of housing supply in the last two years, the Secretary has only continuously introduced "curb" measures to curb demands which have resulted in the significant increase of the Government's revenue. This is really putting the cart before the horse.

Moreover, more commercial buildings are needed for the economic development of Hong Kong. Seven years ago, when the Financial Secretary announced his first budget, he had put forward the plan of relocating the offices in the three government office buildings in Wan Chai so as to vacate more land for the development of commercial buildings. But this year, the Financial Secretary is still saying he is "actively taking forward" the plan. I have no idea how long we will have to wait for him to "actively" take forward this plan.

Furthermore, Hong Kong as the capital of trade fairs in Asia has seen much of its businesses of holding trade fairs taken away by neighbouring countries and regions. What is the reason for that? It is because Hong Kong lacks exhibition venues. The business sector has been persistently voicing its aspiration for exhibition venues. That was why I was so pleased when I heard the Financial Secretary mention in this year's Budget that "We shall explore the construction of a convention centre above the Exhibition Station of the Shatin to Central Link to draw in more international business visitors.". I thought the business sector had finally succeeded in achieving its goal. But when I look at it more carefully, I found that he had only said the Government would explore the construction of a convention centre, and that construction would commence only after the Shatin to Central Link is completed in 2020. It is difficult for us to imagine what the situation will be by that time.

President, I understand that it requires good planning and abundant capital for future development. However, plans must be put into practice in order to be activated, delivered and expanded. They must not be left on the drawing board forever. If all our predecessors had only planned without putting their plans into action, we would never had created the "Pearl of the Orient" we know it today.

I so submit. Thank you, President.

**DR FERNANDO CHEUNG** (in Cantonese): President, speaking of this year's Budget, I believe we can only be reminded once again that the Financial Secretary has made another wrong projection. Originally it was said that one-off relief measures, that is, the so-called "candies", should not be adopted. Instead, there should be a "reduction of sweeteners". However, it has turned out that not only are sweeteners not reduced, on the contrary, they are increased this time around. Insofar as this Budget is concerned, what I would really like to ask the Financial Secretary is that ― Financial Secretary, as the third highest-ranking official of the Special Administrative Region, what is your vision for the future development of Hong Kong? In your imagination, what problems faced by Hong Kong can actually be solved by this Budget of yours?

Irrespective of whether it is the Policy Address or the Budget, the document has really pointed out some difficulties in our society. At present, while the problem of poverty is very acute, the disparity between the rich and the poor is worsening. If we say that our society needs to develop the economy, then what is the purpose of economic development? Is improving people's livelihood the purpose of economic development? Ultimately, will people's livelihood be used as the indicator to measure our economic achievement? I remember TUNG Chee-hwa had mentioned in his first or second Policy Address that the quality of a society was reflected in the way this society treated the disadvantaged groups.

Actually how do we treat our disadvantaged groups now? The Government had been dealing with the problem for many years but it had all along refused to measure poverty. Ultimately, a Commission on Poverty was established and a poverty line was set. According to this year's latest report, nearly 20% of the population, that is, 19.6% of the households, are living below the poverty line. Right now, as we are living in the 21st Century, when our economy is almost in the most buoyant era, 20% of our families are living in poverty. And this figure is not on the decline but on the rise. I would like to ask the Financial Secretary, how will our poverty rate be improved after you have announced this year's Budget? How will the situation of the aged, the weak and persons with disabilities be improved?

According to the latest report, after policy intervention, our poverty rate has dropped to over 15%. However, let us look at those who are the most needy in society. Before policy intervention, the poverty rate of the elderly is 45%. After policy intervention, the figure still remains at 30%. That means three out of 10 elderly persons are still living in poverty after the provision of the "fruit grant", Comprehensive Social Security Assistance (CSSA), and the Old Age Living Allowance. These figures are provided by the Government, and I believe these figures can only be underestimated. The situation of persons with disabilities is almost the same. Before policy intervention, 45% of them belong to the category of poverty. After policy intervention, 30% of them are still living in poverty. What performance is this? In the business sector, they like to use important indicators such as the KPI to gauge whether the matter was successful and effective. Are these indicators not for measurement?

Can you guess what percentage of drop in the poverty rate of persons with disabilities and the elderly this Budget has achieved after its announcement? Is there an answer for that? Can you guess how much improvement is there for the urgent services much needed by them? Are they no longer required to wait for such a long time? Take a look at the situation of the hostels for mentally handicapped persons which have a great demand for the same. With respect to the hostels for moderately mentally handicapped persons, the waiting time was 39.6 months in 2008. In the year 2013-2014, the latest figure was close to 10 years, that is, 119.5 months. What does this mean? This is only the average waiting time. President, it means that even if urgent cases ― cases of family crisis, cases with very urgent needs and needs of immediate accommodation ― are included, the average waiting time still stands at 10 years. In fact, cases in general have to wait for 13 years. The waiting time is getting longer instead of shorter. Despite the fact that the reserves and surpluses in Hong Kong are growing ever bigger, the waiting time is getting longer. Be it hostels for moderately or severely mentally handicapped persons, there is a sharp rise in the waiting time. What does this mean?

In theory, the children most in need and with relatively severe disabilities should attend Special Child Care Centre since age zero to six. Unfortunately, the waiting time is just the same, from one year to over one and a half years. This is the golden period of their growth. After they have reached the age of six, they will not be admitted. These centres will not admit them. Once they have reached the age of six, sorry, they will not be provided with these services. Why is the waiting time getting longer? The same situation happens in all services. Even places in the kindergarten-cum-child care centres is the same. The waiting time for services provided to children with special education needs is also getting longer. The waiting time for all services, including early childhood education and training programmes, is also getting longer. What does this mean?

Now, we have so much money that we have to give it back to the people. It is not that we do not have enough money, just that we do not know how to use it. The Financial Secretary said that we have far too much money, so we have to give back more than $30 billion to the people this year. The total government expenditure for one year is some $400 billion, but the one-off handout to the people is more than $30 billion. The Government simply does not know how to use money. If you do not know how to use money, we have to ask you to "beat it" or "move over". There are many areas where we need money. Why do you not increase the healthcare expenditures? Why do we have to wait for such a long time at the Accident and Emergency Departments? Why do we have to wait for such a long time for our follow-up consultations? Why do children have to wait for three years to get psychiatric consultation? This is really impossible. What kind of world is this? We have achieved so much in the development of our economy. But for what purpose is this development? Is producing more poor people, and asking the aged, the weak and persons with disabilities to wait longer the purpose of our development? They do not have access to even the basic services.

They are the aged, the weak and persons with disabilities. What am I talking to you about? When you cannot take care of the groups most in need in society, how can you talk to me about economic development? How can you talk about food trucks? Persons with intellectual disabilities and dementia patients are leading a hard life. As their family members are unable to look after them, they can only hope for better support. How does this Government administer this place? Now the pro-government camp is saying the Budget must be passed as soon as possible and that people must not "impede the earth's rotation". The Government wants to give away more in CSSA payments and "fruit grant". What are you giving away? As you have some $30 billion only, how much can you give away? Insofar as the relatively poor people are concerned, that is, those who are receiving the CSSA payment, the "fruit grant" and the Old Age Living Allowance, you are only giving them $2, which includes PRH rent waiver; this part constitutes $2 only. The other $8 is given to property owners and companies through profits tax rebates and rates concessions, as well as wage earners who are required to pay salaries tax. The Government's provision of tax rebates for relatively low-income earners or those who earn less than $20,000 but are required to pay tax will certainly have our strong support. But why do you give away money to property owners? According to some recent figures, a person is holding 17 000 units. This year's rates concession will let him get back $80 million from the Government. Will he thank the Government for that? What kind of people is the Government actually helping?

The more money given away by the Financial Secretary in the Budget, the greater the disparity between the rich and the poor. When $2 is given away to the poor, $8 is given away to the rich. Do we need this kind of redeployment of resources now? The purpose of the Budget is to redistribute resources of society with a view to distributing resources to areas where they are badly needed. It is not a practice of giving away a bit less to the poor, but giving away a bit more to the rich. Haven't you gone the wrong way? When the incumbent Government does not know how to use money, what we really have to do is asking the Government to "move over".

The Government is also unwilling to increase services. There is only a very slight increase. Mr Vincent FANG put it so accurately. What healthcare service has the Government increased? Yesterday when we were having a discussion with the Hospital Authority (HA), we found that the Government had actually told them to draw down their own reserve first. It is because currently they have a reserve of some $3 billion. However, the annual expenditure of the HA is some $50 billion. The Government has told them to draw down the remaining some $3 billion in the reserve first. But if anything happens, how are they going to cope? With respect to medication, how many times have we encountered situations where the medical treatment is available but the patient does not have money for this medical treatment? The empty talk in which we are indulging is that no one will be denied proper medical treatment because of a lack of means. This undoubtedly is a lie.

The target of our Long Term Housing Strategy is to provide Hong Kong people with adequate and affordable housing. Is this a joke? The most unaffordable housing in the world is in Hong Kong. The ugliest housing in the world ― "sub-divided unit" ― is also in Hong Kong. It is the most inadequate housing. The phenomenon of sub-division of flats is the product of a rotten heart. This is what has been hiding in this city of ours, but in reality, it comes from a rotten heart. Now the "sub-divided unit" has evolved to become a "sub-divided toilet", that is, a toilet is used as a "sub-divided unit". They put a wooden plank above a toilet and let people sleep on the plank. The rent for this kind of unit is more than $2,000. Isn't this ridiculous? What kind of society is this? Why do you give back some $30 billion to the rich in the Budget?

The Government is also not building more housing units. The entire issue is basically a problem of distribution. It has been indicated by the figures of the Census and Statistics Department that comparing the number of our families with our housing units, the number of housing units is more than the number of families by 200 000. If one family is allocated one housing unit, the number of our remaining units is 200 000. Are our housing units actually used for speculation, appreciation, so as to enable the rich to gain profits, or used to meet the basic need of the public? This is precisely the fundamental responsibility of the Government. More and more people are living in "sub-divided units" now. According to the figures provided by the Government, in the period of over one year's time, the number of "sub-divided units" has risen from over 69 000 to over 86 000, representing an increase of 30%. This is only the number of last year. The number of "sub-divided units" has continued to rise.

President, we are rotten from the heart. How can we tolerate such a situation? How can property owners produce such "sub-divided units"? How can they do that? However, our officials have said that "sub-divided units" do serve a purpose. How will the Financial Secretary's Budget help members of the public improve their living environment? How will it help members of the public get adequate healthcare? How will it relieve us of the perpetual unaffordable housing expenses? How will the Government tackle this? What improvements will this Budget make in assisting the disadvantaged and helping families in poverty? There is no mention of all of these.

Joining hands with the pro-establishment Members, the Government has told us not to impede the earth's rotation, and that the Budget must be passed as soon as possible because many matters need to be attended to. They hope that the funding application of some $60 billion for the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) can be approved as soon as possible. What is the use of this? Right now it requires some $80 billion. By the time of settlement, the amount will be some $100 billion. They are accusing us of filibustering and the non-cooperation movement which results in hampering the project and wasting public money. In passing an unjust Budget in great haste, they are really wasting Hong Kong's public money. The Financial Secretary has even indicated that some $200 billion will be set aside for the Future Fund. What is this Future Fund? Our poor people do not have today, how will there be a future for them? At present, they cannot maintain a basic standard of living. The room of survival for them hardly meets the humanitarian standard. So how can you talk about a future? Among our elderly, 30% of them are still living in poverty. So how can you talk about a future? How many more years do you still want them to wait?

