

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 6 February 2013

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

DR THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P.

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

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

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

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

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

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

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

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

THE HONOURABLE CLAUDIA MO

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

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

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

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

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

THE HONOURABLE CHARLES PETER MOK

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN

DR THE HONOURABLE KENNETH CHAN KA-LOK

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

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

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

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

THE HONOURABLE TANG KA-PIU

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

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

THE HONOURABLE CHUNG KWOK-PAN

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

THE HONOURABLE TONY TSE WAI-CHUEN

PUBLIC OFFICERS ATTENDING:

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

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., P.M.S.M., J.P.
SECRETARY FOR SECURITY

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

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

DR THE HONOURABLE KO WING-MAN, B.B.S., J.P.
SECRETARY FOR FOOD AND HEALTH

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

CLERKS IN ATTENDANCE:

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

MRS JUSTINA LAM CHENG BO-LING, DEPUTY SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Companies (Words and Expressions in Company Names) Order	7/2013
Companies (Disclosure of Company Name and Liability Status) Regulation	8/2013
Companies (Accounting Standards (Prescribed Body)) Regulation	9/2013
Companies (Directors' Report) Regulation	10/2013
Companies (Summary Financial Reports) Regulation	11/2013
Designation of Libraries (Amendment) (No. 2) Order 2013	12/2013
Securities and Futures (Contracts Limits and Reportable Positions) (Amendment) Rules 2013	13/2013
Residential Properties (First-hand Sales) Ordinance (Commencement) Notice	14/2013

Other Papers

- No. 68 — Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2012 and the Results of Value for Money Audits (Report No. 59) (February 2013 — P.A.C. Report No. 59)

Report No. 10/12-13 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

ADDRESSES

PRESIDENT (in Cantonese): Addresses. Mr Abraham SHEK will address the Council on the "Public Accounts Committee Report No. 59".

Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2012 and the Results of Value for Money Audits (Report No. 59)
(February 2013 — P.A.C. Report No. 59)

MR ABRAHAM SHEK: President, on behalf of the Public Accounts Committee (PAC), I have the honour to table our Report No. 59 today.

This report contains three main parts: (a) the PAC's assessment of the actions taken by the Administration in response to our recommendations made in previous PAC Reports Nos. 56 and 57; (b) the observations of the PAC on the Report of the Director of Audit on the Accounts of the Government for the year ended 31 March 2012; and (c) the conclusions reached by the PAC on the Director of Audit's Report No. 59 on the results of value for money audits completed between March and September 2012 and tabled in this Council on 14 November 2012.

Pursuant to discussion by the PAC, we decided to study in detail four chapters covered by the Audit Report No. 59 which, in our views, contained more serious allegations of irregularities or shortcomings. Our approach, as always, has been fact-finding and problem-solving rather than simply assigning blame and expressing opinions. I wish to emphasize that the objective of the whole exercise is to maintain and improve the high standards of accounting which the Administration has attained, and to learn from past lessons in order to ensure that public moneys have been spent with due regard to economy, efficiency and effectiveness. In this spirit, I wish to draw the attention of this Council to several subjects and highlight the need for further accountability, transparency and prudence in the management of public resources.

President, first, I would like to speak on land grants for private hospitals. The PAC is dismayed that although it has been a public policy that non-profit-making private hospitals would be granted lands at nil or nominal premium in return for their agreement to meet two salient conditions, (i) to

provide free or low-charge beds, and (ii) to plough back profits or surplus from any hospital operation to improve and expand their facilities, these two conditions had been omitted from some of the direct land grants made. Given that private hospitals nowadays do make profits, and land in Hong Kong is scarce and very precious, the PAC considers that the Administration needs to ensure that private hospitals have been making proper use of the sites granted to them, including benefiting a wider section of the public.

The second subject I will briefly refer to is the land sale for private hospital development. The PAC is again dismayed and finds it inexcusable that there had been an over-provision of land for the development of a private hospital in the New Territories. Such over-provision resulted not only in the surplus land having been left idle for years, but also gave the owner an unfair and unjustified advantage over other developers on rezoning the land for residential development at a premium to be paid. The Administration has assured the PAC that similar incidents should not recur for the following reasons. First, the Administration will be more precise in determining the size of the hospital site and in assessing the demand for service expansion. Second, strict development controls will be stipulated in the land grants of government sites for new private hospitals, such as land use, total gross floor area and maximum site coverage and building height.

Thirdly, I would wish to reflect the PAC's concern about the regulatory control of private hospitals. The PAC again finds it unacceptable that the Administration has not always taken effective regulatory actions against private hospitals. A checklist was not used for inspections on private hospitals in 2009 and 2010. According to the established guidelines, regulatory letters should be issued to private hospitals if serious irregularities are detected in the inspections or investigation of sentinel events and complaints. But the issuance of such letters to private hospitals was sadly few. Furthermore, the Administration did not refer cases involving suspected professional misconduct of doctors or nurses to the relevant professional bodies for follow-up.

The PAC is also dismayed that the Administration only issued three press releases relating to sentinel events of private hospitals from 2007 to 2011. The Hospital Authority would consider disclosing a sentinel event if such event had immediate major impact on the public or involved a patient's death. However, the Administration would only consider disclosing a sentinel event in a private hospital if such event had major impact on the public healthcare system, or if it constituted a persistent public health risk or involved a large number of patients.

The PAC urges the Administration to align the criteria for disclosing sentinel events in both private and public hospitals.

To better safeguard public health, the PAC hopes that the Steering Committee on Review of the Regulation of Private Healthcare Facilities, set up by the Government in October last year to review the regulatory regime on private healthcare facilities, including private hospitals, will come up with more effective measures within the year.

I now turn to the PAC's deliberations on the two chapters on air pollution. The PAC is disappointed and dissatisfied about the little progress made by the Administration in tackling air pollution over the years. The PAC is very concerned about the adverse health effects of air pollution. The PAC is strongly of the view that government expenditure should be better spent on preventive measures to protect public health by improving air quality than on medical cost arising from curing health problems associated with air pollution.

The PAC welcomes the commitment of the Administration to work in a concerted manner to proactively improve air quality and carefully consider public health when formulating clean air policy. The PAC expects that the Administration will learn from past lessons in formulating new measures to reduce emissions from vehicles, marine vessels and power plants as well as emissions from the Pearl River Delta Region. In adopting a "carrot and stick" approach, a right balance between incentives and disincentives must be struck to ensure the effectiveness of these measures and prudent use of public money.

The PAC expects that the Administration will soon announce its targets with milestones for the progressive achievement of the new air quality objectives that are proposed to take effect from 2014. The PAC looks forward to receiving an update from the Administration on its action plan in respect of the revamp of the air pollution index reporting system to enhance public awareness of air pollution.

President, before I conclude, I wish to record my appreciation of the contributions made by members of the PAC, particularly the two lead members, namely Mr Alan LEONG and Mr Kenneth LEUNG. Our gratitude also goes to the representatives of the Administration who attended the hearings held by the PAC. I would also like to express our gratitude to the Director of Audit and his

colleagues for their unfailing support, and, last but not least, to the Legislative Council Secretariat for their great support.

Thank you, President.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Grant of Land to Hong Kong Baptist University for Construction of a Chinese Medicine Teaching Hospital

1. **DR LAM TAI-FAI** (in Cantonese): *President, the Hong Kong Baptist University (HKBU) has all along been seeking the Government's grant of the entire site of the former campus of the Hong Kong Institute of Vocational Education (Lee Wai Lee) at Renfrew Road in Kowloon Tong for the construction of student hostels and a Chinese medicine teaching hospital. However, on a radio programme on the 17th of last month, the Chief Executive indicated that the Government and the HKBU had reached an agreement that half of the site would be used for constructing student hostels and the other half would be retained by the Government for residential development. Yet, the HKBU had subsequently issued a statement pointing out that it had not reached the aforesaid agreement with the Government, and emphasizing that since 2005, it had all along been applying to the Government for the grant of the entire site. In this connection, will the Government inform this Council:*

- (a) *of the details of the agreement mentioned by the Chief Executive;*
- (b) *whether it supports the construction of a Chinese medicine teaching hospital by the HKBU; if it does, whether it will allocate land to the HKBU for this purpose; if not, of the reasons for that; and*
- (c) *as the Government indicated on the 8th of last month that, after assessment, it considered that the southern portion of the aforesaid site was no longer required to be retained for other "Government, Institution or Community" uses, and it was suitable for rezoning to residential use, and the Planning Department (PlanD) has therefore submitted a proposal to the Town Planning Board (TPB) to rezone*

such portion of the site for residential use, of the justifications for arriving at such assessment outcome by the Government?

SECRETARY FOR DEVELOPMENT (in Cantonese): President, Members, good morning. I understand that Legislative Council Members and the general public are very concerned about the use of the site on Renfrew Road, Kowloon Tong whereby the former campus of the Hong Kong Institute of Vocational Education (Lee Wai Lee) was situated (ex-IVE(LWL) site). As the issue involves policy areas of the Education Bureau, Food and Health Bureau and Development Bureau, I am asked to represent the three Policy Bureaux to jointly respond to this question. Given that this case involves three Policy Bureaux and its relatively complex content, in order to let Members have a more comprehensive understanding of the case, I would like to explain in greater detail the background of the case and so my reply will be a bit lengthy. The Secretary for Education is also at the meeting today and he will respond to Legislative Council Members' supplementary questions on education policies.

The introduction and first part of the question are related to the policy of land use of post-secondary institutions. In this regard, the Administration and the University Grants Committee (UGC) have all along been supporting UGC-funded institutions in the development of publicly-funded academic facilities and student hostels in accordance with well-established policies and calculation criteria. The Education Bureau, Development Bureau and the PlanD have been catering for such development needs of UGC-funded institutions in accordance with established policies.

For the HKBU, in terms of academic facilities, the HKBU currently has about 80 000 sq m of teaching space (in terms of total net operational floor area (NOFA) including the space to be provided by projects under detailed planning). Apart from the Communication and Visual Arts Building completed earlier, the HKBU has also been given approval to use public funding of \$945.1 million for a campus development project to redevelop and construct new academic buildings in meeting the needs arising from the implementation of the new academic structure. Construction of the two new buildings has largely been completed and the two buildings have already been put to use.

Besides, the Administration has implemented various measures to provide additional facilities to the HKBU in order to meet its requirements for academic space.

As regards student hostels, the HKBU currently has 1 710 publicly-funded student hostel places in use and another 150 under construction. According to the established calculation formula applicable to the UGC-funded sector, the HKBU will require an additional 1 331 student hostel places by the 2014-2015 academic year. The above calculation has already taken into account additional hostel needs arising from the implementation of the new academic structure and made the assumption that the HKBU will be able to recruit non-local students up to the prevailing quota, that is, 20% of total enrolment (the HKBU's ratio of non-local students was 10.5% in the 2011-2012 academic year). The HKBU, to cater for such purpose, has submitted a proposal for developing new student hostels to the UGC, suggesting that new hostel blocks be constructed on part of the ex-IVE(LWL) site, which are capable of accommodating more than 1 331 student hostel places.

The Education Bureau has reviewed the long-term use of the ex-IVE(LWL) site in Kowloon Tong since the relocation of the ex-IVE(LWL) to Tseung Kwan O. The Education Bureau considers that granting the northern portion of the ex-IVE(LWL) site to the HKBU can already provide an NOFA of about 20 000 sq m, whereby the HKBU's requirements on academic space and student hostel places can be met in full under prevailing policies if the HKBU can make the best use of this portion of the site in adherence to the established calculation formula and policies. Therefore, the southern portion of the ex-IVE(LWL) site is beyond the requirements of the HKBU under prevailing policies.

Separately, the Education Bureau has also considered whether the southern portion of the ex-IVE(LWL) site can be used by other UGC-funded institutions for expansion purposes. The Education Bureau takes the view that land resources are scarce and hence they should be deployed for the most optimal uses. In deciding whether a particular site should be reserved for use by UGC-funded institutions, the Administration should take all relevant factors into account, for example, whether there are any additional requirements for space by the institutions under the prevailing policies or whether the institutions' campuses are fully utilized. In fact, the Education Bureau is in discussion with some of the institutions with a shortfall of hostels and academic facilities, with a view to

exploring the feasibility of constructing hostels or academic facilities in various places in Hong Kong. The southern portion of the ex-IVE(LWL) site is not among the sites identified. Taking a holistic account of the above factors, the Education Bureau considers that there is no need to retain the southern portion of the site for the purpose of expansion by other UGC-funded institutions or for higher education purpose; the Education Bureau thus proposes to surrender the southern portion of the site to the Government for other uses to cater for other needs of the community and ensure optimal use of valuable land resources.

The second part of the question is related to the HKBU's proposal to develop a Chinese medicine hospital. Currently there are three institutions in Hong Kong offering UGC-funded Chinese medicine programmes. At present, the Administration does not have a policy for supporting the funded institutions to establish Chinese medicine teaching hospitals. Nonetheless, the Food and Health Bureau will consider proposals from any organizations interested in developing Chinese medicine hospitals. The Chinese medicine hospital will mainly provide Chinese medicine in-patient services and if needed, training opportunities for institutions in Hong Kong offering Chinese medicine courses. The organization setting up and operating a Chinese medicine hospital is not limited to institutions and it is not a must that its location should be within or close to the institution campus.

The HKBU informed the Food and Health Bureau in November 2011 and September 2012 respectively that the HKBU had found common ground with Tsim Sha Tsui District Kai Fong Welfare Association (TSTKFWA) and suggested redeveloping part of the TSTKFWA's building in Tsim Sha Tsui into a HKBU Chinese medicine hospital. The HKBU sent in detailed proposals for developing a Chinese medicine hospital at the site. The Food and Health Bureau all along supports the HKBU's proposal for developing a Chinese medicine hospital with TSTKFWA and has been in close communication with the HKBU on studying and following up on the proposal. The HKBU mentioned at an informal meeting with the Food and Health Bureau in October 2012 that it was interested to develop a Chinese medicine hospital on the ex-IVE(LWL) site, but had not submitted any detailed proposal or followed up on the suggestion.

The third part of the question is related to the long-term use of the southern portion of the ex-IVE(LWL) site. As the Education Bureau agreed that the southern portion of the site need not be retained for higher education purpose, the

Development Bureau and the PlanD have considered the long-term use of it in accordance with established practice since 2011. The site is currently zoned "Government, Institution or Community(9)" (GIC(9)) on the approved Kowloon Tong Outline Zoning Plan (OZP). After assessment and consultation with relevant government bureaux and departments, the Administration considers that the southern portion need not be reserved for GIC uses and is suitable to be rezoned for residential purpose. Thus, in late 2012, the PlanD submitted to the TPB a proposal to rezone the southern portion for residential use with a view to meeting housing needs of the community.

This proposal is based on the consideration that, given the generally low-density residential developments and relatively small population in the Kowloon Tong area, the demand for GIC facilities to serve the area is relatively low. Based on the Hong Kong Planning Standard and Guidelines and the population of the area, apart from a post office as well as an integrated children and youth service centre, there is no deficit of general GIC facilities in the area. Nonetheless, such facilities can be incorporated into a non-domestic building or the non-domestic portion of a commercial/residential development. There is no need to reserve a stand-alone site for development of such GIC facilities. Other relevant government departments have confirmed that the site is not required for other GIC uses. Given that the areas to the West and South of the site are mainly for residential purpose and there are no incompatible uses in its vicinity, the Administration has made an assessment and considers that the site is suitable for medium-density residential development to meet the housing needs of the community.

The Metro Planning Committee of the TPB at its meeting on 25 January 2013 agreed to the proposal to rezone the southern portion from "GIC(9)" to "Residential (Group B)" after considering the Administration's relevant rezoning proposal and information provided by Education Bureau as well as Food and Health Bureau. The amendments to the relevant OZP will be gazetted under section 5 of the Town Planning Ordinance (the Ordinance) and exhibited for two months. The public can make representations to the TPB concerning the amendments during the OZP exhibition period. Thereafter, the TPB will exhibit the representations for public inspection. The public can submit comments on the representations to the TPB within the first three weeks of exhibition. The TPB will, at a later date, conduct public hearings in respect of representations and comments received.

President, based on the above background, I would like to point out that the Administration has all along been handling and supporting the need of academic facilities and student hostels of the HKBU as well as other UGC-funded institutions in accordance with established education policies. The northern portion of the ex-IVE(LWL) site can fully meet the HKBU's needs under prevailing policies; the southern portion is beyond the requirements of the HKBU under prevailing policies. At present, the Administration does not have a policy on supporting the funded institutions to establish Chinese medicine teaching hospitals. At the same time, the Administration is in communication with HKBU on its proposal to develop a Chinese medicine hospital in Tsim Sha Tsui and has not received any detailed proposal from HKBU for developing the southern portion of ex-IVE(LWL) site for such purpose. As for the planning of the southern portion of the ex-IVE(LWL) site, it is conducted in accordance with the established planning procedures and its rezoning to residential use is based on the consideration of optimizing land resources.

Until recently, the HKBU sent in a letter to the Secretary for Education on 14 January 2013 indicating its intention to abandon the proposal with TSTKFWA and to study the feasibility of developing the Chinese medicine hospital at the ex-IVE(LWL) site. The Food and Health Bureau all along supports the development of Chinese medicine in Hong Kong and the establishment of Chinese medicine hospitals in Hong Kong. The Food and Health Bureau will consider and study detailed proposals from any proponent. We consider that rezoning the ex-IVE(LWL) site for residential use can expedite the optimization of its use. It does not conform to the principle of land use optimization if the site is left vacant for a long period of time.

DR LAM TAI-FAI (in Cantonese): *President, the reply of the Secretary has given the tactic "giving irrelevant replies" full play vividly. The Secretary's lengthy reply intends to divert attention instead of answering my main question in a direct manner. President, I understand that the Government has to identify land in the whole territory in order to tell Hong Kong people how many residential flats can be built. But the approaches adopted for identifying land are actually chaotic.*

President, in this incident, the Government has ignored the development needs of the HKBU and the objections and feelings of students and teachers. Neither is the Government afraid of causing social conflicts. It has decided

unilaterally to change the use of the site which is surrounded by the campus of HKBU on three sides for the construction of luxury property at the expense of the University's development. In the meantime, Secretary Eddie NG has been standing idly by without giving support to the development of education. This is most worrying. The area of the People's Liberation Army barracks opposite the ex-IVE(LWL) site across the street is almost 10 hectares in area, which is bigger than the southern portion by 10 times. My supplementary question is: Since the Government is eager to find land in the territory, will it apply for rezoning some portion of the land in the barracks to residential use for the construction of luxury property? In doing so, the Government can build luxury property as it wishes without compromising the development needs of HKBU. Secretary, what are the details if an application will be made; if not, why not?

SECRETARY FOR DEVELOPMENT (in Cantonese): President, there is no necessary relationship between the military site opposite the ex-IVE(LWL) site mentioned by Dr LAM Tai-fai and our decision of how to use that site. Neither are they mutually exclusive to each other. The Government will not give up any method that can increase land supply. So, regarding Dr LAM Tai-fai's suggestion made just now, we will follow up and efforts are being made.

As for the southern portion of the ex-IVE(LWL) site, as I have already mentioned, the northern portion of the site can fully meet the HKBU's needs under the prevailing policy and as I said in the main reply, the site need not be reserved for GIC uses. Therefore, we consider it best conforms to the principle of optimizing the use of resources by rezoning it for residential purpose.

DR LAM TAI-FAI (in Cantonese): *President, just now my supplementary question is: Will the Government consider rezoning part of the land in the barracks for the construction of luxury property?*

PRESIDENT (in Cantonese): I heard that the Secretary has given a reply to the question.

MR IP KIN-YUEN (in Cantonese): *President, over the past few months, the Government has given us an impression that it is eager to find land for the*

construction of residential buildings. Apart from sports facilities, sites for educational purpose seem to be the most affected. As a start, there was the Queen's Hill site incident, and then we have the incident concerning the ex-IVE(LWL) site. Recently, it has been reported that a site reserved for the construction of a secondary school in Ngau Tau Kok has been surrendered. Can the authorities tell us whether the Government will ultimately be bent on residential development at the expense of education development? Can the Secretary tell us whether the Government still intends to rezone other sites from education use to residential purpose? If yes, how many similar sites are being considered for such change in plan? On what criteria decisions of the authorities are made?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, we are anxious to find land because I sense the people's urgency. As we can see, there is a prevalent shortage of housing. How can we not work hard to find land? As for the question of whether it will affect the needs in other government policy portfolios such as the needs in development of education as mentioned by Mr IP Kin-yuen, I can assure Members that the answer is in the negative. We have to consult the relevant bureau when considering rezoning a site. And only when the relevant bureau thinks that the land need not to be reserved or can be replaced by other sites, we will change its use in accordance with the town planning procedure.

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

MR IP KIN-YUEN (in Cantonese): *President, my supplementary question is whether the authorities have considered rezoning other sites earmarked for education for residential purpose? If so, how many sites fall into such category?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, regarding our work relating to identifying sites, as mentioned in the Policy Address, there are 36 short-, medium- and long-term measures. Different sites will be considered in this ongoing process. In view of this, I cannot tell Members exactly which sites will be considered and which sites will not be considered at this stage because careful consideration is required for each site.

MR ABRAHAM SHEK (in Cantonese): *President, Secretary Paul CHAN's 14-paragraph-long reply to Dr LAM Tai-fai's main question reflects that in the Government's policy, education is treated as a commodity rather than social investment. For my supplementary question, may I ask the Secretary for Education how the future development of the HKBU will be maintained? Land is the most crucial factor in development. Secretary Paul CHAN said that land is available in other locations and this site is not required for its use. But the problem is, this site is precisely in the vicinity of the HKBU and students will not be required to attend class reluctantly in Tseung Kwan O. President, may I ask the Secretary for Education about his view on the education policy? How can the HKBU's future development be maintained?*

SECRETARY FOR EDUCATION (in Cantonese): I would like to reiterate that all the planning work of the UGC and the plans undertaken by all institutions are covered by a three-year comprehensive plan. We have to act in accordance with our commitment at the early stage of the plan. As elaborated by the Secretary for Development, during the last 18 months, as we can also see, we have provided support to the HKBU in many ways. These include the establishment of the Communication and Visual Arts Building, the redevelopment of two new buildings, and the former Royal Air Force Officers' Quarters Compound on Kwun Tong Road for academic purposes. Furthermore, the northern portion of the ex-IVE(LWL) site will be allocated to meet its need of accommodating 1 331 student hostel places. We will, on another level, continue to discuss with the HKBU its other development plans and need for land. In fact, we have recently held two meetings. Discussions will continue.

Let me say a few more words about the Queen's Hill site. I would like to stress again that the message is purely a rumour. From the beginning till now, open bidding for the site has never been suspended. It will still go on. Members will soon see that a global bidding process will be carried out. This

has precisely reflected that our established education plan will not be changed and we are committed to the development in this aspect.

PRESIDENT (in Cantonese): Mr Abraham SHEK, what is your point?

MR ABRAHAM SHEK (in Cantonese): *President, the Secretary did not answer my question. I asked: As the area of HKBU's campus is small compared with other universities, why do the authorities not make use of this opportunity to help its development so that hostel blocks can be constructed on the site instead of using the site for residential purpose?*

PRESIDENT (in Cantonese): The Secretary has answered your question about supporting the development of HKBU. If you think that the Government's effort is inadequate, please follow up through other channels.

MR MA FUNG-KWOK (in Cantonese): *I know that the Government is now eager for land, but this must be carried out in an orderly manner. The Government's reply is quite disappointing. In my opinion, the three Policy Bureaux, including the Development Bureau, Food and Health Bureau and the Education Bureau should be criticized. There are many universities in the world. If a university wants to develop well, there must be*

PRESIDENT (in Cantonese): Mr MA, please do not make lengthy remarks.

MR MA FUNG-KWOK (in Cantonese): *Yes, I will be brief. My question is: Why does the Government not properly communicate with the HKBU so that those 10-odd facilities which are currently scattered at different locations in the communities can be centralized for utilization or the HKBU can use the land of other institutions for the time being? As the land can be used as a university site or post-secondary institution site, why is it rezoned for residential purpose? I really do not see the need. Has the Government communicated with the HKBU*

properly? If it has, why are full-page advertisements published to oppose the Government's arrangement?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the points made in the advertisement will be considered. But it cannot be deemed to be true or the facts. President, the Administration has in fact maintained close communication with the HKBU.

Let me offer some practical information for Members' reference. In September 2009, the HKBU proposed to use the whole ex-IVE(LWL) site for developing a Chinese medicine hospital. One year later, or in December 2010, the HKBU advised the Government that it would construct a creative building, an international student centre and a student hostel instead of setting up a Chinese medicine hospital on the site. Six months later, or in June 2011, the HKBU proposed to the TSTKFWA that the Association's building be redeveloped into a Chinese medicine hospital. One year later, or in July 2012, the HKBU requested that the whole ex-IVE(LWL) site be used for the construction of a student hostel and other academic facilities, which refer to the creative building and international student centre. There is no mention of the Chinese medicine hospital anymore. In September 2012 when the HKBU proposed to the Government to set up a Chinese medicine hospital, it did not mention the ex-IVE(LWL) site again. In September 2012, the HKBU submitted a public works proposal to the UGC, proposing that the whole ex-IVE(LWL) site be used for the construction of a student hostel and swimming pool. In October 2012, the UGC informed the HKBU that its requests went beyond the existing standard of UGC. And I have also mentioned this in the main reply. In November 2012, the HKBU revised the public works proposal in which it proposed to use only the northern portion of the site for the development of a student hostel. Again, the southern portion of the site was not mentioned.

I hope that we can see all the facts and present rational arguments. President, as I said in the main reply, the ultimate use of this site can only be determined after going through the town planning procedure, during which there will be sufficient time to allow all stakeholders to make representations. In the

meantime, the TPB will also convene public hearings. Most importantly, we have to understand all the facts clearly.

PRESIDENT (in Cantonese): We have almost spent 26 minutes on this question.

(Dr Kenneth CHAN raised his hand in indication)

PRESIDENT (in Cantonese): Dr CHAN, what is your point.

DR KENNETH CHAN (in Cantonese): *President, I would like to seek a clarification. Does the advertisement mentioned by the Secretary refer to the advertisement placed by the HKBU's teachers and students? What he said does not conform to the facts. Does he mean that the HKBU's teachers and students told lies?*

PRESIDENT (in Cantonese): Dr CHAN, this is not a point of order. Mr MA Fung-kwok referred to an advertisement in his supplementary question. In his reply just now, the Secretary precisely responded to that advertisement. If Members do not agree with him or query his reply, please follow up on other occasions. Second question.