Worse still, the "0-1-1" envelope savings programme will be launched in the following three years. In other words, expenditure will not be cut this year. But in the following two years, recurrent expenditure will be cut by 1% annually. Are you out of your mind? We have an existing reserve amounting to $3,000 billion, from which we can draw at least half, that is, some $1,000 billion. And you are still talking about cutting recurrent expenditure. As a large number of people are queuing up for our existing basic services, such as healthcare services, may I ask you how you can ask the HA to cut its expenditure? Are you asking the HA to cut its expenditure by several hundred millions of dollars a year? The annual expenditure of the HA amounts to some $50 billion. If you ask them to cut some $500 million a year, how do you think they can achieve the cut?

Are you out of your mind? What kind of budget is this? If we pass such an unjust Budget in great haste, handling our public resources in this manner of complete regression and perversion, we are really irresponsible then. I ask the pro-establishment Members to pause and think. Just now Mr Vincent FANG said he knew this Budget was no good. He considers it putting the cart before the horse. Since this is the case, I would like to ask them to consider, and seriously think clearly whether this Budget can really help Hong Kong people, and in particular, the disadvantaged groups in Hong Kong. If what they are capable of is defending the Government only, and if what they are capable of is advocating the passage of the Budget only, then I will have to tell them to "beat it". There is no point for them to impede the earth's rotation. The function of this Council is to monitor this Government.

**MR WONG KWOK-KIN** (in Cantonese): President, the Government has again recorded a huge surplus this year. Excluding the amount of more than $20 billion allocated to the Housing Reserve, the surplus still stands at $60-odd billion. Hong Kong's fiscal reserves, after running on a rolling basis for years, have reached $800-odd billion. As announced by the Hong Kong Monetary Authority last week, the latest figure of the total assets of the foreign exchange reserves in Hong Kong has reached US$330-odd billion, that is, about HK$2,600-odd billion, equivalent to seven times the money in circulation. Such a huge fiscal reserve is rare in the world. We are envied by many countries and regions ― I believe Greece is particularly so ― what is paradoxical is, we have such massive reserves and surpluses, the job of the Financial Secretary should be very easy, and drafting the Budget should be a very easy task. However, the existing massive surplus seems to have made the Financial Secretary feel troubled, not knowing how to handle this huge amount of money. With the government coffers inundated with money, the call for "returning wealth to the people" is getting louder in society. In the face of this kind of pressure, originally the Financial Secretary had made public that the Government would not be handing out "candies" in this year's Budget. But ultimately, an amount of $34-odd billion has been allocated to implementing relief measures, including PRH rent waiver, provision of an additional two-month allowance for recipients of the "fruit grant", the Old Age Living Allowance and the CSSA payment, rates concessions, salaries tax and profits tax reduction, and other concessions. Not only will these measures help the middle class, the grassroots will also be benefited.

Moreover, in the light of the earlier illegal Occupy action, the Financial Secretary has provided concessionary measures and funding support for some of the affected sectors, with a view to alleviating the effects on them. These concessions and allowances can certainly provide temporary assistance to members of the public. However, a greater concern to the Hong Kong Federation of Trade Unions (FTU) is whether the Budget has included longer-term commitments needed by society? Indeed, in the short run, the Financial Secretary's measures of handing out "candies" in this Budget are well received by the public, and in particular, the large number of grassroots. The FTU always keeps tabs on public opinions. We would call residents' meetings in various districts ― mainly among the communities of the grassroots ― every year after the announcement of the Budget. We convene these meetings in order to listen to the views of residents on the Budget. This year, the views collected by us at these residents' meetings indicate that basically the Budget has won recognition of the residents. They think that the relief measures proposed by the Financial Secretary are helpful to a certain extent. However, while giving recognition to the relief measures in the Budget, they also have a lot of anxieties, namely, in the face of an ageing society in Hong Kong in the future, what preparations has the Government actually made? What preparations has the Government made to deal with the growing number of the elderly? It seems that no clear directions can be found in this Budget.

In the face of an ageing society, a lot of preparations should be commenced now. According to the information provided by the Government, in 2041, that is, about 26 years from now, Hong Kong will enter the age of an ageing society. If preparations are not made now, we may find ourselves at our wits' end by that time. What is the problem badly needed to resolve in an ageing society? First of all, it certainly is the retirement protection or the livelihood protection for the elderly. With regard to retirement protection, the SAR Government has all along been making excuses by referring to the so-called three pillars. What are the three pillars? The first one is our own personal savings. Most of the wage earners in Hong Kong are grassroots who basically have to spend all of their monthly income. How much can they save up? How much can they save up for their retirement? In fact, the amount is very meagre. It is nearly impossible for them to save up for their retirement. With very limited incomes, probably they cannot make ends meet every month. Insofar as many Hong Kong people are concerned, this so-called pillar actually does not exist.

The second so-called pillar is the existing Mandatory Provident Fund (MPF) System. This pillar is fraught with problems. There are two major problems with the existing MPF System. The first one is exorbitant management fees. The other is the unreasonable system that erodes the MPF of wage earners, that is, the offsetting mechanism to which we often refer. The unreasonableness of this mechanism lies in the fact that the original purpose of the MPF is to provide protection for retirement life. However, the existing mechanism allows an employer to withdraw part of the employer's contribution from the MPF account to offset the long service payment or the severance payment after the termination of an employee's contract. This mechanism is not only totally unrelated to retirement protection, but is also eroding our accounts on a long-term basis. In Hong Kong, there is a growing trend in the mode of employment, by which more and more employees are employed on contract terms. Under this mode of employment, there will be a new contract every two or three years, and there will be an offset in the MPF account every two or three years. If this offsetting mechanism is allowed to go on until the employees concerned retire, how much money will remain in the accounts of these wage earners? Will the remaining amounts be sufficient to serve as their retirement protection?

These days, we often hear people say that the life expectancy of Hong Kong people is getting increasingly long, and can be as long as over 80 or 90 years. If an employee begins to draw money from his MPF account at the age of 65, even if there is an amount of $1 million in his account, is it sufficient to tide him over the long period between 65 and 90 years of age? In this regard, the Government should come up with a solution as soon as possible. The FTU has long since requested the Government to abolish the offsetting mechanism under the MPF System. Nevertheless, the Government has only adopted the delaying tactics, putting off the labour sector all along.

Moreover, regarding the issue of exorbitant management fees of MPF schemes, I know that the Mandatory Provident Fund Schemes Authority is considering how best to deal with it. I hope that it can put forward a proper solution as soon as possible.

According to the Government, the third retirement pillar is social welfare. I believe this is the safety net members of the public may finally fall into, that is, receiving the CSSA payment and the Old Age Living Allowance from the Government. Does the Government intend to adopt these measures as the key direction for solving the problem of livelihood confronting the elderly upon retirement? I hope the Financial Secretary will do more thinking on the issue of retirement protection.

We know that an annual budget may not be able to resolve these deep-rooted problems of society, but we hope that we can see a direction and a sign of hope, and that is, the Government has started to show concern about the matter and deal with it. The Government has also put us off this year. The Financial Secretary has set aside $50 billion to serve as the start-up fund for retirement protection. But is the amount of $50 billion sufficient? The FTU has all along advocated transferring the amount of $220 billion of the Land Fund to a retirement protection fund, and allocating a certain amount of the annual surplus to this fund. It is only by allowing this fund to run and grow on a rolling basis that we will be able to address the issue of retirement protection in the future. Unfortunately, the Government has transferred this amount of $220 billion to the Future Fund. Last year, the Government indicated that the Future Fund would be used in future infrastructure construction. Consequent to strong opposition voices in society, there have been some improvements this year. It is now revealed that the direction of the Future Fund has not been determined for the time being. It is said that the Fund may not necessarily be used on infrastructure construction, and its use will depend on the need in the future.

However, I would like to ask the Government why it has not clearly said that the Future Fund will mainly be allocated to addressing issues related to an ageing society in the future. In an ageing society, apart from the issue of livelihood protection after retirement, there is also a very key issue of great concern to us, and that is, the healthcare issue. We all know that the elderly suffer from all kinds of ailments. In respect of this issue, more effective measures to support the healthcare of the elderly are not seen in the Budget this time around. Not only has the amount of healthcare vouchers not been increased, the eligible age has also not been lowered.

It is barely sufficient for the elderly to use the annual amount of $2,000 to treat minor illnesses such as dizziness, fever, cold or influenza. A healthcare service which is badly needed by the elderly in the community is dental service. Dental service is a headache to the elderly because this service is very expensive. If the amount of $2,000 of healthcare vouchers is used to pay for dental service, it will not be able to foot the bill for filling two teeth. All of us know very well how expensive the existing dental services are. We have all along requested the Government to provide vouchers for dental service as a subsidy so as to help the elderly face this very difficult problem. In order that the elderly can have good health and reduce the frequency of seeking medical consultation, it is imperative for them to have a good appetite and quality sleep. Having good teeth is very important to maintaining a good appetite. Dental problems affect the health of the elderly. Ultimately, other healthcare services will have to bear the consequences of poor health of the elderly people. If we can make improvements in this regard, the elderly will not have to suffer from so many ailments. Not only can they seek medical consultation from doctors, they can also ask dentists to treat their dental problems. This will enable them to lead a healthier life every year and may lead to a reduction in the frequency of seeking medical consultations, which in turn, will alleviate the pressure on our public healthcare services. In fact, this may not simply be a single expenditure item. It is possible that the expenditure on this will reduce the expenditure of the Government in another area. I hope the Government will give more consideration to this and set its eyes farther.

The FTU will certainly not, based on the inadequacies on the part of the Government in retirement protection or healthcare, negate the entire Budget. We hold that we need to fight for some policies or measures in the long run, and we hope that the SAR Government will make continuous improvements so that progress will be found in each year's budget. We especially oppose using this as an excuse to initiate filibuster on the Budget. Up till now, the development of filibustering has already aroused widespread indignation and resentment among the public. We feel disgusted about it. This is particularly so as the Members engaging in this year's filibustering are so lazy as to the extent of refusing to give us a reasonable excuse. They have only repeated such demands as calling for a $10,000 cash refund, which was put forward last year. This year's tax rebate is already more than $10,000. But they are still using this as an excuse for filibustering. I think this is just the behaviour of lazy people. If they wish to engage in filibustering, they can blatantly engage in it. Using these excuses is meaningless. For this reason, I hope that apart from the non-cooperative pan-democratic Members, those Members who are taking part in filibustering should also think about it. What they are now doing is acting as an enemy of the people, behaviour detestable to the public ― Mr WONG Yuk-man has just entered the Chamber. Although I do not know whether he has taken part in filibustering, I hope he can hear what I am saying ― I hope they will repent and be saved. It does not matter if they oppose this Budget, but they must not hinder members of the public in need in getting the "candies" handed out by the Financial Secretary.

Thank you, President.