Supply and Retraining of Local Labour and Importation of Foreign Labour

2. **MISS CHAN YUEN-HAN** (in Cantonese): *President, at the meeting of this Council on the 9th of last month, the Secretary for Development advised that as the unemployment rate and underemployment rate in the construction industry were 4.4% and 7% respectively, the Government had no plan to propose importing foreign labour. However, the Chief Executive told this Council on the 17th of last month that "when the local labour force is insufficient to support our development needs, we have to consider importing construction workers from outside Hong Kong." Moreover, the 2013 Policy Address has proposed abolishing the collection of the Employees Retraining Levy (the levy) from employers of foreign domestic helpers. In this connection, will the Government inform this Council:*

- (a) *of the reasons for the discrepancy between the remarks made by the Chief Executive and the Secretary on whether it is necessary to import foreign labour for the construction industry;*
- (b) *whether the authorities have, before proposing the initiative to abolish the levy, considered its impact on the employment of local workers, and whether they have planned to inject funds into the Employees Retraining Board (ERB); if they have such plans, of the time frame and amount of such injection; and*
- (c) *of the respective numbers of trainees who had and those who had not succeeded in securing employment after taking the courses of the ERB and the Construction Industry Training Authority in the past three years; whether the authorities have examined why some trainees were unable to secure employment; regarding the problem of manpower mismatch, whether the authorities will enhance the training efforts and resource input so as to secure a sufficient supply of local labour to undertake work in different trades, and study introducing improvement to the employment terms and working environment of construction site workers in order to attract more people to join the industry; whether the authorities will review the existing policy to eradicate the importation of cheap foreign labour by employers under the guise of the "General Employment Policy" and apprentice training, and so on; whether they will consider charging fees from such employers and stepping up monitoring in this regard?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, regarding Miss CHAN Yuen-han's question, the reply is as follows:

- (a) The Special Administrative Region Government's policy is to ensure priority of employment for local workers and to safeguard their salaries and benefits. Employers must accord priority to local workers in filling job vacancies. Employers who have genuine need but with difficulties in identifying suitable staff locally may consider applying for importing workers to fill vacancies through established channels, including the Supplementary Labour Scheme (SLS) administered by the Labour Department (LD).

In reply to a supplementary question from a Member of the Legislative Council at the Legislative Council meeting on 9 January 2013, the Secretary for Development stated that local workers would be accorded priority in employment. Contractors may apply to import workers through the SLS for individual trades in need. In 2012, there were over 200 construction workers in various trades imported under the SLS.

In view of projected manpower shortage and ageing problems for individual trades, the relevant Bureau will strengthen measures to attract new entrants, particularly young people, to the construction industry. The Administration will provide multi-skills training for local workers, improve the work environment and conditions, and provide job matching with a view to better utilizing the manpower resource of the local construction industry and sharing the fruits of economic growth with them.

At present, the unemployment rate of the construction industry stands at 4.9% and the underemployment rate 7.4%. The current manpower situation is not as severe as that during the peak period of the Airport Core Programme, with the unemployment rate at 2%. Looking ahead, the Administration expects the annual capital works expenditure for the next few years to exceed \$70 billion, which is a significant increase as compared with the actual expenditure of \$20.5 billion for 2007-2008 and the forecast expenditure of \$62.3 billion for 2012-2013. While continual investment in infrastructure as well as public and private housing construction will create more opportunities for the construction industry, it will add further pressure to the manpower situation. To ensure that various works projects can proceed smoothly, the Administration will closely monitor the labour supply and demand in the construction industry.

In reply to a question from a member of Legislative Council at the Legislative Council meeting on 17 January 2013, the Chief Executive stated that the Government should meet the employment needs of local workers first. When there is inadequate local workforce to support the needs of development, importation of construction workers has to be considered. The emphasis on

meeting the employment needs of local workers first is consistent with the established policy of the Special Administrative Region Government and the statement of the Secretary for Development.

- (b) Since the 1970s, importation of foreign domestic helpers (FDHs) has been allowed to meet the shortfall of local live-in domestic workers. In his 2013 Policy Address, the Chief Executive announced to abolish the levy imposed on FDH employers (FDH levy) to ease the burden on concerned families. This arrangement does not affect the long-established measure on the importation of FDHs. It also does not affect local domestic helpers as they mainly provide part-time domestic service which differs from the live-in arrangements of FDHs.

The FDH levy forms the major source of funding for the ERB. On the basis of the existing utilization of training places, it is estimated that the balance of the Employees Retraining Fund can sustain the ERB's service until end-2015. In his Policy Address, the Chief Executive affirmed the contribution of the ERB and considered that it should be provided with sustained and stable financial support as a long-term commitment to enhancing the productivity of local workers. I will make proposals to the Financial Secretary on the long-term financial arrangements for the ERB in due course.

- (c) In the past three years (that is, 2009-2010 to 2011-2012), the number of trainees enrolled in ERB courses were about 101 000, 98 000 and 105 000 respectively; about half of the trainees attended full-time placement-tied courses offered by the ERB for the unemployed. Upon completion of the full-time placement-tied courses, job placement and follow-up services of three to six months are offered to trainees by the training bodies. In the past three years, about 123 000 trainees (that is, about 82% of trainees who successfully completed full-time placement-tied courses) were placed during the placement period. According to the training bodies, some trainees were not placed in jobs during the period for "personal reasons" (about 50%) and "the need to take care of their families" (about 40%).

As regards training for the construction industry, according to the Construction Industry Council (CIC), about 4 200 trainees, which account for about 90% of the graduates, have secured employment in the construction industry over the past three years. Some trainees did not join the industry for reasons of unsuitability of the work, pursuit of further studies and other personal factors.

The Administration has been collaborating with the CIC to increase manpower supply for the construction industry. In 2010 and 2012, the Administration obtained approval from the Legislative Council for funding of a total of \$320 million to support the CIC in strengthening training for local construction personnel and to attract new entrants to the industry through promotion and publicity activities. In collaboration with the CIC, the Administration has drawn up a total manpower strategy adopting a multi-pronged approach to address the construction manpower demand, including launching the Enhanced Construction Manpower Training Scheme and Contractor Cooperative Training Scheme. The CIC has significantly increased the training places from about 2 000 per year in 2009 to about 6 000 per year starting from this year. For the current and next year, it is expected that there will be more than 10 000 training places in total. Furthermore, in 2011, the CIC launched the "JobsNet" to provide a free online employment platform to facilitate the matching of employers and job seekers.

The Administration has collaborated with the CIC to launch the "Build Up" publicity campaign to uplift the image of the industry and enhance the working environment at construction sites in order to attract young people to join the industry, including the initiatives to improve site tidiness and provision of additional welfare facilities on site, strengthen the reward and penalty system for contractors, step up safety training for workers and enhance promotion and publicity of site safety.

As regards the General Employment Policy (GEP), the objective is to allow local employers to recruit professionals not readily available in Hong Kong to meet their manpower needs. The GEP is not a labour importation scheme under section 14(3) of the Employees

Retraining Ordinance. Relevant employers are not required to pay the levy in accordance with the Ordinance.

Since December 2011, the Immigration Department (ImmD) in processing relevant applications has required employers to make declarations on whether applications have been made under the SLS in the 18 months immediately before submitting their applications. When necessary, the ImmD will consult the LD with a view to preventing employers from applying for the same job vacancies to the ImmD under the GEP after their SLS applications have failed.

As for training, the entry arrangement for training in Hong Kong aims to allow employees of the outward branches or subsidiaries of enterprises in Hong Kong to enter for training for no more than 12 months. This arrangement is not for filling local staff positions. In addition, trainees must leave Hong Kong after training and cannot remain for employment irrespective of the length of the training.

MISS CHAN YUEN-HAN (in Cantonese): *President, the Secretary has given a very detailed reply but he did not summarize the prevailing dispute between the business sector and the labour sector over the importation of workers, so he has not addressed this issue squarely. Why do I say so? This is also the supplementary question I am going to ask. In fact, there are currently 300 000 workers in the construction industry in Hong Kong who undertake actual construction work. According to the statistics of the Government, in the third quarter of last year, there were 80 000 people, that is, at present, there are still over 100 000 people looking for employment and even if I assume that this figure is an exaggerated one, there is still a group of people waiting for employment. The problem now is that employers want to pick the best workers and if the workers are just slightly less desirable, employers would not hire them. Just look at our workers, even in the case of those who are considered less desirable, if they went to Macao for work, they would still be paid \$1,600 daily but employers in Hong Kong would complain nosily even if they pay a daily wage of just \$1,300. The Government as a whole should adopt a stance on this issue. It is just not right to see the Secretary for Development come out and make some comments, but after the Chief Executive had been subjected to some pressure, he stated another stance a week later. I think this would not make the public see*

the whole picture and the problems confronting us now. There are enough workers in the construction industry and there are also enough workers in other industries. Those people staging a protest today are construction workers. The FTU plans to stage a protest here with countless other workers, so will this have any positive effect on society? This is one point.

The second point that I wish to raise is training. President, what I am going to talk about is not a conspiracy theory

PRESIDENT (in Cantonese): Please phrase your supplementary question concisely.

MISS CHAN YUEN-HAN (in Cantonese): *I will be done with very soon. If you abolish the FDH levy, the ERB, which spends over \$700 on the provision of training, will face the prospect of having insufficient funds. However, after talking about this, the authorities did not do anything, so how are they going to help the construction workers? At present, only day-time training courses for the construction industry are available and there are no evening courses, so support in the form of resources is required. Secretary, do you know*

PRESIDENT (in Cantonese): Miss CHAN, you should come to your supplementary question now.

MISS CHAN YUEN-HAN (in Cantonese): *..... President, I know. Therefore, what I wish to say is: You have to tell the Financial Secretary the whole picture. At present, the problem does not lie in the shortage of workers or no one undergoing any training, but in a lack of resources. How is the Government going to deal with these matters? The comments you made to workers*

PRESIDENT (in Cantonese): Miss CHAN, you are still presenting arguments. Please ask your supplementary question.

MISS CHAN YUEN-HAN (in Cantonese): *Secretary, you did not answer my supplementary question. You did not inform the Chief Executive and the Development Bureau of the whole plan, so this situation has arisen. May I ask the Secretary if he has neglected his duties in this regard?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, thanks to the Member for her views and question. I wish to clarify that in my main reply, I have set out the efforts made by us with regard to training fully.

The supplementary question asked by Miss CHAN just now covers three matters. First, there are hundreds of thousands of construction workers in Hong Kong. In fact, the present number of training places for the construction industry has increased from 2 000 to 6 000 and in the next two years, 10 000 new places would be available. We will make promotional efforts on various fronts, from occupational safety to the tidiness of construction sites, in the hope of attracting more young people to join the industry. Moreover, in respect of the structure of the whole industry, it is also hoped that more promotion opportunities will be made available to them, so that they can see their career prospects. This is one point.

Second, Miss CHAN talked about the FDH levy. The FDH levy and the issues in this regard are two different matters. The FDH levy is paid by employers of FDHs and it is related to employee retraining. What we are talking about now is the training for the construction industry. The CIC has \$320 million and in the past two years, the Legislative Council has approved the allocation of funds so as to provide sufficient resources to the CIC. Therefore, there is no problem with regard to resources. In the near future, I will also submit a comprehensive proposal to the Financial Secretary on the long-term financial commitment to the ERB for his consideration to ensure that the ERB will have sufficient resources. At present, the ERB has a surplus of \$2.25 billion, which is sufficient to meet its expenses and operational needs up to the end of 2015.

PRESIDENT (in Cantonese): Miss CHAN, has your supplementary question not been answered?

MISS CHAN YUEN-HAN (in Cantonese): *President, he has not given me a reply. Has he neglected his duties? He did not reply as to whether or not he has neglected his duties. He has got to answer me.*

PRESIDENT (in Cantonese): Secretary, the Member is asking you if you have neglected your duties. *(Laughter)*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, on this question, I will leave it to the judgment of the public.

MR WONG KWOK-KIN (in Cantonese): *President, in part (b) of the Secretary's main reply, one sentence says that abolishing the FDH levy does not affect local domestic helpers, but I cannot agree with this. This is because abolishing the FDH levy would encourage more people to hire FDHs because the Government has offered a concession to employers who hire FDHs. They will be given such a concession and this is a very clear signal. Of course, we cannot oppose the Government's offer of concessions to members of the middle class either.*

However, since this concession is to be offered to employers hiring FDHs, may I ask the Secretary if he would also reconsider offering a concession to employers hiring local domestic helpers? The Financial Secretary happens to be here now, so will he consider offering tax concessions, for example, a tax allowance on the expenses incurred for hiring local domestic helpers? This is because under the principle of fairness, since a concession is offered to employers hiring FDHs, can you also offer a concession to employers hiring local domestic helpers? I call on you to consider this.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, thanks to Mr WONG for his view and question. First, I wish to clarify why we were determined to make this important decision this time around of abolishing the FDH levy payable by employers of FDHs. Apart from considering the burden borne by members of the middle class, another consideration is that at present, there are also an increasing number of grass-roots families hiring FDHs to take care of elderly people. Figures show that over 10 000 FDHs are hired by

employers to work in households in public housing estates. Therefore, we have to take into account the needs and burden of these employers. This is one point.

As regards the second question, that is, whether or not we would offer any concession to employers hiring local domestic helpers, the answer is that at present, the ERB already offers a one-stop service called "Smart Living" to refer quality local domestic helpers to employers, so this is a win-win arrangement. In this connection, last year, we made referrals successfully for 10 000 local domestic helpers, so that they could find work successfully. Not only can this arrangement help employers, it can also be described as mutually beneficial. Therefore, we believe the direction of this measure is correct.

MR WONG KWOK-KIN (in Cantonese): *The Secretary has not answered my question. My supplementary question is very clear: Will the Government consider offering any tax concession? I have put this very clearly: To offer a tax concession to support the employment of local domestic helpers.*

PRESIDENT (in Cantonese): Your follow-up question is now very clear. Secretary, please.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): At this stage, we do not have such a plan but we will not rule out considering doing so in the future.

DR CHIANG LAI-WAN (in Cantonese): *President, in fact, many young people in Hong Kong are quite reluctant to join the construction industry, the reason being, of course, the high-risk nature of the construction industry. But an even more important issue is the rather unstable employment situation because sometimes, there is work but sometimes, there is not any. For this reason, at present, the workers in the construction industry are actually not very happy. Now the workload is very heavy but there is no knowing if there will be any work later on. However, many construction companies are not happy either because if you force them to*

PRESIDENT (in Cantonese): Dr CHIANG, please ask your supplementary question.

DR CHIANG LAI-WAN (in Cantonese): *hire imported workers, they are not happy either. First, the wages will not decrease and second, they have to pay the same amounts of wages but imported workers are not familiar with the situation in Hong Kong, so these companies are not at all happy either. In view of this, will the Government arrive at a better greater understanding and have more discussions with the Development Bureau, so as to launch the projects in a gradual manner? In particular, with regard to the large-scale projects of the Government, if the 10 mega projects are launched all at once, this may affect the employment situation of the entire construction industry in Hong Kong.*

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Labour and Welfare, please.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I wish to say a few words before deferring to the Secretary for Development to supplement my comments. Members can note from our main reply that we have indeed spared no effort in training and that it is hoped that job opportunities can be created in all areas through training. Our policy is very clear, that is, local workers have priority in employment and this is the most important point. It is only when the demand cannot be met despite according priority in employment to them that we will consider other approaches. Therefore, we actually maintain close contact with the Development Bureau.

I now defer to Secretary Paul CHAN.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I will respond to two points. First, the various expenditures of government departments on architectural and engineering projects actually account for about 50% of the total expenditure. The various areas in the building construction in the private sector also account for quite a large proportion of the total. Therefore, to try to elicit a response from the market solely by regulating public

construction projects is, on the one hand, not at all feasible and on the other, in respect of public works projects, many of the projects on which funding are sought from the Legislative Council after a long period of consultation are infrastructure projects. The implementation of infrastructure projects in a timely manner actually has a great bearing on many areas, including new development areas and other aspects. Therefore, I hope Members can understand that there is only limited scope in effecting improvement in this regard through the regulation of public projects.

Second, the Development Bureau will liaise closely with the CIC, in the hope that workers can receive more training in skills. For example, apart from training workers to carry out structural iron and steel works, is it also possible to train them to carry out formwork engineering? If workers can receive more training in various skills, they will enjoy greater security in terms of employment opportunities and even full employment for that matter.

PRESIDENT (in Cantonese): Dr CHIANG, what is your point?

DR CHIANG LAI-WAN (in Cantonese): *I hope the Secretary can*

PRESIDENT (in Cantonese): Dr CHIANG, please rise when you ask questions.

DR CHIANG LAI-WAN (in Cantonese): *I hope the Secretary can consider doing so.*

PRESIDENT (in Cantonese): Dr CHIANG, we are not having a debate now. The Secretary has replied, so the time for you to ask questions also ends now.

MR ABRAHAM SHEK (in Cantonese): *President, currently, there are more than 300 000 registered workers and half of them are not specialized workers. Now the public works projects of the Government alone involve a sum of \$70 billion and if private developments and private projects are included, the*

amount of money would be even greater. Hong Kong is facing the problem of the ageing of workers but we need to continue to carry out development, so given the premise of maintaining economic development, may I ask the Secretary how balanced development can be achieved without a sufficient number of workers to work on the projects? A survey conducted in November last year shows that in the some 100 construction sites, 15% of them experienced a shortage of manpower and there was a shortfall of more than 30 000 workers.

Even as we protect local workers, protect their employment and protect various aspects like their wages, it is also necessary to ensure that these projects are completed on schedule, so may I ask the Secretary what he plans to do? At what stage will workers be imported?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): We have noticed the issue of the ageing of construction workers. For this reason, in the past few years, we have introduced a number of measures, designed mainly to attract more young people to join the industry. As at the end of December 2012, construction workers aged 40 years or below account for about 69%. We will continue to strengthen the training in this regard and attract new entrants to the industry. Various aspects, such as the employment terms and the image of the construction industry, will be considered.

Meanwhile, as stated in the main reply, we will monitor the situation in the construction industry but I think that at this stage, we cannot set a clear-cut point, saying that at such a stage, we will import workers because under the existing SLS, employers can already make applications having regard to the special needs and requirements of their trades. Having said that, we will monitor the situation in the market closely.

MR LEE CHEUK-YAN (in Cantonese): *Today, I can see the business sector singing in chorus here that they want to import foreign labour and I think they are targeting the Achilles' heel of the Chief Executive, that is, the Achilles' heel of*

"giving an overriding priority to development", so this has aroused a great concern. In particular, the controversy was aroused by the Chief Executive because last time, he said in the Question and Answer Session that when the local labour force was insufficient to support our development needs, we had to consider importing workers from outside Hong Kong. It was him who triggered this conflict

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

MR LEE CHEUK-YAN (in Cantonese): *Therefore, my question is: I hope CY would not mislead the business sector into thinking in the wrong direction. Secretary, can you state categorically that since the SLS is already in place, apart from this scheme, no other labour importation scheme would be introduced, so that local construction workers can have jobs and young people can join the industry, rather than taking the approach of drinking poison to quench the thirst in respect of this issue of imported foreign labour, since drinking poison would quench one's thirst but little do they realize that in the long run, the entire industry would be killed? Can the Government state categorically that no foreign labour would be imported*

PRESIDENT (in Cantonese): Mr LEE, if you have asked your supplementary question, please sit down.

MR LEE CHEUK-YAN (in Cantonese): *..... and what LEUNG Chun-ying said has misled the public?*

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, it has been explained clearly in the main reply that what the Chief Executive said when answering Members' questions in the Legislative Council was actually our

established policy, that is, to accord priority to the employment needs of Hong Kong people.

At present, we will step up training and attract new entrants to the industry, as I have said a number of times just now. At the same time, we will also monitor the market situation closely because the present unemployment rate in the construction industry is only 4.9% and the underemployment rate is only 7.4%. Apart from the SLS, we do not have any plan to import foreign labour. Having said that, we will monitor the market situation closely.

PRESIDENT (in Cantonese): There are still nine Members waiting to ask questions but this Council has spent 25 minutes on this question, so the time limit stipulated in Rule 9A of the Rules of Procedure has been greatly exceeded. To make efficient use of the time in question sessions, as many Members as possible should be allowed to ask supplementary questions. Therefore, I once again remind Members to avoid presenting lengthy arguments when asking supplementary questions and to phrase their questions clearly. Third question.

Acquisition of Artworks by West Kowloon Cultural District Authority

3. **MR CHRISTOPHER CHUNG** (in Cantonese): *President, in June 2012, the West Kowloon Cultural District Authority (WKCD) received from a Swiss collector a donation of 1 463 pieces of Chinese contemporary artworks, with a total value assessed to be as high as \$1.3 billion. The donation will become a permanent collection of M+ in the West Kowloon Cultural District (WKCD), and will be displayed in dedicated galleries of M+. Besides, the WKCD has indicated that "part gift/part purchase" has become an increasingly common model for museums to obtain collections in the international arena, and M+ would acquire 47 pieces of artworks from the said collector for a sum of \$177 million. In this connection, will the Government inform this Council:*

- (a) *whether it has assessed if the arrangement of "buying a hamburger and getting bonus French Fries" between the WKCD and the aforesaid collector is merely a marketing ploy; if it has, of the assessment outcome; whether it knows if the WKCD has signed with that collector an agreement stipulating that M+ must purchase the said 47 pieces of artworks in order to receive the donation of 1 463 pieces of artworks, whether it has so far made public a full list*

of those 1 510 pieces of artworks and their photos, and whether it has consulted the relevant professionals, art groups or scholars in Hong Kong to ascertain that the collection of artworks is really worth its cost;

- (b) given that the Interim Acquisition Committee under the Museum Committee may review and approve a single acquisition valued below \$5 million, and make recommendations to the Museum Committee and the WKCDA Board first should a single acquisition value above \$5 million, whether it knows how the WKCDA determined such vetting-and-approval limit; given that M+ would acquire 47 pieces of artworks from the same collector for a sum of \$177 million and the Interim Acquisition Committee may make the acquisition decision all by itself as the average value of each piece of artwork is below \$5 million, whether the Government has assessed if there is any loophole in the acquisition mechanism concerned; and*
- (c) as it has been reported that some local artists disapprove of M+'s spending over \$100 million to acquire a large number of works from the collection of an overseas collector and setting up of dedicated galleries for displaying the artworks on a long-term basis, and opine that M+ attaches no importance to local artistic creation, whether the Government knows the criteria for setting up dedicated galleries in M+; whether the Government will require the WKCDA to adopt measures in future to enhance the transparency of its artwork acquisition arrangements, and to make M+ more reflective of the unique characteristics of local artistic creation?*

PRESIDENT (in Cantonese): The Member's remark concerning the arrangement of "buying a hamburger and getting bonus French fries" is inconsistent with the "donation first/purchase afterwards" arrangement as printed on the Agenda. Insofar as the main question is concerned, the version already printed on the Agenda shall prevail.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, as a statutory body set up in accordance with the legislation passed by the Legislative Council,

the WKCD has its own functions and powers. The structure of M+, the major museum of the WKCD, is being developed. To seize acquisition opportunities as early as possible, the Board of WKCD established the Interim Acquisition Committee in June 2012, and approved the acquisition policy, which sets out the reporting and approval procedures for acquisitions by the M+ team. The Government does not intervene in the WKCD's specific decisions on selecting and acquiring artworks.

Last year, the WKCD decided to adopt the "part gift/part purchase" model in accepting Dr Uli SIGG's donation of 1 463 pieces of Chinese contemporary artworks, and in acquiring from Dr SIGG's 47 pieces of artworks for a sum of HK\$177 million. According to the assessment made by Sotheby's, an international auction house, the value of the donated portion is around HK\$1.3 billion. These artworks mark a significant start to M+ in the development of its collection.

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

- (a) The "part gift/part purchase" model is not uncommon in the international arena. Some internationally renowned museums have adopted such a model in collecting their artworks.

The Sigg Collection is one of the important collections of contemporary Chinese art from the 1970s to the present with a vast scale, diversified genres and a comprehensive composition. It assembles artworks across a diverse range of artistic practices and media, from different schools and over many years of artistic production. Unlike other private collections that reflect personal taste, the Sigg Collection has been systematically built as a museum-quality collection since the early 1990s, showcasing the historical development of contemporary Chinese art. Extremely rare and unobtainable in the current art market, the 47 pieces of artworks acquired by the WKCD are historically important in that they record the early development of the contemporary art movement in China. As such, the scale, completeness and importance of the Sigg Collection, as well as the difficulty in acquiring Chinese artworks of that period from the current art market, had been taken into consideration when the arrangement of "part gift/part purchase" was made.

Part of the Sigg Collection has been on display at a number of exhibitions in Europe and the United States. Despite being approached by some internationally renowned museums, Dr SIGG clearly stated that it was his wish to let these precious artworks, which he had collected for almost 20 years, return to China. Through discussion with the M+ team, he has understood M+'s vision and agreed that M+ is a suitable platform for the preservation, display and exchange of his collection. The WKCDA does not consider the arrangement a marketing ploy.

The M+ team is making every effort to consolidate information about the Sigg Collection, and will make public the list and photos of the artworks later.

- (b) The WKCDA made reference to international practices in setting the approval limit. The acceptance of the Sigg Collection by way of "part gift/part purchase" was endorsed by the Board.

The WKCDA sought the advice of the Independent Commission Against Corruption when formulating its acquisition policy. According to the policy, the M+ team of the WKCDA is required to provide sufficient justifications for the approving authority's consideration, and to regularly report to the Museum Committee and the Board on the latest acquisitions. The acquisition policy will be reviewed periodically, and any changes to the policy are subject to the Board's approval. The WKCDA will continue to refine its acquisition policy with regard to actual circumstances.

- (c) Being a comprehensive and extensive collection of contemporary Chinese art, the Sigg Collection will become one of the "seeds" in developing the future collection of M+.

The WKCDA will hold exhibitions of the Sigg Collection, but has no plan to set up a dedicated gallery for any long-term thematic exhibition of the Sigg Collection.

To show high regard for the donor and his collection, the WKCDA will name part of M+'s exhibition space after a foundation established by Dr SIGG, but such exhibition space may not necessarily be used for the display of the Sigg Collection. It is very

common internationally to name the galleries of a museum after major donors as an indication of high regard for the donors and their collections.

The WKCDA attaches great importance to local artistic creation. In its five meetings held during the past seven months, the Interim Acquisition Committee approved the acquisition of a total of 364 items, among which over 90% are works of local visual culture. The list of these works will be made public with that of the Sigg Collection later. In addition, M+ plans to organize exhibitions focusing on local art every year to provide a platform to display the talent of Hong Kong artists.

MR CHRISTOPHER CHUNG (in Cantonese): *President, the Government's main reply is evasive in many ways, particularly in answering the query raised in part (a) of the main question concerning consultation with the sector. According to some of the photos I have in hand of this collection, only two pieces are the creations of local artists, namely PAK Sheung-chuen and LEE Kit, who once participated in the Venice Biennale and are going to take part in the event again this year.*

May I ask the Government whether the Venice Biennale is used by the WKCDA as its only yardstick for decision? Concerning LEE Kit, who will be assigned to take part in the Venice Biennale shortly, the Hong Kong Arts Development Council (HKADC) was supposed to be responsible for the relevant shortlisting. But first of all, I have to declare that I am a member of the HKADC. Despite the collaboration between the HKADC and the WKCDA this time around, the latter has selected the artists without consulting the former, and LEE Kit was selected by the WKCDA in a fully choreographed manner to participate in the Venice Biennale. Now, the WKCDA has even sought to collect his works. May I clarify whether the Government thinks that the WKCDA is suspected of cheating, transfer of benefits, collusive pricing, or even clearing the stocks for the Sigg Collection?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, the circumstances mentioned by Mr CHUNG are absolutely out of the question. Not only are his accusations about cheating and collusive pricing unfair, there is also a complete lack of factual basis. On behalf of the Home Affairs Bureau, I

would like to thank Dr SIGG again for donating these precious Chinese contemporary artworks to Hong Kong.