**MR KWOK WAI-KEUNG** (in Cantonese): President, first of all, I would like to talk about manpower. Manpower is the most important asset in any place and country. However, the SAR Government has neither formulated long-term planning for manpower development over the years, nor put in place an effective and comprehensive education system. As a result, this has hindered the talents of Hong Kong from realizing their potentials, and young people are most affected by this. That is why the FTU has all along urged the Government to allocate more resources to implementing targeted strategies, including strengthening the training of young people, and enhancing and improving the existing vocational education and training, so as to enable the next generation to plan the direction of their career path as early as possible, and inject new momentum into various trades and industries.

In this year's Budget, the Financial Secretary has rolled out a number of training measures, which include allocating $100 million to the Construction Industry Council for training up more skilled workers; allocating $100 million to launching a pilot scheme for two sectors, namely the insurance and asset and wealth management services; from the next academic year onwards, subsidizing on a pilot basis 1 000 students in pursuing designated self-financing undergraduate programmes covering healthcare, architecture and engineering, testing and certification, with the total cost of the scheme amounting to $900 million; increasing the short-term internship places provided by government departments to 3 000; allocating an additional $200 million to supporting more young people in participating in Mainland exchange and internship programmes; and increasing internships in ASEAN countries for university students to a total of 250 internship places.

From this series of measures, we can see that there is a certain direction in the Government's administration. I also believe that certain achievements will be attained by students benefitting from these measures. With public money spent, the effectiveness of these measures is therefore an issue of the utmost concern to us. Will these measures really be able to help young people's employment and development in future? Moreover, we certainly hope that the relevant measures will be able to resolve the problem of insufficient manpower so often mentioned by various trades and industries.

At present, initiatives in vocational education and training are implemented by different Policy Bureaux on a separate basis. The Education Bureau, the Labour and Welfare Bureau, as well as the Commerce and Economic Development Bureau are responsible for providing vocational education and training pitched at different levels. Unfortunately, many training programmes lack systematic planning and co-ordination, resulting in occasional chaotic situations. The most common problem is that programmes are too academic in nature, thus neglecting opportunities of practice. There is also a lack of co-ordination in the arrangements of lessons and internships, causing participants to feel baffled, in that they do not know whether they should undertake internship first or continue to have lessons.

In the 2012-2013 academic year, 17 399 graduates in total completed the full-time courses offered by the Vocational Training Council. However, the relevant figures indicated that only 7 203 persons (about 40%) were engaged in the relevant trades and industries after graduation. Since this is the case, we cannot help but ask whether this is tantamount to a waste of resources in training.

President, a comprehensive review of the merits and demerits, successes and failures of these training programmes will take a very long time in discussion. But in general, I think that the biggest problem lies in the lack of a quality and effective monitoring system. We should particularly target sectors with an acute manpower shortage problem, such as the catering industry, the retail industry and the construction industry. Apart from strengthening the training and increasing the places of the relevant programmes, the Government should also monitor the situation of the programmes, such as the enrolment rate and the career preferences of graduates, so as to ensure the proper use of public money and the appropriate replenishment of manpower for the sectors.

President, next, I would like to raise another point for discussion. Members may look up the Policy Address of 2014 in which a Mainland University Study Subsidy Scheme was introduced to subsidize 500 eligible students every year. They need to pass a means test first and must be verified to have enrolled under the Admission Scheme to pursue undergraduate studies in the Mainland before they can receive a subsidy of HK$15,000 per student per year. The Scheme is not subject to any quota. However, in a survey conducted by a youth organization, the Hong Kong Youth Power Association, it is revealed that in the three Mainland universities with the largest number of enrolled students from Hong Kong ― the Jinan University, the Sun Yat-sen University and the Huaqiao University ― the number of students enrolled under the Admission Scheme accounts for about 13% of the total number of students only. Other students are enrolled through other routes, including the joint university admission system of certain universities, or the joint university admission system for Hong Kong, Macao and Taiwan students. In other words, students who are enrolled through other routes to study in the Mainland cannot benefit from this Scheme. Since the quota is still available under the existing Scheme, but due to too many restrictions, the quota has not been fully utilized, the Government had better relax the restrictions, so as to enable other Hong Kong students who choose to study in the Mainland to be eligible for more benefits and assistance.

Next, I would also like to talk about paternity leave. We had argued and debated to such a degree that blood was almost visible among our teeth when we successfully secured at the Labour Advisory Board ― the negotiation platform for employers and employees ― three-day paternity leave. Of course, people will imagine that it is the reluctance of the employers to dig into their purses which results in us securing paternity leave of three days only. As a matter of fact, we have all along held the view that the Government should play a certain role in the overall population policy. For instance, it can copy the approach adopted by Singapore. While one-week paternity leave is put in place in the country, the Government pays for the salaries incurred during such leave. Employers do not have to meet the relevant expenses. At present, three-day paternity leave is put in place in Hong Kong and the employers have to pay for the leave. If the number of days is increased for paternity leave in future, will the Government consider bearing the cost incurred by the increased number of days for paternity leave? We can rest assured about the approach adopted by Singapore as the amount involved is not astronomical. This is because a ceiling is set for the relevant wage, that is, it has been capped; thus, the cost involved is limited. But then wage earners are entitled to paternity of several days. I think that the Government should consider adopting such an approach as soon as possible.

Next, I am going to talk about the Civil Service. The "0-1-1" envelope savings programme aimed at reducing operating expenditure by a total of 2% over the next three financial years has been mentioned in the Budget. That the Government's resources must be prudently used sounds reasonable. Nevertheless, we are worried that the Policy Bureaux will resort to such tactics as squeezing the civil service establishment and speeding up the pace of outsourcing as means to reduce expenditure. We do not wish to see employees become targets of "cut". We will continue to closely monitor the progress of the relevant programme.

President, the rights and interests of wage earners have all along been issues of great concern to the FTU. In our recent general meeting, we passed the motion "Urging the Government to improve standard forms of contractual provisions to safeguard the rights and interests of staff employed under outsourced service contracts". We are particularly concerned about whether the Government, as the largest employer in Hong Kong, has fulfilled the responsibilities incumbent on it as a responsible employer. Earlier, an outsourced service provider of a public library under the Leisure and Cultural Services Department announced its cease of operation all of a sudden, resulting in at least 500 outsourced workers losing their jobs. The workers were also owed defaulted payment of at least one-month salaries and wages in lieu of notice.

The utilization of public money to engage outsourced services by the Government should be monitored by the public and this Council. This incident has precisely exposed the enormous loopholes in the arrangements made by the Government in its utilization of outsourced services. Should any problem arise, the Government will be completely at its wits' end. Even if the contractor observes the contract requirement of placing a deposit in the government department concerned, this deposit only serves as the ultimate compensation for the contractor's failure to complete the contract. Let me call it the "spoils" of the department. In taking the entire deposit as compensation for failure to complete the contract, the department will not consider at all the livelihood and family pressure of the workers whose wages are in arrears. As a matter of fact, many workers are the breadwinner of their families. They can hardly make ends meet every month. The Government has indicated that the Department of Justice is of the view that according to the outsourcing contractual provisions, these deposits or even the one-month service payment not yet secured cannot be used to pay for the wages of workers. We think that this is obviously a loophole in the drafting of outsourcing contracts. It is necessary for the Government to review afresh the contents of such contracts and step up its efforts in protecting outsourced workers.

President, a large number of outsourced workers are employed by the Government. According to the figures of last year, some government departments employed more than 10 000 outsourced workers, among which the Food and Environmental Hygiene Department and the Leisure and Cultural Services Department employed the largest number of such workers. The situation of exploitation of workers is very serious, and there has not been any improvement. Moreover, I would like to mention the chefs working in the Fire Services Department. I have contacted the Chefs General Union of the Fire Services Department. Due to the long-term need of their service, these chefs were originally employed on the civil service establishment. The establishment had all along been in place over the years. However, recently I have found a prevailing trend. Upon the retirement of a colleague on the civil service establishment, the position will immediately be changed to an outsourced position. We express our grave dissatisfaction and opposition against such a practice. This is because once the job is outsourced, the pay for the outsourced colleague will be reduced by a portion. A large portion will be exploited and served as management fee by the outsourced service provider. In reality, insofar as outsourced workers and staff employed under a contract are concerned, there is an obvious problem of different pay for the same job. I hope that government departments will address the issue squarely.

As I mentioned just now, the practice of "the lowest bidder wins" was adopted in many tender arrangements. On the surface, "the lowest bidder wins" means utilizing the least resources to accomplish the most. But in reality, utilizing the least resources results in yielding services with the lowest quality instead of accomplishing the most. For this reason, we think that we should review afresh the relevant tender conditions or factors for consideration.

President, next, I would like to talk about housing. We all know that the Administration announced the redevelopment of Wah Fu Estate in last year's Policy Address. It has been a year since the announcement, but there has been no further news about the redevelopment. Many kaifongs of Wah Fu Estate came to ask me about this. They said that although the Government had mentioned redevelopment, they had no idea when it would take place. There are various views among the residents. Some residents have expressed their wish for an expeditious announcement of clearance so that they can plan their relocation as soon as possible. Some residents have expressed that since they have been living in the estate for such a long time, it would be better if the redevelopment can be deferred. Whether the ultimate decision of the Government is to commence the clearance at an earlier date or defer the clearance to a later date, we think the decision must be disseminated as early as possible in order that the kaifongs can be psychologically prepared at an early date. The Administration should announce as early as possible in which year demolition or relocation has been planned. It should not defer the dissemination of such information. At present, the kaifongs of Wah Fu Estate are feeling restless and disturbed. They are worried that there will be a sudden announcement of clearance whereby they are given a very short notice for relocation. This will render them unprepared and at a loss. This is their worry.

Furthermore, due to the aged building blocks, problems of dilapidation, concrete spalling and sewer burst can be found in many units of Wah Fu Estate. The tenants are hesitant about whether they should replace the faucets or gatesets. Of course, if these maintenance costs are paid by the Housing Department, there will be no cause for complaint about such replacement. But with respect to the interior decoration, if the tenants know at an early date when the clearance will take place, they will estimate on their own how much they should spend on renovation or maintenance. I hope that the Transport and Housing Bureaucan respond to the enquiries of the public.

I so submit. Thank you, President.

**MR WONG YUK-MAN** (in Cantonese):President, as the Financial Secretary of the Government of the Hong Kong Special Administrative Region (SAR), John TSANG knows only to cram government granaries with grains and does not expend resources on the people, still less returning the wealth to the people. His image as a "Scrooge" has become an icon to Hong Kong people and has been deeply embedded in their minds. Even though he has been ridiculed and criticized over the years, he has remained shameless and still insisted on his own way. While poverty alleviation was a key area of work professed by LEUNG Chun-ying when he was running for the Chief Executive office, he nevertheless has acted against his vows for nearly three years since he took office, and everything he has done is but a reflection of him being an out-and-out arch-rightist. I must point out that the financial policies of the SAR Government from TUNG Chee-hwa, Donald TSANG to LEUNG Chun-ying have always been skewed towards the business sector and for serving the rich and powerful.

Pro-establishment Members with affiliation with the business sector enthusiastically applauded the Budget in their speeches earlier on, describing it as the "best budget" or the most outstanding one over the last eight years since John TSANG took office. This is all because the Budget has brought benefits to the business sector. These representatives of public opinions in the business sector have been licking the boots of John TSANG, and their words of flattery only show once again their sheer neglect of the grass-roots people in Hong Kong!

The general public of Hong Kong do not have a share of the SAR Government's reserves of more than $800 billion and the $3,000 billion foreign exchange reserves. The plutocrats and the rich and powerful have monopolized the opportunities of development which should be equally shared by all the people. Economic benefits have been pocketed by a handful of rich businessmen and tycoons, whereas the social costs are borne by the majority of Hong Kong people. All this has made it impossible for the general public to make ends meet in an economic web woven with monopolization and exploitation. The stock market has been on a bull run recently, and while the rich people have become richer, the poor have not gained any benefit at all. The Government's budget should supposedly perform the function of redistribution of wealth, but John TSANG has invariably returned the wealth to the rich and turned a blind eye to the well-being of the public.

1. Grass-roots people have little to gain; Relief measures are elusive and devoid of substance

Before the release of the Budget this year, the media had hinted that the "sweeteners" to be handed out this year would be even less than those offered last year. But it turned out that the SAR Government again recorded an astronomical surplus of $63.8 billion and so, the Government could only offer more "sweeteners", including the reduction of salaries tax and profits tax by 75%, subject to a ceiling of $20,000, waiving rates for the first two quarters, increasing the child allowances by 43%, providing recipients of Comprehensive Social Security Assistance (CSSA), Old Age Allowance (OAA) or the "fruit grant", and various other allowances with an extra payment for two months and paying one month's rent for tenants living in public rental housing (PRH) units. John TSANG has indeed won the applause of the business sector and the middle class, but the grass-roots people have little to gain and the "N have-nots" even cannot receive any benefit at all.

In Macao, which is only a strip of sea away from Hong Kong, the old age pension is $3,350, the subsidy for senior citizens is $7,500, and the regular/normal disability subsidy is $7,500. Hong Kong provides only $1,180 for the "fruit grant", $2,390 for the Old Age Living Allowance, and $1,510 for the Normal Disability Allowance. It is actually impossible to meet the pressing needs of the grassroots if the "candies" to be handed out are formulated on the basis of a welfare system with such low base figures.

The other day the media found that a "sub-divided unit" of only 30 sq ft with the bed just above the toilet was offered at a rent of $2,200, and people even had to vie with each other to rent it. The Government receives colossal revenues from the land sale proceeds and stamp duty annually but provides only a meagre rent allowance under CSSA for people living in "sub-divided units" or on the waiting list for PRH units. I must ask Financial Secretary John TSANG this: Where are the basic human rights of Hong Kong people? Where is residential justice?

The reduction of salaries tax and tax under personal assessment will cost the Government $15.8 billion; the waiving of rates will reduce government revenue by $7.7 billion; and the payment of three months of various allowances will involve only $5.5 billion. Given a large number of grass-roots people, when the amount of "candies" handed out to them is less than that for the middle class and the rich people, the amount of benefits received by each grass-roots citizen is certainly pitifully small. Theoretically speaking, people who pay salaries tax and rates are better off than recipients of welfare benefits, and the latter are in need of more assistance. The Government has nevertheless chosen to "return the wealth to the rich". Can this be considered as relieving the people of their plights?

2. "Cost recovery" and "user pays" have caused public services to exist in name only

The SAR Government has in recent years emphasized "cost recovery" and "user pays". In the Budget this year, John TSANG implied that over a thousand government fees and charges will be adjusted upward gradually. The term "user pays" was first proclaimed in around 1999 to 2000 when the then Secretary for the Treasury, Denise YUE, muttered that the aim was to make "service users pay the costs of such services without requiring taxpayers to bear the burden of these charges  we would provide some subsidies, taking account of the affordability of the public and the need to prevent abuse of these services  this principle is not only fair but also reasonable. It shows the kind of commitment made by the Government on services delivered to the public and it ensures a reasonable allocation of public resources". "User pays" and "cost recovery" have since become an anthology of empty talk by senior government officials who keep on muttering these words from morning till night in a bid to shirk the responsibility for their draconian policies.

With regard to the public services provided by the Government, the public have already paid for the operational costs in the form of various direct or indirect taxes. If the Government's logic stands, the public should be charged fees at tens of thousand dollars every time the policemen, firemen, or postmen perform their duties. In raising the fees for some 700 government services including the replacement of identity cards and vehicle examination, the Government can generate revenues of only $110 million. Is this not causing nuisances to the public?

What is most shameless is that the cremation fee, which currently stands at $1,120, will be increased by 4.3 times to $6,560 in 2017-2018 ultimately, in order to make up for the deficits incurred by the crematoriums. This is indeed "making money from the dead". The SAR Government has claimed that fees and charges affecting a wider scope of areas, including water tariffs, and fees for cultural and recreational venues as well as marriage registration venues, will be reviewed next. It is indeed like playing with fire and eventually setting itself on fire, and this will only intensify grievances of the people. Public services belong to all members of the public. Hong Kong people have the right to decide on the way the services are operated and their fee levels, which must not be dogmatically manipulated by senior officials!

3. Concocting excuses for not imposing taxes on the rich but fleecing the grass-roots people

In every year's Budget John TSANG keeps talking nonsense, bluffing about the woes of a structured deficit to be recorded by the SAR Government in a decade's time. In the Budget this year, he said that among the working population, only 40% pays salaries tax, and 60% of the revenue comes from the top 5% of the payers of salaries tax; and only 10% of the registered corporations pays profits tax, and over 80% of the revenue comes from the top 5% of payers of profits tax. This is a sheer reflection of the wealth gap in Hong Kong, President.

The SAR Government has always said that the tax base is narrow, but in February 2006, it abolished the estate duty, claiming that it was necessary to attract overseas capital and facilitate the development of asset management business. In February 2008, it cancelled the duty on wine and liquor with an alcoholic strength of less than 30%, in order to promote the wine trade and develop the catering industry. Regarding the proposals for the introduction of a progressive tax system and a capital gains tax made by Members conveying the wish of the grass-roots people, including myself, the SAR Government has used "economic development" as a shield to stall us off. Hong Kong is an economy with almost no tax imposed on the rich people. As to why there can be so many wealthy and heartless and despotically arrogant plutocrats, the reason just cannot be clearer, right?

Sales tax and poll tax certainly have the widest tax base. But the former failed in 2006 whereas the latter is a taboo in places where capitalism is practised. Former British Prime Minister, arch-rightist Mrs Margaret THATCHER, had her political life ruined by poll tax in 1999. Let me cite this saying by former President of the United States, John F. KENNEDY, which I have always cited: "If a free society cannot help the many who are poor, it cannot save the few who are rich." If the SAR Government harms the many who are poor, the intense hatred towards the rich will definitely escalate, and as an English proverb goes, it would be like "digging their own graves", meaning that the Government would be digging the graves for the rich businessmen or friends for whom the Government has shown favour. I would advise the SAR Government to turn back before it is too late. To truly achieve financial stability, the Government must introduce a progressive tax system and must not take advantage of the grass-roots people.

4. The Government, being harsh and mean, exploited the grass-roots people; Over-ambitious as it is, the Government extensively implemented construction projects

In November last year, the Audit Commission criticized the Social Welfare Department (SWD) for ineffective allocation of places in residential care homes for the elderly, doing nothing while some of these places remained vacant for a long time, and as many as over 5 000 elders passed away each year before they could be allocated a place. Meanwhile, the Department of Health was taken to task for ineffective management of healthcare vouchers for the elderly, slow progress in elderly health assessment, and excessive long waiting time for specialist service. On the other hand, the right to live of the grass-roots people are also under threats, and the expansion of social security support by the Government is badly needed. The SAR Government has only actively promoted such measures as the voluntary healthcare insurance scheme, Direct Subsidy Scheme for primary and secondary schools, self-financed tertiary institutions, and so on, seeking to shift its responsibilities in healthcare, education, and so on, to the private sector and even to the public. A means test is even required for the Old Age Living Allowance, and the Low-income Working Family Allowance, which incurs only $3 billion a year, is said to be "involving a substantial amount of public funds and provide an extensive coverage". Is this something that a government with a huge fiscal reserve should do?

Being over-ambitious, the SAR Government has been most generous in the development of "white elephant" infrastructure to the extent of causing almost an overwhelming public rage. In July 2008, there was the $21.6 billion-worth West Kowloon Cultural District (WKCD); in January 2010, there was the $66.9 billion-worth Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link; in November 2011, there was the $48.5 billion-worth Hong Kong-Zhuhai-Macao Bridge; and now, there comes the impending third runway project at the airport, for which the Government will even stop receiving dividends amounting to some $50 billion, in order for the money thus saved to be spent on building the airport. Speaking of this, I really feel enraged. Some people said that this runway has bypassed the Legislative Council. The fact is that it has not only bypassed the Legislative Council. The Government went further to say that the cost would not be met by taxpayers. Who else is going to pay for it other than the taxpayers? Is the several tens of billion dollars that the Government will forgo not taxpayers' money? The many senior officials outrageously do not have the slightest hesitation in spending the money, and regarding the messy management of the WKCD and the delays in the Express Rail Link (XRL) project and the cost overrun thus incurred, they simply could not care less.

In 2009, the Legislative Council approved provisions for the Civil Aviation Department (CAD) to develop a new air traffic control complex, which was eventually turned into the Director-General's private amusement park comprising private toilet/shower facilities, a dance room and a venue for practising Tai Chi. In 2011, the CAD decided to purchase from the Raytheon Company of the United States an air traffic control system which is fraught with defects. LEUNG Pui-kwong, a former Chief Air Traffic Control Officer of the CAD who was involved in this purchase, subsequently joined Raytheon's contractor in Hong Kong, begging suspicions of collusion and transfer of benefits between the Government and business. Worse still, this provision of a billion dollars or so was almost thrown down the drain and more funding had to be provided to the operator involved in the delayed works. This is obviously a case that warrants investigation by the ICAC. The Government's infrastructure projects have poor track records. Whenever the Government sought funding approvals from the Legislative Council, the arguments were far from detailed and full of ambiguities, and it even accused Members in the opposition camp of causing delays to the commencement of the works, hence resulting in a surge in the construction costs.

It now turns out that the astronomical fiscal reserves cannot be used to provide relief and support for the disadvantaged; nor can they be used to enable the elderly to secure a dignified old age, and Hong Kong people can never enquire about their uses. The more than HK$800 billion fiscal reserves amassed in the Treasury is out-and-out the hard-earned money of the many Hong Kong people. Why should it be spent on developing grand but meaningless infrastructure rubbish to serve foreigners and to fatten the rich?

The Government is the tool and the means, whereas the people are the end. The purpose of the Government's existence is to promote the greatest happiness for most people. However, in the eyes of the SAR Government, the market economy of capitalism overrides everything, whereas the living of the people, the livelihood of the nationals, and the survival of society are all made secondary!

Today, quite a number of pro-establishment Members with affiliation with the business sector, including Members of the Hong Kong Federation of Trade Unions (FTU) representing the grass-roots people, have sung high praises of the Budget while condemning the filibustering Members in all righteousness. President, this is the morality of the ruling class, but this is immorality to the proletariat. It is indeed most appropriate to cite the words used by the Communist Party of China (CPC) in the era of clean governance to describe these people: This is "promoting the morality of the exploiting class to serve counter-revolutionary politics". This is the best description of these people of you here, including those members of the FTU with the background of being members of the CPC. You are "promoting the morality of the exploiting class to serve counter-revolutionary politics". This is the morality of the ruling class, but immorality to the proletariat!