MS EMILY LAU (in Cantonese): *President, the WKCDA has acquired these artworks, with more than 1 460 pieces being donations and 47 pieces being purchases, from Dr SIGG for a consideration of HK\$177 million. The Secretary has said that, according to the assessment made by Sotheby's, an international auction house, the value of the donated portion is around HK\$1.3 billion. If this is true, the money spent is certainly worth it. However, there are concerns about whether the value of these artworks is really so high or, conversely, whether the value of the acquisition is below HK\$177 million. May I ask the Secretary whether other convincing assessments, besides the one made by Sotheby's, have been conducted to show that the value of these artworks is far higher than the HK\$177 million paid? Furthermore, the Secretary has indicated in his reply that the value of the donated portion reaches HK\$1.3 billion, so what is the value of the 47 pieces of artworks to be acquired? I asked this question because some people thought that their value might be very low.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): As I pointed out in the main reply, the price was set subsequent to the assessment made by Sotheby's. Hence, the WKCDA has absolutely no doubt in believing that these Chinese contemporary artworks are highly valuable. As for the 47 pieces of artworks to be acquired, their value is also compatible with the assessment made by the markets targeting museums.

MS EMILY LAU (in Cantonese): *This is not enough. I do not know on what grounds the WKCDA*

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

MS EMILY LAU (in Cantonese): *My supplementary question is: Has the Government made other enquiries? Moreover, Sotheby's was not the only international auction house. Neither do I know why Sotheby's was so helpful. Could it be that it has charged the WKCDA for the assessment? The Legislative*

Council wishes to find out what method has been used to determine artworks are value for money or even worth more than the HK\$170 million or so to be spent.

PRESIDENT (in Cantonese): Are there any assessments conducted by institutions other than Sotheby's?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, it is also a common practice for museums in the international community to commission a single specialized agency to conduct the assessment rather than commissioning a number of agencies to conduct valuations. The WKCDA has no reason whatsoever to doubt that the value of these artworks is less than that assessed by Sotheby's.

MR FRANKIE YICK (in Cantonese): *President, Mr Christopher CHUNG has raised a query in part (a) of the main question concerning whether the WKCDA has signed an agreement undertaking to purchase the said 47 pieces of artworks in order to receive the donation of 1 463 pieces of artworks. In his main reply, the Secretary has not specifically stated whether such a condition has been imposed. May I ask the Secretary whether there is such a condition?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): To the understanding of the WKCDA, as this is a "part gift/part purchase" arrangement, the two are certainly related.

MR KENNETH LEUNG (in Cantonese): *Given that the Interim Acquisition Committee has been authorized to take charge of the relevant work, and the said Committee is an expert, I do not think Legislative Council Members should make any judgment or decision about arts which is a specialized field of knowledge. Provided that its acquisition procedure is transparent, we should not doubt its artistic and aesthetic sense. Secretary, could you please state here whether the whole procedure is consistent with the practice of art museums in other parts of the world?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, rightly as Mr LEUNG said, the truth is that the entire acquisition procedure is consistent with the international practice. As I said right in the beginning, the Government or the Home Affairs Bureau do not intervene in decisions on the selection and acquisition of artworks.

MRS REGINA IP (in Cantonese): *President, to my understanding, the area of M+ is so large that it is 50% larger than the total area of all the museums in Hong Kong. May I ask the Secretary how much money has been put aside for the acquisition of artworks? Are the authorities confident of acquiring enough artworks, be they local, overseas or Mainland artworks, or inviting donations of attractive artworks to enable M+ to truly become a successful and internationally renowned museum in future?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, when the WKCDA was established, the Finance Committee of the Legislative Council gave approval for HK\$21.6 billion to be put aside for the WKCD Development Project, including HK\$1.7 billion to be allocated to M+ for the acquisition of its collection. According to the idea and vision of M+ when the WKCDA was initially established, a new model will be adopted to take forward the functions of the entire museum. We understand from the WKCDA that not only will artworks be displayed inside the museum, M+ also hopes to adopt an open model to inspire the community's thinking and creativity with a view to promoting arts events.

MRS REGINA IP (in Cantonese): *I do not understand what it means by adopting an open model to inspire creativity. Such being the case, will the museum carry exhibits? Is the HK\$1.7 billion enough for the acquisition of exhibits to fill up such a colossal super-museum?*

PRESIDENT (in Cantonese): Mrs Regina IP's question is: Have adequate resources been allocated for the acquisition of exhibits?

MRS REGINA IP (in Cantonese): *Is the provision adequate?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, of the HK\$1.7 billion, over HK\$100 million has already been spent. As I pointed out just now, the value of the donated artworks is estimated as HK\$1.3 billion.

MR ALAN LEONG (in Cantonese): *As a Hong Kong citizen, I have to thank Dr SIGG for his donation, too. However, I feel a bit puzzled at the same time why he cannot donate additional artworks worth HK\$177 million, given that he could donate artworks worth HK\$1.3 billion. May I ask the Secretary who proposed to spend HK\$177 million to acquire the 47 pieces of artworks? Was it the proposal of Dr SIGG or the WKCDA?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, as I pointed out at the beginning, the "part gift/part purchase" model is gaining popularity in the international community, for it can demonstrate a museum's sincerity and commitment to acquired and donated artworks. The WKCDA is not the first one to have adopted this model. It is adopted by other internationally renowned large museums and arts museums, too. As regards the question of who proposed to adopt this model to deal with the Sigg Collection, as I did not take part in the initial negotiation process and the decisions made in the whole course were made by M+, I do not know which side proposed to adopt this model to deal with these artworks, but it is a common arrangement.

MR ALAN LEONG (in Cantonese): *I request the Secretary to provide us with supplementary information on this after the meeting.*

PRESIDENT (in Cantonese): Secretary, can you find out which side made the relevant proposal?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I have to consult the WKCDA regarding this question because, generally, museums and

collectors making donations do not necessarily wish to disclose the arrangements agreed between them. Some donators even do not wish to reveal their identity.

MR NG LEUNG-SING (in Cantonese): *I would like to ask the Secretary whether the regular review of the acquisition policy covers the acquisition of maps as well? I know that some local map collectors wish to make arrangements for the permanent collection of some precious maps through the Government's arrangement. In this connection, can the Secretary offer some advice?*

PRESIDENT (in Cantonese): Mr NG Leung-sing, I am not at all certain whether your supplementary question is directly related to the main question. Let me see if the Secretary can provide any information in this regard.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, during the initial establishment of the WKCD, the vision of M+ was to focus on visual culture, whereas visual culture covers and is broader than visual arts since, for instance, movies and animations are included as well. Among the several major areas set out initially, I understand that such a specific collection as maps is not included. In this regard, I can make enquiries with M+ again to find out more information.

MR PAUL TSE (in Cantonese): *President, just now, the Secretary admitted frankly that he himself was actually not entirely clear about the detailed negotiation process. However, after the establishment of the Interim Acquisition Committee in June 2012, the decision seemed to have been made by the Board of WKCD in end 2012. According to some of the information I have received, the decision seemed to have been made by the Board of WKCD in a very hasty manner. Hence, at the request of Mr Alan LEONG, can the Secretary give a clearer and more transparent account of the entire decision-making process, if circumstances permit, to explain clearly the time of commencement of the process of negotiations and endorsement and details of the agreement?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, the negotiation process actually commenced earlier than that. To our understanding, part of the Sigg Collection has already been displayed in the international community, and Dr SIGG is an internationally renowned collector. He has even been approached by some international museums which indicated immense interest in his Collection. I have even been given to understand that some museums in China had expressed the wish to acquire his Collection. Hence, his negotiation with M+ was conducted in confidence, obviously because other competitors were involved as well. The final decision was endorsed by the Board of WKCD. As for the specific details of the agreement, the WKCD is not prepared to disclose its text for the time being.

PRESIDENT (in Cantonese): Fourth question.

Crimes Involving Acquaintances Made on Internet

4. **DR LAU WONG-FAT** (in Cantonese): *President, making acquaintances on the Internet has become increasingly common. It has been reported that there is an increasing number of lawbreakers who made female acquaintances (with quite a number of them being underage girls) through social networking websites, then swindled or threatened them, and even sexually assaulted them. In this connection, will the Government inform this Council:*

- (a) *of the number of reports received by the police on the aforesaid categories of crimes in the past five years, as well as the number of female victims in such crimes and their age distribution;*
- (b) *of the respective numbers of people who were arrested, prosecuted and convicted for such crimes as well as the penalties imposed on those convicted in the past five years; and*
- (c) *whether the authorities will launch publicity of a larger scale to remind females to guard against various traps when making acquaintances on the Internet; if they will not, of the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): President,

(a) and (b)

Internet use has become increasingly prevalent among youngsters and children. Not only do they stay connected with persons whom they know via emails, social media, websites and messaging software, but they also make acquaintances through these channels. In recent years, there are criminals who, on the disguise of making friends on the Internet, have committed offences including of rape, indecent assault, criminal intimidation or deception on acquaintances.

The number of rape, indecent assault, criminal intimidation and deception cases between 2008 and 2012 are at Table 1 of Annex. The number of cases in which female victims who met the offenders through the Internet are at Table 2 of Annex. However, the police have not maintained figures of arrests, prosecutions and convictions of these cases.

As seen from the figures at Annex, victims of sexual assault who met the offenders through the Internet are mostly underage girls. We have noticed that the *modi operandi* of this type of cases are multifarious. For instance, a young girl, being misled by an online model recruitment advertisement, was forced to take nude photos and then indecently assaulted by the offender during their meeting. There was also a young girl lured by an Internet acquaintance to provide sex service, from which the acquaintance enjoyed a commission as profit. There was even a case in which a young girl mistook that her male web friend was a female doctor and sent him her nude photos for diagnosis and treatment. Subsequently, the man forced the victim to have sexual intercourse with him by threatening public release of such photos. There was also a case in that during an online chat, a woman was asked to be in the nude and was subsequently blackmailed.

(c) To tackle the problem of youngsters and children being lured and sexually assaulted by Internet acquaintances, various departments have taken a wide range of publicity and preventive measures.

First of all, the Hong Kong Police Force are very concerned about sex crimes arising from making acquaintances on the Internet, particularly cases in which underage girls have become crime targets. In addition to vehemently combating such crimes through investigation and prosecution, the police have stepped up their efforts to educate young people on how to protect themselves from sex crimes.

To augment public knowledge and awareness of Internet crimes, including sex crimes and deception, the Police Public Relations Branch has presented several situation programmes on "Police Magazine" about social networking traps and online deception. Furthermore, television announcements, including those titled "Beware of Online Deception", "Be Vigilant against Internet Crime" and "Watch Out for Computer Crime", were produced for broadcast on TV and websites. The police have also been disseminating messages on personal safety and prevention of sexual assault via major websites. On another front, the Fight Crime Committee has adopted "Guard against Sexual Assault" as one of the themes in the 2012-2013 fight crime publicity campaign, with the aim of stepping up publicity on sexual assault prevention.

Moreover, School Liaison Officers (SLOs) of the police have actively conveyed proper sex concepts to primary and secondary school students, enhanced their knowledge of sex crimes and raised their self-protection awareness and methods. In addition to display of banners and distribution of publicity materials at schools in Hong Kong and places of interest to raise awareness of the importance of personal safety, talks have been held at schools by the SLOs for teachers and social workers to enhance their knowledge in this area. In 2012, the SLOs, in collaboration with various Crime Prevention Units, organized more than 680 talks and seminars on sex crimes at various schools, attracting the participation of a total of about 190 000 primary and secondary school students. For the 2011-2012 school year and the current one, the police have conducted activities for over 1 000 primary and secondary schools in Hong Kong, using "Don't Trust people in the Cyber World Be Vigilant when meeting New Friends" as the slogan to disseminate the message of staying

alert to internet activities to students, and remind them to beware of making friends with unruly elements.

On education, the Education Bureau implements sex education through the school curriculum and diversified learning activities, with the aim of helping students develop positive values and attitudes, learn to protect themselves, manage cyber-friendship and be aware of potential risks of cyber-sex traps and other potential risks.

To facilitate the promotion of sex education in schools, the Education Bureau forges partnership with different organizations and professionals to organize professional development programmes for teachers, and to develop websites and Internet learning and teaching resources on different topics for school reference.

In addition, one of the foci of the Social Welfare Department (SWD)'s publicity campaign for 2012-2013 is the prevention of children and youth sexual abuse. To this end, the SWD launched a short-film cum storyboard creation competition on the Internet from September to December last year to prevent them from falling into sexual abuse pitfalls through enhancing their awareness on self-protection, advising them to seek assistance when necessary.

Notwithstanding that various departments have actively engaged in publicity and education of the prevention and combat of Internet crimes, it remains that the most crucial point is youngsters' awareness of crime prevention and self-protection. I earnestly urge our young people to stay very alert when making acquaintances through the Internet or social media, and should not meet strangers alone. Apart from the risk of sexual assault, there might be chances of monetary loss, including deception and robbery, and even harm to personal safety. I also hope that parents will have more communication with their children, help them to build good and proper values, and earnestly discuss with them the points to note when making friends online, in a bid to prevent their children from falling victim to crimes in relation to social networking on the Internet.