Many Hong Kong people who are now in their middle age or old age grew up during the era of rapid economic development and clean politics under the Hong Kong-British Government. They have, therefore, embraced authoritarianism and blindly believed in the Government. They are satisfied with the petty favours bestowed by the Budget every year and reproach the young people who are unwilling to be enslaved. Under many tiers of exploitation, young people in Hong Kong cannot achieve self-reliance and are plunged into the predicaments of low wages, long working hours, surging property prices, and expensive rentals. They have come to realize that good governance by the Government will not fall from the sky and that without struggles, there will not be changes.

The public reserves accumulated by the toil of Hong Kong people will be eaten up by all sorts of "white elephant" projects. I hope that young people in Hong Kong can continuously uphold the spirit as shown in opposing the XRL, the integration between China and Hong Kong, the 31 August Decision of the National People's Congress, and the multiple-entry permits, and make unrelenting efforts to bravely fight on until democracy is realized, so that the public reserves will be truly "of the people" and "for the people", thereby assuring a happy life for Hong Kong people today and in the future.

With these remarks, President, I oppose the motion.

**MR WU CHI-WAI** (in Cantonese): President, it is mentioned in Chief Executive LEUNG Chun-ying's Manifesto that Hong Kong has compared far more unfavourably with the surrounding areas in terms of economic growth over the past two decades. For example, Singapore's real Gross Domestic Product (GDP) has seen an annual average growth of 6.6%, which is higher than Hong Kong's 3.95%. But regrettably, I think he has made the wrong diagnosis and prescription in ascribing Hong Kong's slow economic growth to inadequate land supply, and so launched a construction spree at full speed, thus creating further social conflicts. Moreover, the Secretaries of Departments and Policy Bureaux under LEUNG Chun-ying appear to be of one mind but not so in reality. For example, very often, the Transport and Housing Bureau, which oversees the policy on housing, adopts an approach contrary to that of the Development Bureau, which offers land for development, so there are challenges when it comes to implementation of work. When society as a whole is mulling over the question of whether our policy on subsidized housing should include the sandwich class, the Secretary for Transport and Housing turns around and closes the door to any housing scheme for the class. This will obviously lead to conflicts in the coverage of the housing policy as a whole.

Our discussion on the Kai Tak Multi-purpose Sports Complex (MPSC) yesterday once again revealed the lack of co-ordination among Secretaries of Departments and Policy Bureaux. The Government is ready to commit resources worth $25 billion to the development of the MPSC, yet corresponding initiatives for promoting relevant sports strategies are absent, so the MPSC is most probably destined to become another "white elephant" for holding concerts. The Secretaries of Departments and Policy Bureaux under the SAR Government are pretty much fragmented, and the SAR Government has gradually become more of one dictated by the words of a single man. Is there any future for Hong Kong?

As the Financial Secretary, he should rectify the situation in accordance with the logic of economies, as he has the authority to determine if resources are used in line with the fiscal principles. He should put forward relevant financial management philosophy to help the SAR Government make good use of its substantial surplus through economic means. Nevertheless, from the Donald TSANG era to the incumbent LEUNG Chun-ying Administration, Financial Secretary John TSANG is satisfied with his role as a treasurer and hands out money year after year without making any long-term planning. He keeps pointing out that long-term planning involves structural issues, so it had better remain unchanged; and under this circumstance, the Financial Secretary does not have any strategy or idea to make good use of our reserves, and this *per se* amounts to dereliction of duty.

Moreover, has the Financial Secretary ever thought about the nature of a fiscal surplus? A fiscal surplus is actually an accumulation of proceeds generated from our national income. If we make no good use of the fiscal surplus, it will only result in the Treasury being "inundated by cash" and give rise to more public grievances. My question to the Financial Secretary is, has he actually carried out an audit on our fiscal surpluses accumulated over the years and inform the Hong Kong community of so? When we put the money in the coffers, it represents a huge opportunity cost to us in numerical terms. The Financial Secretary says that Hong Kong faces a structural deficit, and a working group has been set up in this regard to do some projection. However, given a 1% annual growth in government expenditure and the rate of growth from the historical trend, the total amount of government expenditure will increase by 9.4% in less than 30 years to 28.4% of the nominal GDP, which is far higher than the 20% benchmark as set out in the current guideline on public spending. I would like to ask the Financial Secretary what method or strategy he has to address this.

The Financial Secretary has told us that this $220 billion will be dedicated to the Future Fund, but its use has yet to be defined. How is he going to use it? Holding up the sum represents an opportunity cost, so how can an audit be carried out through him? What will he do to push our fiscal spending beyond the 20% threshold? In fact, these are what the Financial Secretary has to face today, but he does not tackle them. He only hands out the money and saves the rest without doing anything to tackle these structural issues.

In paragraph 147 of the Budget, the Financial Secretary once again points out that "with  slowing economic growth, government expenditure would keep growing at a faster pace than that of revenue and the economy. If this trend persists, structural deficits will surface within ten years", and the strategies he proposes are to "take  positive actions to contain expenditure, preserve the revenue base and save up in a timely manner". I have made some comments on "saving up in a timely manner" just now; on "preserving the revenue base", the Government suggests giving some thought to whether a sales tax should be reintroduced; on "containing expenditure", the future "0-1-1" saving initiative will be used for resource reallocation. Can these contain the emergence of a structural deficit? This sounds really strange. The Financial Secretary has pointed out the problem but fallen short of offering any structural path for addressing the structural deficit. Is the Financial Secretary 

(Mr LEUNG Kwok-hung stood up)

**MR LEUNG KWOK-HUNG** (in Cantonese): President, a point of order. Mr WU has kept mentioning the Financial Secretary, but the Financial Secretary is now absent. I wish to invoke Rule 17(3) of the Rules of Procedure to summon the Financial Secretary back here.

**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 WU Chi-wai, please continue.

**MR WU CHI-WAI** (in Cantonese): President, I said just now that the Financial Secretary has achieved nothing in tackling the structural deficit *vis-à-vis* Hong Kong's ageing population, and that is obviously dereliction of duty. In the face of something as apparent as this, the Financial Secretary should give a decent reply.

However, a more exasperating point, as we can see, is that the Financial Secretary has allowed the SAR Government to include some highly controversial items or financial provisions in the general framework of this Budget. This kind of bundling ― for example, the Civil Human Rights Front has convened a press conference today to make some specific criticisms against the water cannon vehicles ― whether the Financial Secretary agrees or not, many Hong Kong people perceive LEUNG Chun-ying as having embraced conflict as the guiding principle and being happy with making enemies to tear society apart, yet the Financial Secretary does not make good use of his inherent power to mend the rift. Quite the contrary, he connives at the SAR Government evading monitoring by this Council through various means, and deliberately allows the SAR Government to bundle up some highly controversial funding applications with the Budget, thus undermining this Council's ability as a whole to check the Government's work.

Of course, the Financial Secretary may not consider it a problem, as this Council does not even earn the respect of the community, so they do not see taking away its power to monitor the Government as a big deal. Nevertheless, we need to understand that if the SAR Government thinks that it is unnecessary for its work to be subject to monitoring and that it can resort to various means to evade monitoring by the public and this Council on the use of public funds, there will actually be grave consequences, because it would deviate from the setup of "one country, two systems", "Hong Kong people ruling Hong Kong" and "a high degree of autonomy" under the Basic Law where the Legislative Council is supposed to monitor or oversee the Government's work as a design of and a balance in the constitutional system. Why did the Financial Secretary choose to bundle up such controversial items with the Budget? If this way works, does he intend to resort to it more often in the future to bundle up controversial items with the Budget? In this case, does it mean or suggest that the Finance Committee may put aside its work of scrutinizing financial provisions for the Government in the future? There is actually some explaining to do, because the Financial Secretary is duty-bound to inform Hong Kong people clearly of the ways and channels through which the use of public funds by the Government can be monitored.

President, the Budget includes a lot of grand proposals in detail, yet we see them as minor touch-ups or some form of "cash handout" in times of a surplus. However, the problems before us are highly complicated. Population ageing is imminent, and this is clearly mentioned in LEUNG Chun-ying's Manifesto, where he proposes to "set aside adequate moneys in a special Fund to meet the extra expenditure that will be needed by reason of our ageing population to provide elderly care, medical and health services". Nevertheless, what has the Government done over the past three years? Only one remark is left this far down the path, that is, the Government acknowledges the need to improve post-retirement protection for those in need, but the Financial Secretary has only earmarked $50 billion in this regard as a possible start-up fund for the arrangement for retirement protection. When we mention how an ageing population will keep pushing up medical expenses, has the Government noted that medical expenses have taken a share as high as 16.8% in the Budget, just 0.2% away from our 17% cap? Will this lead to a rethink by the Government of the overall strategy for addressing the structural issues of population ageing and financial pressure? Yet, the Budget is turned in as a blank answer sheet to us.

If the Financial Secretary fails to deliver in this regard, he is actually not a Financial Secretary at all, but just a treasurer instead. I believe the community expects the Financial Secretary to offer a clear direction and path for the Hong Kong Government's philosophy of financial management; we do not expect the Financial Secretary to serve merely as a treasurer and leave the enormous fiscal surplus idle. Putting the money in our coffers is still a loss to the community, because we have to bear the opportunity cost.

Hence, in his reply, I hope the Financial Secretary can give a clear account of the Hong Kong SAR Government's philosophy of financial management. Even if an answer is unavailable today, he should open a discussion on this to clarify how our enormous fiscal surplus is going to improve people's livelihood and address the problem of structural deficit as well as population ageing which is also structural in nature. Resources are needed in these areas accordingly. If the Financial Secretary does not do it, the rift and conflict will only grow bigger, posing more challenges to administration.

I so submit. Thank you, President.

**MR LEUNG KWOK-HUNG** (in Cantonese): President, in that case, I just would not bother to look for John TSANG. If one speaks to a wall, there is at least some echo, is there not? He is not even here.

President, the Financial Secretary is so smug and of course, there is a reason for it, that is, many people in the pro-government camp are fending off attacks for him. I call one of these people in the pro-government camp "Big-yap dog WONG Kwok-hing". Right from the start, he talked about how much money we had wasted by filibustering and the amount was something like $2.5 billion, was it not? Even if I assume he was right and I assume what "Big-yap dag WONG Kwok-hing" said offhand was right ― look, this is what I made for him. Here it says, "The DAB's support for white elephants, The Link, public housing rental increases and the reduction of corporate taxes made Hong Kong people suffer $568.7 billion of losses". I will elaborate all this in detail later. This is how this thing looks. Does it look nice? He said our filibustering caused losses amounting to $2.5 billion but my claim is: With this kind of "siu mai dim sum made the night before ― pre-arranged beforehand" and "deaf man's ears ― just a piece of decoration" that Mr WONG Kwok-hing is, all in all, the trick employed by them after the Government has submitted any paper is to criticize in small ways but help in a big way.