Annex

Table 1: Number of rape, indecent assault,
criminal intimidation or deception cases between 2008 and 2012
(including cases in which the victims met the offenders through the Internet)

Offence	2008		2009		2010		2011		2012	
	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	%	Number of Cases	%
Rape	105 (14)	13.3	136 (31)	22.8	112 (11)	9.8	91 (11)	12.1	121 (18)	14.9
Indecent Assault	1 381 (19)	1.4	1 318 (39)	3.0	1 448 (27)	1.9	1 415 (19)	1.3	1 495 (27)	1.8
Criminal Intimidation	1 934 (6)	0.3	2 338 (20)	0.9	2 343 (16)	0.7	2 259 (21)	0.9	2 230 (18)	0.8
Deception	4 653 (59)	1.3	5 130 (64)	1.2	5 652 (117)	2.1	6 134 (201)	3.3	6 923 (168)	2.4

() Figures in brackets denote the number of cases in which the victims, including males and females, met the offenders by Internet acquaintances.

Table 2: Number of cases involving
female victims being raped, indecently assaulted, criminally intimidated or deceived
by Internet acquaintances between 2008 and 2012

Offence	2008	2009	2010	2011	2012
	Female Victims (aged under 16)	Female Victims (aged under 16)	Female Victims (aged under 16)	Female Victims (aged under 16)	Female Victims (aged under 16)
Rape	14 (6)	31 (9)	11 (7)	11 (8)	18 (12)
Indecent Assault	18 (12)	38 (31)	22 (17)	18 (16)	25 (14)
Criminal Intimidation	5 (0)	19 (6)	12 (3)	15 (4)	12 (6)
Deception	18 (2)	35 (4)	43 (1)	92 (3)	74 (2)

DR LAU WONG-FAT (in Cantonese): *President, as crimes involving social networking on the Internet have become increasingly rampant, for further protection of females, especially underage girls, will the Government inform this Council whether the relevant authorities will consider increasing the penalties for such crimes, with a view to achieving deterrent effect?*

SECRETARY FOR SECURITY (in Cantonese): President, cases involving rape, indecent assault, criminal intimidation or deception are serious criminal

cases, and the *modus operandi* are not limited to getting acquainted with victims through the Internet. Following the effort of the police and ruling by the Court, the terms of punishment meted out in these cases are stiff. As far as we can see, we consider the penalties sufficient. Nevertheless, we think that publicity and education are also important, as in many of these cases, if the victims had had some idea of how to protect themselves and had been aware of the circumstances where they were more susceptible to assault, it would have greatly reduced the chances of them falling victim to crimes.

DR LAM TAI-FAI (in Cantonese): *President, undeniably, there are a soaring number of ways to make acquaintances on the Internet, and it has become increasingly convenient. Money or sex offences may also be involved. The tricks employed by lawbreakers are multifarious and innovative. Many describe the cyber world as "free of regulation", especially when it comes to criminals outside of Hong Kong who have their IP addresses concealed.*

My supplementary question relates to the remarks made by the Government repeatedly earlier, that it will step up publicity, support the promotion of sex education and advise members of the public to exercise caution. May I ask the Government, given the pervasiveness of the cyber world, how it would step up law enforcement to bring these lawbreakers to justice? For example, can more undercover agents be deployed on the Internet to crack down on these social networking blackspots through "snaking" or "witch hunt" operations?

SECRETARY FOR SECURITY (in Cantonese): President, the police's strategy on combating Internet crimes and sex offences is multi-pronged. First, in terms of investigation, the police have sufficient capabilities comparable to the level of advanced countries as well as world-class standards, and we have achieved that on this count. Next, on Internet crimes, the police have made an arrangement for all officers in charge of Internet crime investigation to receive world-class training. On the Interpol level, the police, as an active member, have taken part in some training on technology crimes and organized workshops on different occasions on investigation of technology crimes.

The police have established good relations with the technology crime units of other places, including the Interpol's "I-247", which literally means interconnected 24 hours a day, seven days a week and 365 days a year. They

have also set up a "point-to-point" contact initiative with advanced countries under G8's technology crime working group. These are the initiatives deemed necessary worldwide as part of a stepped-up effort against Internet crimes.

The Commercial Crime Bureau has set up a division dedicated to the investigation of technology crimes. All of its 102 members are professionally trained. Among the investigation tools at their disposal, there is a laboratory for forensic data. Over the past few years, we have invested more than \$10 million in the procurement of new equipment. Visiting law-enforcement officers from abroad also put the laboratory among world-class levels. On law-enforcement capacity, the police have done a lot.

As for cyber patrol, as Dr LAM mentioned, the police have also made efforts. The police combat sex crimes through a three-tier structure. First of all, at the district level, a special investigation team targeting vice activities, illegal gambling and drugs has been set up to conduct cyber patrols from time to time to monitor pornographic websites, obscene messages, and so on, before making a raid. Crime units under different regional headquarters also keep watch on the situation in this regard. Of course, the Crime Wing Headquarters has also set up different units dedicated to such sex-related intelligence.

As for the results of such work, let me take Kowloon West Regional Headquarters as an example. An "Operation Whalediver" has been carried out over the past two years. It is an intelligence-driven operation to monitor online messages possibly aimed at promoting compensated dating or luring young girls to engage in vice activities. Over the past two years, they have detected 78 such cases, and arrested 80 persons. These cases involve crimes ranging from unlawful sexual intercourse, vice activities to living off earnings from prostitution of others, to name a few.

DR LAM TAI-FAI (in Cantonese): *Could the Secretary provide a direct reply to whether there are "snaking" operations conducted by undercover agents?*

PRESIDENT (in Cantonese): The Member's question is on whether undercover operations have been carried out.

SECRETARY FOR SECURITY (in Cantonese): "Snaking" operations have been involved in the "Operation Whalediver". For other cases, as long as there is a need and the circumstances permit, "snaking" operations may also be carried out.

PRESIDENT (in Cantonese): Could the Secretary please consider refraining from providing in the reply information not directly related to the question, such that more Members may ask supplementary questions.

MR IP KWOK-HIM (in Cantonese): *President, according to the information provided by the Commissioner of Police sometime ago, the overall detection rate for Internet crimes merely stood at 16%. The Commissioner ascribed it to the difficulties in law enforcement in respect of technology crimes, considering that relevant information had to be provided by Internet service providers. Some of these providers may not be willing to provide such information on the ground that the person involved is outside Hong Kong. May I ask the Secretary, since most of the persons involved in cases of Internet-induced rape and indecent assault are in Hong Kong, what is the situation of Internet service providers co-operating with the police in these cases and providing information of the criminals concerned?*

SECRETARY FOR SECURITY (in Cantonese): President, first of all, even though the criminals or the victims are in Hong Kong, yet Internet communication knows no boundaries, so it is very likely that information on their communication, if any, is transmitted to Hong Kong from other places. In such circumstances, apart from local service providers, their overseas counterparts may also be involved. If a case involves information on the transmission of such communication from other places to Hong Kong, we would very often need the help of overseas law-enforcement agencies in obtaining such information.

DR HELENA WONG (in Cantonese): *President, the information provided by the Bureau indicates that 190 000 primary and secondary school students have attended talks organized by them, but there are 780 000 primary and secondary school students in Hong Kong. This means that the police have only reached 24% or so of the students. Could the Secretary promise that the Government*

will ensure access of all primary and secondary school students in their schools to information on how to avoid sexual violence or Internet sex crimes? In addition, have the police encouraged victims to report crimes and provided any relevant support service? We know that the figures may fail to reflect the reality.

PRESIDENT (in Cantonese): Dr WONG, you have asked two questions on different subjects. Secretary, please reply.

SECRETARY FOR SECURITY (in Cantonese): President, the SLOs as well as colleagues from the Crime Prevention Units of the police will arrange for relevant officers to conduct more of these talks where practicable. However, I wish to emphasize that the organization of talks is just one of the initiatives on publicity and education. In fact, we have in store various types of publicity and education initiatives. As I mentioned earlier, "Don't Trust people in the Cyber World Be Vigilant when meeting New Friends" is one launched in these two years. In "Police Magazine", we always include content to educate netizens on how to avoid falling victim to such crimes. For instance, the programme on social networking traps, as I mentioned earlier, was broadcast in February last year; that on online deception was broadcast thrice last year; while that on extortion via the Internet twice.

Apart from "Police Magazine", these programmes were also available on "Gimme 5 JPC" of Radio Television Hong Kong. In addition, Announcements of Public Interest (APIs), such as the one on online deception, have been arranged for broadcast in our television air time. Similar APIs, such as "*Be Vigilant against Internet Crime*", are also available on news.gov.hk from time to time, and uploaded onto YouTube as well. Moreover, we have also arranged for the broadcast of these APIs on bus TV, Newsline Express on the East Rail, West Rail and Ma On Shan Lines as well as some large screens (including those installed in MTR or the external wall of Chungking Mansions). Hence, regarding publicity and education, apart from talks or seminars held at schools, we have also employed to other means.

MRS REGINA IP (in Cantonese): *President, the Secretary mentioned in the main reply earlier that a young girl had been forced to take nude photos. If the*

case did not involve criminal intimidation, that is, the nude pictures were not used to threaten the victim but were just made available on the Internet, and the victim was not a child, what legislation could be invoked to sanction such acts? What is the age requirement in respect of child pornography? What about the penalty levels? Could the Secretary reply please.

SECRETARY FOR SECURITY (in Cantonese): President, if the victim photographed in the nude is an adult, and the photos are made public, those taking and releasing them may have contravened the Control of Obscene and Indecent Articles Ordinance. Storing child pornography online, whether the materials concerned are posted on the Internet or stored in computer or tangible formats, is an offence under the laws of Hong Kong and can be subject to prosecution and trial in court.

DR KENNETH CHAN (in Cantonese): *President, I believe such unfortunate children abound, irrespective of gender. The question raised today focuses on girls, but in fact boys are equally affected. For these children, apart from doing a great deal of publicity and education as a means of prevention, as the Secretary stated, more importantly, as some Honourable colleagues mentioned, the figures provided by the Bureau may not reflect how serious the actual situation is. Many children and their parents may be reluctant to speak up for various reasons, such as discrimination by society, feeling sorry to do so, or even out of the idea that they themselves are accomplices or perpetrators of such crimes. Can the Bureau name some concrete measures and methods that would encourage crime reporting and offer assistance to those unfortunate children and their families who come forth as witnesses?*

SECRETARY FOR SECURITY (in Cantonese): President, first of all, if the police find that the victim of a case is perhaps reluctant to give evidence, or has reservations about providing information for certain reasons, they may transfer the case to the child abuse unit. If the unit finds that a large number of sex crimes are involved, or there is a chance that family members are perpetrators, they will intervene proactively.

As for publicity and education, the police, the Education Bureau and the SWD will make use of various occasions and circumstances to appeal to young

people and explain to them the correct values. For example, the SWD has launched a three-year pilot scheme for the provision of outreaching social work services on the Internet, taking the initiative to identify those in need there. As I mentioned earlier, if these social workers note the views expressed by netizens on the Internet and communicate with them, and then find out that the latter may have been sexually assaulted, they will take the initiative to contact them on the Internet.

PRESIDENT (in Cantonese): We have spent more than 23 minutes on this question. Fifth question.

Employment of Non-civil Service Contract Staff

5. **MRS REGINA IP** (in Cantonese): *President, as at 30 June last year, various Policy Bureaux and departments of the Government employed a total of 14 535 full-time non-civil service contract (NCSC) staff to meet operational needs or cope with time-limited or seasonal demand for services and, among them, 4 741 had been employed for five years or more. At a public hearing conducted by a panel of this Council held on the 21st of last month, a number of NCSC staff deputations pointed out that some NCSC staff had been employed for more than a decade or over two decades, and NCSC staff were also facing a number of problems, including being paid differently while doing the same work as civil servants', some NCSC postmen being required to travel to and from the airport to work but not given any travel allowances or overtime compensations, and some NCSC staff of the Department of Health (DH) being assigned to carry out front-line quarantine work without being given uniforms, and so on. In this connection, will the Government inform this Council:*

- (a) *of the current number of NCSC staff, broken down by duration of employment (that is, five to seven years, over seven years to 10 years, over 10 to 15 years, and over 15 years) and the Policy Bureau or department employing the NCSC staff; of the current number of NCSC staff, broken down by cumulative duration of employment last year (that is, three months or less, over three months to six months, over six months to 11 months, and over 11 months) and the Policy Bureau or department employing the NCSC staff;*

- (b) *whether the authorities will expeditiously review and examine afresh the issue of re-appointing those NCSC staff who have relatively long service years and whose service is needed on a long-term basis as civil servants; if they will not, of the reasons for that; whether the authorities will consider introducing a mechanism for NCSC staff's salary increments based on years of service, in order to boost their morale and retain talents; if not, of the reasons for that; and*
- (c) *of the authorities' specific solutions to the various problems relayed by NCSC staff deputations; whether the authorities will accede to the demands of the deputations by according priority to employing NCSC staff of the relevant positions as civil servants when implementing plans to convert such NCSC positions to civil servant posts, as well as allowing those NCSC staff who have not been offered the civil servant posts to be transferred to other NCSC positions; if they will not, of the reasons for that?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, the NCSC Staff Scheme, introduced in 1999, aims at providing Heads of Departments (HoDs) with a flexible means of employment, so that they can respond more promptly to changing operational and service needs which may be time-limited, seasonal, or subject to market fluctuations; or which require staff to work less than the conditioned hours required of civil servants; or which require tapping the latest expertise in a particular area; or where the mode of delivery of some public services is under review or likely to be changed. It is not appropriate to create civil service posts to cover these specific service needs as they are not of a permanent nature and in some cases, there are no comparable civil service grades performing the required tasks.