President, in speaking here, of course, I stand for the weak. Now, Mr WONG Kwok-hing is no longer one of the weak. When the strong are angry, they will pick on the strong but when the weak are angry, they will pick on the weaker. What is the most rotten thing about Mr WONG Kwok-hing? It does not matter if one is poor but it matters a lot if one is poor and one has low aspirations. He came from the trade union for the Dairy Farm Company Limited under the Federation of Trade Unions (FTU) but subsequently, he "left one fold for another" by joining the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), so from this, you can see what sort of a man he is. He has gone so far as to tell the poor to forget about any aspirations and to wait every day for other people to give them a few drops of water trickled through but if the trickle comes even a little bit later, they would not be able to survive. In the *Bible*, there is this story about someone who sold his birthright for a mess of pottages and he is precisely such kind of a man. Now, he even wants to pick on even the weaker because among the weak people whom I have come into contact with, having gone through the Umbrella Movement or seen the approaches adopted by the Government over the years in dealing with matters, they think that poor they may be, they have to show their strength of character, so they have to adopt the approach of waging struggles to make more people understand and even move the people in the middle class, so that the latter would think that without equitable distribution of wealth in society, there is no hope. This being so, this WONG Kwok-hing stands for all the worst human qualities, that is, to sell oneself as a slave, does he not? Men became thieves and women, prostitutes. Now, he lambasted me  I am going to spell it out now and here, I have opened this. Due to what they did in the past, we have suffered $568.7 billion of losses and now, I have disclosed the answer of this guessing game.

Let us talk about The Link REIT (The Link) first. He may not have any share in The Link, moreover, there is not much loss in that regard. The market value of The Link now stands at $110 billion. Under the management of The Link, even the price of a motorcycle parking space fetches hundreds of thousand dollars, whereas the price of a car parking space stands at some $800,000. Back then, they raised their hands in the voting, saying that there was no alternative but to proceed as Hong Kong people must not be hindered in getting rich. On the New Year Day of 2005, some members of labour unions, including those of the FTU, said they wanted to chop me up and kill me. They said they wanted to kill "Tai Pan" and chop me up because I hindered them in getting rich ― and their tone was exactly the same as theirs here. The Link spent $25 billion to buy our assets and now, its value has increased to $110 billion, so how much loss have we sustained? By loss I do not mean the money that the Government could not get, rather, I am talking about those people bullied by The Link. I do not mean the amount of money that the Government failed to receive but how much money those people have given to The Link. When it comes to hurting people, $2.5 billion is only a negligible sum, "Big-yap dog WONG Kwok-hing".

Second, the costs of the nine infrastructure projects have overrun by $160 billion. If Members should take a look, does this "white elephant" look pretty? The amount of funding allocation that the Government applied to the Legislative Council for was $241.4 billion but the cost overrun now stands at $401.6 billion in total. Now, the pro-government camp is speaking with apparent conviction, saying that recently, we negatived the funding application in relation to Liantang ― funds are not needed there as yet ― yet they have looked away when queried by many people on our side. They continue to eat in excess for one moment and starve at another, as Ir Dr LO Wai-kwok put it. Which Government would carry out a large number of projects all of a sudden, then leave them unused after completion? One example is that I found the cruise terminal is not used by any cruise liner and that cruise liners berthed at the Ocean Terminal are greater in number. Now, it is even said that a monorail linking Kwun Tong has to be built at a cost of billions of dollars, so again, billions of dollars will be needed in this regard. Members can also see on YouTube that the Government said on coming here that it had an expert in one of its departments, so I asked the lady what sort of expert she was but she said she had never claimed herself to be an expert. She was embarrassed because as we all know, when those officials want their subordinates to ward off something for them, they would say the latter are experts. Buddy, it has received hundreds of thousands of click-through rates, so just take a look at how you monitored the Government. Our Members said dumbly, "Oh! She is an expert!" Buddy, they do not even have any common sense. Look, the cost overrun here is $160 billion and how was this sum calculated? On that day, I asked them this question personally, saying that cost overruns had occurred in all nine major infrastructure projects and asking which one had been caused by us. Quite the contrary, had we done this earlier, it would not have been necessary to spend this additional sum of $160 billion. Now, they are dying from eating excessively but later on, they will starve to death. Frankly speaking, if you buy services from everywhere, of course, that is very expensive. Only Hong Kong is such a profligate as other people no longer build any monorail. All right, the sum involved here is $160 billion.

They also agreed to making amendments to the Housing Ordinance in 2007. Back then, they said that it was a benevolent measure to waive one month of rent, telling us not to pose any hindrance. They supported the amendment of the Housing Ordinance because according to it, the median rent-to-income ratio shall not exceed 10% following any increase in the rents for public rental housing tenants, that is, it was not possible to increase the rents. The Government said that this would not do and that changes were necessary, and they also agreed. One cannot say that this amounted to a lot but from 2010, that is, from the amendment of the legislation to 2015, the rent has increased by 27%, so on average, each public rental housing tenant has to pay $4,584 more each year. Buddy, in the past five years, public rental housing tenants have paid an additional $6.6 billion and Mr WONG Kwok-hing just pressed the button once in this way and it already cost us $6.6 billion, yet he is still talking here. What did he oppose back then? I for one voiced my opposition. From the start, I could see the situation of "passing black stool after eating pig's blood curd" but that was not the case for him, rather, he "ate pig's stool and passed black blood". Everything is going through my mind vividly.

Another matter supported by them was the reduction of corporate profits tax, which was proposed by the Government in 2008. I was against it ― President, you were also present and you had not taken up the post of the President yet ― from 2008 to the present, the coffers have forgone $75.5 billion. People like LI Ka-shing is so fat that he cannot even pull up his socks but the Government still wants to reduce his taxes. In fact, it was stated very plainly, that is, the intention is to "rob the poor to fatten the rich". How many cans of fried dace with salted black beans can this $75.5 billion buy? Mr WONG Kwok-hing, even a "ten-thousand-year-old demon" cannot finish eating all of them, so what are you talking about? Back then, when voting was conducted on the proposal for reducing profits tax, Members all pressed their buttons, yet this sum of money belonged to Hong Kong people in the first place. I did not call for increasing their taxes; I only demanded that we refrained from reducing their taxes.

President, you have listened for such a long time and heard all of us clamour loudly about the excessively high Gini Coefficient nowadays, that we are so affluent but the Gini Coefficient is so high and that so many elderly people are leading such miserable lives, so the situation really should not be like that. Yet, this is how Members of the pro-government camp actually handed out money to the rich. They either made the grassroots suffer losses, handed out money directly to the rich or waived the charges originally levied on the rich, yet they are still levelling criticisms at other people.

President, frankly speaking, you also remember that in 2008, the amount of "fruit grant" was only $750 but it has since then been raised continually to the present amount. If this was not achieved by dint of waging struggles, how was this achieved? If we did not speak up, does anyone mean the Government would increase the amount automatically? Back then, when Donald TSANG was speaking here, saying that the amount would be increased from $750 to $1,000, it was the result of throwing objects at him. What did you do? Well, you did do something, as Mr TAM Yiu-chung's comment of "acting perversely" was well-known. Buddy, one must take vigorous actions!

In addition, they also said that the pro-democracy camp had received money and accepted campaign finance. I believe LI Ka-shing has also surely provided campaign finance to them. What did they lend their support to? It was to allow LI Ka-shing not to pay any dividend tax because when we proposed the imposition of a dividend tax, they objected vehemently. On the basis of the dividend tax that could be levied on LI Ka-shing, who received $6.7 billion of dividend in 2012, $5.1 billion in 2013 and $7 billion in 2014, and if we use 10% as the rate for calculation, that would be a large sum of money and he has already saved $2 billion. Frankly speaking, since you have helped him save so much money, do you mean he would not make any donation to you?

Another point is: It is said that "what you do is useless". President, you also saw with your own eyes that in 2008 ― and it also involved that John TSANG back then, that is, that invisible John TSANG, that John TSANG who is like a puff of wind ― at that time, there was a great deal of furore over this, as he said he did not want to cause inflation but buddy, now, the turnover in the stock market is $200 billion daily, so does he mean this would not cause inflation? Yet, he said that since handing out money to the poor would cause inflation, no money should be given to them and that he had better keep the money for their future use. As a result, he injected $9 billion into all MPF accounts with less than $10,000 and on that day, I also played a part in the protest but was driven away from the Chamber. You were also present at that time. You were sitting on this side and I was sitting on that side. I was holding a cheque and walking up to stage a protest before I was driven out of here. It was a failure.

All right, in 2011, I took action against him again by dashing into the aile and throwing objects at him again. Even the pro-establishment camp also said that he had gone too far because he wanted to rehash the measure by injecting funds into MPF accounts but at that time, the public were already in deep water. Even if you were to say that you would let them be kings later, what was the use? All right, at that time, since the pro-establishment camp also spoke up ― and please note that the pro-establishment camp did not throw any objects, nor did they filibuster ― they only had to speak a little and in response, John TSANG summoned this group of people before him, so the master showed his favour to them by summoning them, and they only had to have a photo taken together before the policy was changed immediately. In 2011, the same mistake was not repeated and in the end, all people were given $6,000 and a sum of $24 billion in total was spent. Think about this: You did not have to throw any objects and only had to sit here, saying somewhat more loudly to the Financial Secretary that if he did so, you would not let his Budget pass through and he responded immediately. I did not teach them to do so, rather, the public were already irate.

Therefore, why did the pro-government camp and pro-establishment camp keep distorting the whole truth today? When the Government hands out "candies", it hands out $8 to the rich who have so much money that they cannot use all of it, but it only hands out $2 to the grassroots, and it still thinks that the latter should show deep gratitude for it! Such is the philosophy of slaves. Another thing that I want to tell Members of the pan-democratic camp is: In fact, John TSANG has stolen a march, that is, in subhead 060 "Returns on equity investments in statutory agencies/corporations" under "Head 7 ― Properties and Investments" of the Budget, the revenue therein will decrease by $463 million and the reason is that he assumes that the Airport Authority Hong Kong (HKAA) would not declare cash dividends this year. Members of the pan-democratic camp, you also oppose the construction of the third runway by the HKAA and on account of this point alone, you should not let the Budget pass because he has never consulted us. Members of the pan-democratic camp, on account of this point alone, you should not let the Budget pass, rather, you should filibuster. Otherwise, you should no longer talk about opposing the construction of the third runway! The boats of the other party have already entered your port and are firing their guns, yet you still want to talk on!

President, there is also another point that I could not possibly address adequately. Our rate of dividend tax and stamp duty has decreased from 0.8% in the British-Hong Kong era to 0.2% at present. It is only necessary for the Financial Secretary to revert to the 0.4% in the past for us to receive an additional $22.7 billion this year. All the people who are speculating in stocks would not complain about the casino levying too much tax. In that case, why does he not allocate $27.7 billion to saving the populace who are in deep water and why is he unwilling to implement universal retirement protection? This is so easy, yet when you people in the FTU talk about the Future Fund, he still says that there is no money. President, I am done.

**MR PAUL TSE** (in Cantonese): President, as the Financial Secretary has included in the eighth Budget during his tenure more items to show concern for the interests of the middle class which was much neglected in the past, the public in general seemed to consider this Budget the best one ever made over the years. We can get a rough idea of this from the speeches made by many Honourable colleagues during the debate in these two days. Of course, I did hear as usual many voices of objection. I do not know whether you have seen the scene of sand animation performance or ouija in which many people will put their hands in the tray to push to and fro. Whenever allocation of resources is involved, there is bound to be dissatisfaction from different forces.

Nevertheless, President, in evaluating the Budget this year, I wish to highlight one or two points in addition to the comments shared by many Honourable colleagues just now. No matter it was in the introduction or in the conclusion, the Financial Secretary has stressed repeatedly in his Budget speech this year the difficulties we faced after the 79-day Occupation movement which had created relatively substantial disunity in Hong Kong society. He also presented his views in sincere words and in an emotional way. It is better to say something rather than none as some colleagues have treated it as something that has never happened. However, President, more importantly, this Occupation movement can be regarded as the most significant social incident, apart from the riot in 1967, which had caused the most serious social division and most serious social conflict in the history of Hong Kong.

What did the British-Hong Kong Government do after 1967? A series of concessions were rolled out right away then. They included the public housing policy which stipulated that the rent to be levied should not exceed 10% of the median income; nine-year free education; relatively cheap and quality public medical services; and more importantly, the implementation of the safety net policy. Definitely, these things could not be achieved within a year or half but the instant response at that time was to introduce a series of initiatives which were beneficial to Hong Kong in the hope of healing the social wound or enabling the people of Hong Kong to live in peace and work with contentment as far as possible so that they could forget this significant social turmoil. Of course, another major initiative subsequently was the Rose Garden Project introduced to pacify the people before 1997. Those were the days.

This year we experienced the 79-day Occupation movement and also faced such a serious social split, what will our current Government do actually? I hope that all those colleagues who have praised the Financial Secretary and the Budget for proposing these concessions or sound policies should remember this historical gateway. In comparison, the Budget so put forth after undergoing such great division can be said to be insignificant because it completely fails to make appropriate amends and responses targeting at the future of Hong Kong which has gone through this great split. More importantly, it fails to suitably address the issues relating to public sentiments.

President, many of the placards hung up at my back carried the catchwords "happy" and "advantages". I hope foreigners will also understand what is meant by "jetso" as they may not understand it simply by looking at these slogans. However, I just came across a report about the smiling index today which pointed out that Hong Kong was ranked third last, that is, Hong Kong people do not smile enough. I hope that I can smile more by all means while speaking. I wish to bring out another more vital point. If we want to evaluate the Budget of Hong Kong, the behaviour or performance of the Government, other than those we have been using like GDP or Gross Domestic Product, or the global index commonly heard each year such as the index of economic freedom or competitiveness index in which Hong Kong has all along been doing fine but have started to show decline  we have a big difference from many Mainland provinces in that they put great emphasis on performance appraisal reports.

On the contrary, the officials in the Hong Kong Special Administrative Region Government appear to be more blessed. Not only are we "rich housewives" on many occasions as stated by Mr LAM Hang-chi and referred by Mr Vincent FANG, that is, apart from being very rich, the issues we face are happy ones. But more importantly, we seem to lack a real or more direct index, that is, the so-called KPI or key performance indicator ― Mr Charles Peter MOK also mentioned this concept when he spoke just now ― to evaluate the annual performance of the Government in a relatively objective or even more focused way.

Except those colleagues who have scolded meaninglessly and blamed as an annual practice  I find that the human philosophy seems very simple. If the government officials still have some sense of dignity in them, when they are being slightly criticized, they will feel very uneasy. However, if our colleagues are getting used to scolding the government officials with very vulgar language, as time passes, they will become thick-skinned and gradually become indifferent to serious issues. As a result, it will produce a counter effect which deviates from the original intention of pursuing accountability of government officials to let the public know that they are not doing their job well.

President, I also wish to introduce an index because other than the problem of disparity between the rich and the poor, I find that we may have overlooked a more important concept. While raising the point on hegemony by the real estate sector or collusion between the Government and the business sector, in fact, there is also another index mentioned in a survey conducted by *The Economist* in 2014, known as the "index of crony capitalism". What is it? This is basically used to gauge some major rent-seeking industries in society, that is, the issue of rent-seeking mentioned by Premier LI Keqiang and quoted by Mr Alan LEONG.

Among the various types of industries, what is the share of return on GDP resources being held by the billionaires in our society? According to the report on crony capitalism by *The Economist*, Hong Kong is really marvellous as we once again came first on the list, and we have a marked difference from Russia which ranked second. The proportion of our GDP being held by the billionaires in Hong Kong is as high as 80%, while the first runner-up Russia is only 20%. In our impression, the market share taken up by many of the local tyrants in Russia is quite substantial or they have a lot of collusion between the bureaucrats and the businessmen. As a matter of fact, it is only trivial on comparison, for Hong Kong is really formidable.

I hope that we could pay more attention to this indicator as this is exactly one of our current  allow me to switch the subject and talk about the constitutional reform proposals because apart from the fact that this "pocket it first" proposal can enable our democratic development to make a big step forward, or as some colleagues or public comments often say, this is a very good preventive measure against the re-election of the incumbent Chief Executive, more importantly, the progress of this "pocket it first" proposal lies in its actually pinpointing the so-called "king making" by the coterie of 1 200 persons and reducing for that matter collusion between the Government and the business sector or the real estate hegemony. Or applying the claim about crony capitalism, it reduces the best opportunity for the parties concerned or the beneficiaries to further strengthen or maintain this kind of hegemony. I therefore hope that we can have one more factor of consideration to rethink whether we should cast our vote to support the "pocket it first" proposal to reduce the clout of this cartel of 1 200 persons or the key figures in this kind of cronyism. This is a very good opportunity.

President, coming back to the Budget, when we evaluate the success or failure of the Budget, particularly in Hong Kong, normally we will look invariably at a few main points. The first one is whether we can reach the goals of keeping expenditure within the limits of revenues and achieving prudent fiscal management. By chance we are so lucky this year ― it is lucky for the Government but not so for many people ― for we have introduced the "curb measures", or more importantly, the recent stock market upsurge. It has been learnt that the Government has earned within two days $1,100 million from stamp duty, which is sufficient to cover the sum for paying one-month rental for the public housing residents. Hence, the Government is basically very lucky in terms of spending within our own means, and there is no problem at all. However, if we adopt another indicator, that is, to examine whether this Budget is cost-effective or not, I am afraid the performance in this aspect is not at all outstanding.

President, I wish to bring out two more important points regarding our Budget. Just as I said at the beginning, at this critical moment, do we have vision and can we ameliorate the current social problems with a positive attitude? In this regard, I am afraid colleagues have just made use of different ways to level strong criticisms, even so for the colleagues from the pro-establishment camp. Just like the criticism of "sticking to the rut" made by Mr Vincent FANG as I just quoted, there is actually no novelty as all through these years our Financial Secretary or the Government seems to lack determination, foresight, boldness or even pro-activeness to take forward significant social reforms. Making minor amends or repairs or offering "candies" basically can neither solve the major problems nor satisfy the public needs in different areas.

President, on the question of effectiveness, I wish to cite a few examples, and these are certainly no key or crucial examples. However, they can be used to demonstrate that there are plenty of room for improvement in the government policies. I wish to mention in passing that thanks to the system of our Audit Commission, we are given opportunities to understand the government operation in a more professional and meticulous manner. This is particularly so during the budgeting stage or when the Government submits funding applications to the Finance Committee. The rationale, arguments or data put forth were often one-sided. In recent years they were getting more and more slipshod, or even incomplete and incorrect, so many a time we would simply approve the funding but when we examined their effect, it was totally a different story. The latest, most apparent and most absurd example is definitely the Civil Aviation Department. We are still examining and dealing with their funding application for an air traffic control system.

Of course, this is one of the examples. However, let us review the past, for instance, the issues that we raised in respect of the current Budget, including the Integrated Employment Assistance Programme for Self-reliance (IEAPS). We consider the original intention of this Programme rather sound but we learnt from some reports that the monthly salary of our cement workers at present could reach over $30,000 while the steel fixers could earn more than $33,000 monthly. Why can we not drive this IEAPS to make the people concerned unable to stay continuously long term within the Comprehensive Social Security Assistance net in a way that is more favourable than other countries? These members of the public are neither aged nor feeble; they are in their prime. Should they choose not to work and continue to get such care?

In particular, what we have to handle now is a provision of $220 million. Though extending the IEAPS does not involve a substantial provision, if the relevant system and design are incomprehensive, or if they even fail to provide an incentive to force the people concerned to try taking up some of the jobs they dislike, such as the cement or steel fixing work which could fetch them more money or even other jobs such as dish washers or security guards, no one will be willing to take up these type of work. And now, there is a manpower shortage in drivers. Can we put the money to more appropriate uses under such circumstances?

President, another issue that warrants criticisms is torture claims. From the figures, we know that the percentage of successful applications among all is very low, but we have to spend relatively substantial public funding on it. The 2014 figure is as high as $40.8 million, including the expenses incurred for legal aid and the appeal mechanism. Nevertheless, the figure indicated to the contrary that most cases involved abuse of this mechanism. We understand that the Government is obligated to operate this mechanism, but can we adopt a more proactive preventive measure to spare us from spending such a substantial amount of public funds?

President, given the limited time, I am unable to cover too many subjects. In conclusion, the message I wish to strike home is, after undergoing the Occupy Central, we should be handling these problems in a more positive way rather than adopting our usual way of doing things, just "shirking our responsibility", getting "slack" at work and becoming lax once the current hurdle is cleared. If we fail to climb higher and look farther, fail to resolve the deep-rooted conflicts but just making minor amends or small repairs or offering some concessions for a year or half, it can never calm down the public anger and make our colleagues engage less in filibustering.

Thank you, President.

**PRESIDENT** (in Cantonese): All members attending the meeting have spoken. The session for members to speak during the Second Reading debate on the 2015 Appropriation Bill has concluded.

**MR ANDREW LEUNG** (in Cantonese): President, I move that the debate on the Second Reading of the Appropriation Bill 2015 be adjourned to the meeting of 22 April 2015.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the debate on the Second Reading of the Appropriation Bill 2015 be adjourned to the meeting of 22 April 2015.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): This Council will continue with the debate on the Second Reading of the Appropriation Bill 2015 at the meeting of 22 April 2015 during which public officers will respond. If the Bill receives Second Reading, its remaining stages will also be proceeded with at that meeting.

**MOTIONS**

**PRESIDENT** (in Cantonese):Motion. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Competition (Turnover) Regulation.

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

I now call upon the Secretary for Commerce and Economic Development to speak and move the motion.

**PROPOSED RESOLUTION UNDER SECTION 34(2) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese):President, I move that the motion as set out on the Agenda regarding an amendment to the Competition (Turnover) Regulation (the Regulation) be passed. The Regulation was published in the Gazette on 18 February 2015 to provide for the determination of the turnover of an undertaking and specify the turnover period for the purposes of the Competition Ordinance (Cap. 619). I would like to express my gratitude for the scrutiny of the Regulation and the valuable advice tendered by the Subcommittee chaired by Mr Andrew LEUNG.

As a result of deliberations with Members of the Subcommittee, I will propose today certain amendments to the Regulation in order to increase clarity of the wording and to set out that under section 2 of the Regulation (determination of turnover of undertakings), total gross revenues of an undertaking are to be calculated in accordance with generally accepted accounting principles. These amendments have obtained Members' support.

With these remarks, President, I hereby move the motion under my name printed on the Agenda to amend the Regulation.