Regarding part (a) of the question, it has nearly been 14 years since the implementation of the NCSC Staff Scheme in 1999. As at the end of June 2012, a total of 14 535 full-time NCSC staff were employed. Among them, 4 741 had been employed for five years or more. The numbers of those with a length of continuous service of five years or more but less than 10 years, and those of 10 years or more were 2 925 and 1 816 respectively. A breakdown of the employment situation by departments is set out in the Annex. The number of NCSC staff with a length of continuous service of five years or more included five categories of staff: (i) staff serving in the same NCSC position as well as those in different NCSC positions of the same department but without a break in

service; (ii) staff employed for time-limited programmes which could last up to five years or more; (iii) staff retained by Bureaux/Department (B/Ds) in the interim either pending the completion of the reviews on some government services underway, or awaiting the conversion of the positions concerned into civil service posts as found appropriate in the reviews already completed; (iv) staff who were employed by those departments operating under the Trading Fund arrangement to meet service needs and business volume which are subject to fluctuation; and (v) staff working less than the conditioned hours required of civil servants.

As regards the full-time NCSC staff, 3 867 of them have employment contracts lasting less than one year. The Civil Service Bureau does not compile breakdown statistics on the cumulative duration of employment in units of months for NCSC staff employed for less than one year.

Concerning part (b) of the question, for duties that involve work with permanent service needs or that should more appropriately be performed by civil servants, the departments will duly seek to replace the relevant positions with civil service posts. As at the end of June 2012, about 5 080 such NCSC positions had been phased out upon expiry of the employment contracts of the NCSC staff concerned and the recruitment of replacement civil servants. The Civil Service Bureau and departments will keep under review the employment situation of NCSC staff, and, upon confirmation of long-term service needs, seek to replace such NCSC positions with civil service posts as soon as possible.

When determining the terms and conditions of service for NCSC staff (including entry pay and pay upon contract renewal), B/Ds will take into account a host of considerations, such as condition of the employment market, recruitment results and cost of living, and so on, to ensure that the pay is set at a rate that remains competitive with the market level, and enables them to recruit and retain suitable NCSC staff. Also, B/Ds will conduct periodic reviews on the pay of their NCSC staff and make adjustments where appropriate. As sufficient flexibility is already given to HoDs for meeting their individual operational needs under the existing pay determination and adjustment mechanism for NCSC staff, the Civil Service Bureau considers it unnecessary to introduce a system of granting annual salary increment to NCSC staff.

As regards the issues mentioned in part (c) of the question, we see that civil service and NCSC appointments are two distinct types of employment. Their purposes and circumstances of employment are different. Direct comparison

between them would not be appropriate as their terms of employment and pay adjustment mechanisms are not the same. The remuneration offered to NCSC staff is an "all-inclusive" pay package and it is stated in their employment contracts that they are not eligible for any allowances other than pay. However, in determining the pay for NCSC staff, departments will take into account all the relevant factors including job requirements, pay of comparable jobs in the market, and so on.

Regarding overtime compensations for NCSC staff in the Hongkong Post, we understand that given the business nature of postal service and the mail volume fluctuation, there are inevitable needs for the Hongkong Post to arrange for its staff to work overtime. For daily-rated and hourly-rated NCSC staff in the Hongkong Post, their actual wages are normally calculated on the basis of the number of days/hours they have worked. For those who are employed on monthly salaries, overtime work is compensated by time-off in lieu. As to travel allowances, if vacant NCSC positions are remotely located, such as at the Air Mail Centre at Chek Lap Kok, the locations will be stated clearly in the recruitment advertisements posted by the Hongkong Post, so that applicants can determine whether they would apply for the positions according to their own circumstances. If vacancies spread over a number of districts, arrangements will be made for the recruited staff to work in districts of their choices as far as possible.

Regarding the claim by some deputations that Health Surveillance Supervisors (HSSs) and Health Surveillance Assistants (HSAs) are not provided with uniforms by the DH, according to our understanding, the DH has provided HSSs and HSAs with uniforms to wear while on duty. Besides, the DH has in place a mechanism to review the needs and other matters relating to staff uniforms on a regular basis.

As to the proposal to accord priority to employing NCSC staff as civil servants, it is the Government's established policy to select the most suitable persons for civil service vacancies through an open, fair and competitive process. As the circumstances and nature of the employment of NCSC staff are different from those of civil servants and the entry requirements as well as selection process for NCSC positions may differ from those of civil service posts, it is not appropriate to accord priority to employing NCSC staff as civil servants. However, if NCSC staff are interested in civil service posts, they are welcome to apply in an open recruitment exercise. Since relevant working experience is one of the factors considered in the recruitment of civil servants, NCSC staff who

meet the basic entry requirements of civil service ranks should generally enjoy a competitive edge over other applicants because of their work experience in the Government. In fact, our statistics show that NCSC staff perform better than other candidates in open recruitment.

Moreover, for those NCSC positions identified for replacement by civil service posts, B/Ds will make such arrangements as to tie in with contract expiry date of NCSC staff concerned. Notification will be given as early as possible to allow them to seek other employment. Where practicable, B/Ds will also provide employment assistance to the NCSC staff concerned. If B/Ds can identify other short-term jobs with the same duties and entry requirements within their own purview, they will accommodate displaced NCSC staff in these positions as far as practicable. However, the job nature and entry requirements may vary among different NCSC positions. Under the open and fair recruitment policy, when vacancies of NCSC positions of other job nature and/or entry requirements arise, interested NCSC staff will need to apply for these positions and compete with other applicants who are not working in the Government.

Annex

Employment of full-time NCSC staff by bureau/department/office with
continuous service of five years or more
(position as at 30.6.2012)

<i>Bureau/Department/Office (B/D)</i>	<i>Number of NCSC staff with five years up to less than 10 years continuous service</i>	<i>Number of NCSC staff with 10 years or more continuous service</i>	<i>Total</i>
Agriculture, Fisheries and Conservation Department	97	19	116
Architectural Services Department	-	-	-
Buildings Department	92	35	127
Census and Statistics Department	6	-	6
Chief Executive's Office	3	-	3
Chief Secretary and Financial Secretary's Office (including the Efficiency Unit)	59	26	85

<i>Bureau/Department/Office (B/D)</i>	<i>Number of NCSC staff with five years up to less than 10 years continuous service</i>	<i>Number of NCSC staff with 10 years or more continuous service</i>	<i>Total</i>
Civil Aviation Department	2	1	3
Civil Engineering and Development Department	7	20	27
Civil Service Bureau	-	-	-
Commerce and Economic Development Bureau	5	-	5
Companies Registry	15	-	15
Constitutional and Mainland Affairs Bureau	2	-	2
Correctional Services Department	-	-	-
Customs and Excise Department	1	-	1
Department of Health	348	58 ⁽¹⁾	406
Department of Justice	1	4	5
Development Bureau	1	-	1
Drainage Services Department	12	5	17
Education Bureau	199	34	233
Electrical and Mechanical Services Department	476	264 ⁽²⁾	740
Environment Bureau	-	-	-
Environmental Protection Department	12	1	13
Financial Services and the Treasury Bureau	8	-	8
Fire Services Department	11	1	12
Food and Environmental Hygiene Department	71	20	91
Food and Health Bureau	3	-	3
Government Flying Service	1	-	1
Government Laboratory	4	-	4
Government Logistics Department	15	1	16
Government Property Agency	-	-	-
Highways Department	-	5	5

<i>Bureau/Department/Office (B/D)</i>	<i>Number of NCSC staff with five years up to less than 10 years continuous service</i>	<i>Number of NCSC staff with 10 years or more continuous service</i>	<i>Total</i>
Home Affairs Bureau	5	-	5
Home Affairs Department	22	10	32
Hong Kong Observatory	2	-	2
Hong Kong Police Force	57	9	66
Hongkong Post	601	632 ⁽³⁾	1 233
Immigration Department	41	2	43
Information Services Department	9	2	11
Inland Revenue Department	14	-	14
Innovation and Technology Commission	11	5	16
Intellectual Property Department	5	-	5
Invest Hong Kong	25	12	37
Judiciary	24	8	32
Labour and Welfare Bureau	2	-	2
Labour Department	58	16	74
Land Registry	21	20	41
Lands Department	1	-	1
Legal Aid Department	-	-	-
Leisure and Cultural Services Department	160	363 ⁽⁴⁾	523
Marine Department	1	2	3
Office of the Communications Authority	19	33	52
Office of the Government Chief Information Officer	4	-	4
Official Receiver's Office	9	3	12
Planning Department	4	2	6
Radio Television Hong Kong	74	61 ⁽⁵⁾	135
Rating and Valuation Department	12	1	13
Registration and Electoral Office	13	8	21
Security Bureau	1	-	1

<i>Bureau/Department/Office (B/D)</i>	<i>Number of NCSC staff with five years up to less than 10 years continuous service</i>	<i>Number of NCSC staff with 10 years or more continuous service</i>	<i>Total</i>
Social Welfare Department	91	35	126
Student Financial Assistance Agency	125	40	165
Trade and Industry Department	13	7	20
Transport and Housing Bureau	-	-	-
Transport Department	27	17	44
Treasury	5	4	9
University Grants Committee Secretariat	2	2	4
Water Supplies Department	16	28	44
Total	2 925	1 816	4 741

Notes:

- (1) About 74% of the 58 NCSC staff who had been working in the DH for 10 years or more were employed to carry out non-core cleaning and menial duties in clinics. Whether they can eventually be phased out will depend on the effectiveness and progress of outsourcing such services. The remainder were deployed either to meet time-limited requirements, such as control and regulation of Chinese medicines and related work, or to serve as a stop-gap measure pending phasing out of the NCSC positions and the irreplaceable by civil service posts as identified in the 2006 special review.
- (2) As regards the 264 NCSC staff who had been working in the Electrical and Mechanical Services Department (EMSD) for 10 years or more, the Department retained them so long as their experience and expertise were commensurate with the operational needs of the Electrical and Mechanical Services Trading Fund. The EMSD will convert those NCSC positions into civil service posts in phases where long-term service need is identified.
- (3) Around 54% of the 632 NCSC staff who had been working in the Hongkong Post for 10 years or more worked less than the conditioned hours required of civil servants. These staff were mainly involved in sorting, loading and unloading of mails. The remainder were engaged mostly in providing marketing, sales and over-the-counter services, the need for which was subject to unpredictable market changes from time to time.
- (4) Among the 363 NCSC staff who had been working in the Leisure and Cultural Services Department for 10 years or more, some 73% were engaged in services for which reviews were under way/completed, such as frontline and support services in public libraries, training and support services in the Music Office and stage management and support services. The remainder were mainly Workman-type staff engaged in different positions to meet short-term service needs, or IT staff to tap market expertise to maintain the IT systems in the Department, or to serve as a stop-gap measure pending phasing out of the NCSC positions and their replacement by civil service posts as identified in the 2006 special review.
- (5) The 61 NCSC staff who had been working in the Radio Television Hong Kong for 10 years or more were mainly engaged to tap the latest market expertise in the information technology, film production and journalism fields.

MRS REGINA IP (in Cantonese): *President, thanks to the Secretary for his detailed reply. According to the Annex provided by the Secretary, we can see that the Hongkong Post is hard hit, as NCSC staff with a length of service of more than five years and more than 10 years are in great numbers. May I ask the Secretary whether the Hongkong Post has applied for conversion of these positions into civil service posts, if it has not, is it because it is required to reduce expenditure by its Trading Fund?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): *President, thanks to Mrs IP for her supplementary question. Actually, the Hongkong Post had made an application to us before. We did not mention the relevant information at the last meeting of the panel because the Hongkong Post has created 31 civil service posts through internal resource deployment and did not seek funding from the central government for the purpose.*

The modus operandi of the Hongkong Post is different from that of other departments as it operates as a Trading Fund. Therefore, it is necessary for it to make financial considerations. In this connection, we allow the department certain flexibility in respect of the cap on the number of NSCS staff employed.

MR LEUNG YIU-CHUNG (in Cantonese): *President, NCSC staff and civil servants receive different pay, different treatment and different benefits for doing the same work. It is imperative for the Secretary to face and tackle this problem, rather than allowing the problem to drag on. However, there is another problem which warrants more attention and that is, NCSC staff who have been employed for a long time often face the problem of job insecurity, because the Government keeps on talking about replacing such staff with permanent staff or by way of outsourcing.*

In fact, these staff members have worked in their departments for many years. They are very familiar with the work environment and job skills, and their dismissal would mean a loss to the Government. May I ask the Secretary whether the Government can allow them to leave the Government through natural wastage, rather than replacing their positions by turning them into permanent posts or outsourcing their jobs; if not, what are the reasons?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, thanks to Mr LEUNG for his supplementary question. I have three points to make in reply to his question. First, for long-term jobs with long-term and stable service needs, our basic objective is to replace these positions by civil service posts. Certainly, as I said in my main reply earlier on, the departments will replace those positions upon completion of contracts by the relevant NCSC staff in some cases. That said, there is no denying that a contract is, after all, a contract, and it is the spirit of contract that a contract expires upon expiry. Therefore, the colleagues concerned and the departments must clearly understand this. However, what the departments can do is to give notification to the colleagues concerned as early as possible, and if other suitable NSCS positions are available before the expiry of their contracts, the departments will certainly make arrangements for these colleagues to be transferred to those positions.

Of course, these colleagues can also apply for civil service posts. According to past cases, around 45% of these outgoing NSCS staff have successfully applied for civil service posts in the Government. Their departments will assist them in applying for these posts if they meet the entry requirements as well as other requirements.

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

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary has not answered my supplementary question. Apart from the current practice that he has just explained, there is another most important approach that can be taken and that is, the authorities can allow natural wastage of NSCS staff by, for instance, allowing them to work until they are old enough for retirement, so that they can retain their jobs for a longer time. If it is impossible to make this arrangement, what is the reason for it? The Secretary has not answered these two points at all.*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, what I mean is that basically, if it is possible for the service to tie in with their contracts,

we will allow such staff to leave the Government upon expiry of their contracts as far as possible.