**The Secretary for Commerce and Economic Development moved the following motion:**

"RESOLVED that the Competition (Turnover) Regulation, published in the Gazettee as Legal Notice No. 38 of 2015 and laid on the table of the Legislative Council on 25 February 2015, be amended as set out in the Schedule."

**Schedule**

**Amendments to Competition (Turnover) Regulation**

**1. Section 2 amended (determination of turnover of undertaking)**

(1) Section 2(3)(a) ―

**Repeal**

"any sum from a public body by way of grant, subsidy or similar financial assistance in return for a contractual obligation to supply goods or services to a third part, the sum"

**Substitute**

"from a public body any grant, subsidy or similar financial assistance in return for a contractual obligation to supply goods or services to a third party, the grant, subsidy or financial assistance".

(2) After section 2(3) ―

**Add**

"(4) Subject to this section, the total gross revenues of an undertaking are to be calculated in accordance with generally accepted accounting principles."."

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

**MR ANDREW LEUNG** (in Cantonese):President, in my capacity as Chairman of the Subcommittee on Four Subsidiary Legislation Related to Competition Ordinance Gazetted on 18 February 2015 (the Subcommittee), I will speak on the deliberations of the Subcommittee.

The purposes of the enactment of four pieces of subsidiary legislation include: (i) the Competition (Application of Provisions) Regulation is made to apply the provisions referred to in section 3(1) of the Competition Ordinance to six designated statutory bodies; (ii) the Competition (Disapplication of Provisions) Regulation is made to disapply the aforementioned provisions of section 3(1) to seven designated bodies; (iii) the Competition (Turnover) Regulation (the Regulation) provides for the determination of the turnover and turnover period of an undertaking; the turnover and turnover period of an undertaking are the measurement of eligibility for the exclusions under the Competition Ordinance. Turnover is also the measurement for determining the cap on pecuniary penalties under the Competition Ordinance; and (iv) the Competition Ordinance (Commencement) Notice 2015 provides for the commencement of sections 3, 4 and 5 of the Competition Ordinance on 17 April 2015.

Some members welcomed the Competition (Application of Provisions) Regulation and considered that it is more appropriate for the Competition Commission to determine whether a particular body is in breach of the Competition Rules or otherwise based on the outcome of the investigation.

Members have also noted that the seven non-statutory bodies under the Competition (Disapplication of Provisions) Regulation are regulated by the Securities and Futures Ordinance (Cap. 571), which included competition as one of its objectives of regulation. The disapplication arrangement will prevent any ambiguity that may otherwise arise as a result of their activities being subject to regulation under two ordinances. The Securities and Futures Commission is establishing a regular dialogue with the Competition Commission to share experience in regulating competition matters.

The Subcommittee mainly focused on discussing the Regulation. As regards the concern raised by members on the meaning of "ordinary activities" in section 2 of the Regulation, the Administration indicated that the coverage of "ordinary activities" would depend on the nature of business of the undertaking concerned. For example, if the business of an undertaking involves purchasing of properties for resale, the transactions of such properties would constitute/be considered as the revenue arising from its "ordinary activities".

The Subcommittee has raised the question of whether the principles/criteria on the classification of an activity as "ordinary" or otherwise should be set out in the relevant provisions. According to the Administration, the use of "ordinary activities" is determined with reference to the Hong Kong Accounting Standard 18 on Revenue and it is a concept familiar to the accounting profession. In response to members' concerns, the Administration has agreed to add a new subsection (4) under section 2 of the Regulation to the effect that the total gross revenues of an undertaking are to be calculated in accordance with generally accepted accounting principles.

Members noted that in the new subsection (4), "in Hong Kong" is not mentioned after "accounting principles" because the Competition Ordinance regulates conduct of undertakings established in Hong Kong as well as outside Hong Kong. Therefore, local accounting principles will be applied to determine the turnover. Members supported the proposed new subsection (4) as the present drafting allows flexibility for the Competition Tribunal to exercise judgement having regard to the facts of the case in question.

Some members have asked whether the word "amounts" in section 2 of the Regulation includes the measurement of revenue received in both monetary and non-monetary rewards. There was also a concern about the confusion caused by the meaning of the terms "amounts" and "sum" under section 2(3)(a) of the Regulation. The Administration stated that the use of the word "amounts" does not preclude the measurement of revenue received in non-monetary form, following the generally accepted accounting principles. To address the concern on the use of the word "sum", the Administration proposed to amend section 2(3)(a) and replace the expression "any sum" by "any grant, subsidy or similar financial assistance" to enhance its clarity.

Some members have asked whether the amounts derived from the local sale of goods exporting to overseas should form part of the turnover. The Administration explained that the turnover obtained in Hong Kong will in practice include sales to customers in Hong Kong as well as export sales made from Hong Kong, which is also the practice in Singapore.

The Subcommittee supports the four pieces of subsidiary legislation and the Administration's proposed amendments to the Regulation.

President, the following are my personal views. I would first like to make a declaration, that I am a member of the Federation of Hong Kong Industries (FHKI), representative of the FHKI in the Legislative Council and a member of the Competition Commission.

Since the scrutiny of the primary legislation of the Competition Ordinance, the FHKI has been striving for exemption from regulation by the Ordinance like other statutory bodies. Sadly, the Government insisted on not granting such exemption. The FHKI is a non-profit-making organization established under the Federation of Hong Kong Industries Ordinance (Cap. 321). It has three objects: first, to represent and serve the interests of the manufacturing industries; second, to foster the improvement and development of Hong Kong's manufacturing industries; third, to advise the Government on any matter that affects Hong Kong's manufacturing industries. In accordance with these objects, the FHKI has been providing its members as well as the industrial and commercial sectors with the services they need to expand their businesses.

The actual operation of the FHKI is to assist the Government in the implementation of policies which promote economic development in Hong Kong. In response to the Government's policies to promote the upgrading and restructuring of the manufacturing industries, to develop industries of innovation and technology as well as testing and certification which have a competitive edge, to promote domestic sales, and so on, the FHKI provides a wide range of services and performs the indispensible function of promoting public policies to assist the Government in implementing policies. Therefore, we are disappointed at the Administration's decision.

As regards the definition of "turnover", the industrial and commercial sectors are fairly concerned about this issue as it is related to whether an enterprise will contravene the law. We basically have no objection to the calculation method stipulated in the provision which calculates the total gross revenues of an undertaking by using generally accepted accounting principles. However, we also noted that accounting principles are not laws and may be updated in accordance with international accounting standards. Government officials have also explained at meetings that such a practice carries reference drawn to the drafting of other Hong Kong laws, which is not something new. Therefore, we accept such a practice.

President, I so submit.

**MR WONG TING-KWONG** (in Cantonese): President, the Competition (Turnover) Regulation (the Regulation) aims to stipulate the determination of the turnover of an undertaking. The turnover of an undertaking is a very important concept in the Competition Ordinance (CO) which will soon be fully implemented, especially for small and medium enterprises (SMEs). I always believe that the CO should target at large consortia which monopolize the market and hold a predominant position instead of targeting at the small enterprises. If both small and large enterprises are subject to the regulations of the CO and that the same set of regulations applies to any enterprise regardless of its scale, the SMEs will easily contravene the law and have to face legal risks at any time. This approach is beneficial to large enterprises which have counsel resources but consequently, it will adversely affect the implementation of the CO and fuel monopolization instead. It is therefore very important to provide the de minimis arrangements and grant exemption to SMEs which are smaller in scale and have a turnover which does not exceed a certain amount.

The existing principal Ordinance stipulates that if the combined turnover of the undertakings in the preceding year does not exceed $200 million, they will be exempted from the regulation of the first conduct rule as long as their agreement or concerted practice does not involve serious anti-competitive conduct. Moreover, if the turnover of an undertaking in the preceding year does not exceed $40 million, its conduct will also be exempted from regulation of the second conduct rule.

There was no de minimis arrangement when the Government first introduced the Competition Bill. Then, in response to public concern, the Government agreed to include the relevant arrangement. The turnover which could be granted exemption was, however, very low. For instance, if the combined turnover of enterprises making agreements amount to $100 million, they will be subject to regulation of the first conduct rule. If the turnover of an enterprise amounts to $11 million, it will be subject to regulation of the second conduct rule. These regulations are divorced from the reality in the market. If we adopt these levels of turnover, many SMEs will not be protected. Fortunately, the Administration took into account the concerns of various sectors in the community, especially the SMEs, and proposed amendments to increase those two amounts of turnover to $200 million and $40 million respectively. Comparatively speaking, the new regulations are pragmatic and more SMEs are included in the protection coverage, thus slightly easing the worries of the relevant sectors.

It is therefore very important for the SMEs to clearly understand how the turnover of an undertaking is determined so as to ascertain whether their enterprises can be exempted from regulation of the relevant Ordinance. This resolution seeks to amend the Regulation to enhance the clarity of the relevant regulation on determination of the turnover of an undertaking and to provide that the total gross revenues of an undertaking are to be calculated in accordance with generally accepted accounting principles. The Democratic Alliance for the Betterment and Progress of Hong Kong supports these technical amendments.

I so submit.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese):If not, I now call upon the Secretary for Commerce and Economic Development to reply.

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese):President, I have to thank Mr Andrew LEUNG and Mr WONG Ting-kwong for their views. The Competition (Turnover) Regulation (the Regulation) sets out the technical details to provide for the turnover and turnover period of an undertaking for the purposes of the Competition Ordinance (the Ordinance), so as to enhance the clarity of the determination of turnover under the Ordinance. The Subcommittee has thoroughly discussed all the technical details in the Regulation. We have proposed amendments to the Regulation in response to members' views and have gained the Subcommittee's support. With these remarks, President, I hope Members will support the motion.

Thank you, President.

**PRESIDENT** (in Cantonese):I now put the question to you and that is: That the motion moved by the Secretary for Commerce and Economic Development be passed. 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 of the Members present. I declare the motion passed.

**MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese):Member's motion. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending two items of subsidiary legislation in relation to the Merchant Shipping (Prevention and Control of Pollution) Ordinance, which were laid on the table of this Council on 25 March 2015.

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

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

**MR ANDREW LEUNG** (in Cantonese):President, at the House Committee meeting on 10 April 2015, Members decided to form a Subcommittee to study the two Regulations as set out in the motion.

Members also agreed that I, as Chairman of the House Committee, should move a motion to extend the scrutiny period of the two Regulations to 13 May 2015 so as to allow sufficient time for scrutiny by the relevant Subcommittee.

President, I urge Members to support the motion as set out on the Agenda.

**Mr Andrew LEUNG moved the following motion:**

"RESOLVED that in relation to the ―

(a) Merchant Shipping (Prevention and Control of Pollution) (Fees) (Amendment) Regulation 2015, published in the Gazette as Legal Notice No. 53 of 2015; and

(b) Merchant Shipping (Control of Harmful Anti-Fouling Systems on Ships) Regulation, published in the Gazette as Legal Notice No. 54 of 2015,

and laid on the table of the Legislative Council on 25 March 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 13 May 2015."

**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.

**NEXT MEETING**

**PRESIDENT** (in Cantonese):I now adjourn the Council until 11 am on 22 April 2015, Wednesday.

*Adjourned accordingly at 6.20 pm.*

1. "議事論事" means discuss and comments on issues. [↑](#footnote-ref-2)