MR POON SIU-PING (in Cantonese): *The Government employs NCSC staff on the ground of meeting time-limited or short-term service demands. This reason is actually far from convincing, because some NCSC staff have worked for more than five years, and it is learnt that some have even worked for a decade or two, involving a few thousand people.*

I wish to ask the Government whether consideration will be given to setting up a mechanism to enable these positions to be automatically converted into civil service posts after the NSCS staff have worked for two or three years. Have the authorities considered putting in place such mechanism or arrangement?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, thanks to Mr POON for his supplementary question. I can see practical difficulties with this arrangement because some of these long-term jobs are not full-time. Take swimming pools as an example. Every year, additional manpower is particularly required in two months, and while some of the staff have been employed for a long time, their hours of work are still less than the minimum hours of work required of civil servants. We, therefore, consider it very difficult for these services to be provided by civil servants.

Some long-term jobs have been provided for more than two years in some cases. For example, some time-limited projects or programmes may last over two years, and some may even last as long as five years. Therefore, I think it is difficult to automatically convert these positions into regular posts at the end of a two-year period in all cases. I believe it is actually very difficult to do so.

MR WU CHI-WAI (in Cantonese): *In the fourth paragraph of the main reply, the Secretary said in express terms that the Civil Service Bureau will seek to replace NCSC positions with civil service posts as soon as possible upon confirmation of long-term service needs.*

According to the information in the Annex, there are, in fact, many departments where the NCSC staff employed have a length of service of more

than five years. May I ask the Secretary if the Civil Service Bureau has studied whether such work is needed on a long-term basis in these departments, or the departments have submitted reports or information to confirm that these positions primarily are not needed on a long-term basis? But if that is really the case, why has the Civil Service Bureau allowed a department to have positions filled on a continued basis by NCSC staff for over a decade? Is such situation compatible with the definition of "long-term service needs"?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, thanks to Mr WU for his supplementary question. His question consists of two points. For the first point, as I have just explained, if some departments have employed NCSC staff for a rather long time, we will follow up these cases with the department concerned in regular reviews. We will enquire of the reason for retaining their service for such a long time and whether they do have long-term service needs. If their long-term service needs are confirmed, we will suggest the department to convert these positions into civil service posts.

But in some cases, even though the NCSC staff have been employed for a long time, their positions cannot meet the requirements of civil service posts, and as I have just explained, for instance, the hours of work do not meet the basic requirement of those of civil servants, or no one in the Civil Service has the expertise to perform their work and so, there is a genuine need to recruit from outside the Government talents who do not belong to the Civil Service to perform these tasks. Besides, some of the positions are currently under review. For these reasons, the NCSC staff employed by some departments may have a longer duration of service.

Having said that, I can tell Members that we have been actively following this up with the departments in recent years. If these positions are indeed long-term jobs which can be taken up by civil servants, we will convert them into civil service posts.

MR WU CHI-WAI (in Cantonese): *Can the Secretary provide us with the relevant information?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): I will do so after the meeting. (Appendix I)

MR KWOK WAI-KEUNG (in Cantonese): *The Secretary pointed out in his reply earlier that NCSC staff are employed for jobs with service needs which are time-limited, seasonal or subject to market fluctuations. But after following up the case of Community Work Organizers of the Support for Self-reliance Scheme under the Comprehensive Social Security Assistance Scheme of the Social Welfare Department (SWD), I found that none of the criteria stated by the Secretary is met and yet, the SWD has employed NCSC staff and what is more, these NCSC staff have been employed for a long time. Therefore, I think what is said in the main reply is not convincing.*

These staff have worked in the SWD for more than 10 years but they cannot remain in their original positions because the service is outsourced. I am very angry and disappointed with this. But the Secretary has put great emphasis on the contract. He kept talking about the spirit of contract, arguing with ample justifications that it is all laid down in the contract that the years of service are not counted and no annual salary increment is provided. This is even worse than the minimum wage which is subject to review every two years

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

MR KWOK WAI-KEUNG (in Cantonese): *My supplementary question is: Why can NCSC staff not enjoy an annual pay rise? What is the reason for it? The Secretary's pay is increased annually. Why can they not enjoy an annual pay rise because they are employed on contract terms? These NCSC staff have already given up their promotion opportunities and they have given up the benefits of civil servants. I only wish to ask the Secretary*

PRESIDENT (in Cantonese): Mr KWOK, please do not give a speech here. You can sit down if you have already raised your supplementary question.

MR KWOK WAI-KEUNG (in Cantonese): *President, I am not giving a speech here. I only wish to ask*

PRESIDENT (in Cantonese): Mr KWOK, you have already stated your supplementary question. Please sit down.

MR KWOK WAI-KEUNG (in Cantonese): *I only wish to ask the Secretary whether he can give a guarantee to these NCSC staff that they can have a pay rise annually.*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): Thanks to Mr KWOK for his supplementary question. I have two points to make in response to Mr KWOK's question. First, regarding the SWD, this decision was made as a result of a change in the mode of its service delivery.

Second, on the point of contract, I think Members will understand that according to the Government's arrangements for employment contracts, employees will receive an end-of-service gratuity upon completion of the contract. This is actually an attraction of employment on contract terms because a gratuity is payable to employees upon completion of contract. Besides, we do not rule out the possibility that in some departments, when their NCSC staff have completed the first contract and if there is a need to further employ these staff under a second contract and if there is a need in the market or for the department to tap the staff's experience, the remuneration for the second contract can be increased. I think this arrangement has allowed an appropriate degree of flexibility to ensure that these positions remain attractive.

MR KWOK WAI-KEUNG (in Cantonese): *President, a gratuity is not the same as the monthly salary. Secretary, can a review be conducted on granting them an annual pay increment?*

PRESIDENT (in Cantonese): Mr KWOK, please do not speak anymore. As I have said repeatedly, no debate is allowed during the Question Time. If you

disagree with the views of the Secretary, please put forward your views on other occasions.

DR FERNANDO CHEUNG (in Cantonese): *In his main reply the Secretary said that these NCSC positions are created to meet service needs which are seasonal, time-limited or subject to market fluctuations. But the information provided by him shows that among these 14 500-odd positions, one third of the staff have worked for five years or more. The situation is contradictory to what the Secretary has said. Some departments have been abusing this mechanism because one third of the NCSC staff have worked for more than five years, which obviously shows that their positions are neither seasonal nor time-limited; nor are these jobs subject to market fluctuations. May I ask the Secretary whether there is a need to review this system afresh? Moreover, the Secretary said repeatedly earlier that these positions would be converted into civil service posts upon confirmation of long-term needs. May I ask him to give us a definition of "long-term needs"?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, thanks to Dr CHEUNG for his supplementary question. First of all, as I have just explained, in order for a service to be defined as having long-term needs, the service, apart from being long-term in nature, certainly has to meet other requirements. The first requirement is that the work can be taken up by the Civil Service, because the expertise or skills required by some of these jobs cannot be found in the Civil Service. This is why the positions have to be filled by NCSC staff even though they are of a long-term nature.

On the other hand, while these positions may be of a long-term nature, the need for these jobs can still be seasonal, which means that additional manpower is required only in one or two months a year, and for some other jobs, the hours of work may not meet the minimum hours of work required of civil servants. The employment of NCSC staff is permitted under these circumstances.

Therefore, we consider that if some jobs are of a long-term nature and definitely needed throughout the year and if these jobs can be taken up by civil servants, we will certainly convert these positions into civil service posts as far as possible.

DR FERNANDO CHEUNG (in Cantonese): *Can he*

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

DR FERNANDO CHEUNG (in Cantonese): *Can the Secretary give a simple answer to the meaning of "long-term", or can he give me a specific number of years to explain how many years, say, three years or five years, are considered as "long-term"?*

PRESIDENT (in Cantonese): Secretary, can "long-term" be defined to mean a specific period of time?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I think we will not define "long-term" to mean a specific number of days. But put simply, there must be long-term needs for these jobs. In other words, these jobs are not required only for a year or several months, or for only a few years or five years or a decade. They are needed over a long period of time, and there is basically a need to carry out such work throughout the year.

PRESIDENT (in Cantonese): We have spent 24 minutes 30 seconds on this question. Last oral question.

Allocation of Primary One Places to Local Students

6. **MR FRANKIE YICK** (in Cantonese): *President, it has been reported that the Secretary for Education has indicated that the proportion of students who were born in Hong Kong and do not have Mainland household registration but whose parents are non-permanent residents of Hong Kong, commonly known as "doubly non-permanent resident students" (DNR students), coming to Hong Kong for primary education in the near future is expected to increase substantially from between 40% and 50%, as originally estimated, to 65%, reaching 130 000 persons. The increase in the aforesaid figure is mainly attributed to the recent cessation of admission of such students, who do not have Mainland household*

registration, by the public schools on the Mainland. The pressure of DNR students on the demand for local school places has been increasing, and the school nets in the North District are the first to bear the brunt, with a shortage of about 800 to 1 000 school places in the Sheung Shui school net this year. Therefore, local students residing in that district may need to travel long distances to attend schools in other districts, and DNR students may also be allocated to schools in various districts. The Secretary for Education has also indicated that as the allocation process has already commenced, it is difficult to implement in the North District the policy of according priority to local students in the allocation of school places, and that the issue of fairness has to be taken into consideration. In this connection, will the Government inform this Council:

- (a) given that some principals of the schools in the North District had earlier said that while the Education Bureau had undertaken that priority would be accorded to students residing within the school nets in the North District in the allocation of Primary One places, the Secretary for Education later made different remarks on this issue, whether the Government has currently put in place a policy which stipulates that students residing within a particular school net will be accorded priority in the allocation of Primary One places in the same school net; if it has, of the relevant data concerning the implementation of such policy in various school nets in the past three years, and the reasons why it is difficult to implement such policy in the North District at present; if it has not, the reasons for that;
- (b) as it has been reported that the authorities will introduce five measures to ameliorate the problem of shortage of Primary One school places in the North District, of the details of the various measures and the expected results, including whether these measures can ensure sufficient Primary One places in the North District this year; if they cannot, of the measures in place to support the students who have not been allocated school places within the districts of their residence and their families; and
- (c) whether the authorities have now obtained information on the demand of DNR students for school places at various grades, and on the time that they intend to come to Hong Kong for education; if they have, of the details; if they have not, when such information will become available; whether the authorities have assessed the short-, medium- and long-term demand of DNR students for school places,

as well as whether the places in various school nets in the corresponding periods are sufficient to meet the demand of DNR students and to ensure that all local students are not required to attend schools in other districts?

SECRETARY FOR EDUCATION (in Cantonese): President, the Government will ensure the provision of sufficient public sector school places for children eligible for receiving education in Hong Kong. Under the existing Primary One Admission (POA) System, all eligible children, including cross-boundary students, can take part in the POA for admission to public sector primary schools.

My reply to the three-part question of Mr YICK is as follows:

- (a) When inviting applications for POA for the 2013-2014 school year in September 2012, we made clear to all parents the eligibility requirements (including the child concerned must be a Hong Kong resident) as well as the allocation mechanism of the POA System.

In brief, the POA System comprises two stages: Discretionary Places Admission stage and Central Allocation stage. During the Discretionary Places Admission stage, parents are open to apply to any public sector primary schools. The Central Allocation is based primarily on parental choices. For oversubscribed schools, the order of priority in school places allocation will be determined by a computer-generated random number for each applicant so as to ensure fairness. Therefore, children residing in the school net do not have priority in the Central Allocation exercise. Parents joining the POA 2013 had completed the choice making exercise of the Central Allocation on 19 or 20 January. They have legitimate expectations on the publicly announced operation of the Central Allocation exercise (including the order of priority). It is not advisable to change the order of Primary One (P1) places allocation haphazardly when the exercise is now in progress.

- (b) We expected that the shortfall of P1 places in the North District in the 2013-2014 school year will be less than 1 400. Since the projected number of cross-boundary students will drop after a few years, we will adopt flexible measures to ensure that sufficient P1

places will be made available for take-up in September 2013. Such measures include borrowing places from Tai Po, making use of unused classrooms in the North District and/or converting rooms originally designed for other purposes into additional classrooms, and allocating more students to each class. In addition, we have embarked on extension projects in four existing primary schools in the North District. We have also devised contingency plans to ensure that the additional classrooms needed will be available for use in the 2013-2014 school year.

We understand that some parents residing in the North District are concerned that their children might be required to attend school in Tai Po under the POA System as a result of the increase in cross-boundary students. To address their concerns, we are going to implement special measures for their children. After the release of allocation results in June this year, for students residing in the North District and assigned to a school net in the district during their POA application but have been allocated places in Tai Po in the Central Allocation, they can seek help from this Bureau if they wish to give up the allocated places in Tai Po and stay within the district for schooling. We pledge to increase the school places in the North District in order to address their wish by arranging P1 places in the North District for them.

Meanwhile, the Education Bureau will make every effort to enhance the arrangements for the 2014-2015 and subsequent school years, with a view to according priority to the students of the North District in a legal and reasonable way, and reducing significantly the number of students who are subject to cross-district allocation due to the impact of cross-boundary students. We will collaborate with other bureaux and departments to improve the cross-boundary support measures for more effective diversion of cross-boundary students to other districts.

- (c) Nearly 160 000 Type II babies (born to Mainland women in Hong Kong and whose fathers are non-permanent residents of Hong Kong) were born in Hong Kong between 2006 and 2011, and about 23 000 between January and October 2012. These Type II babies and local babies are both Hong Kong residents. The Census and Statistics

Department (C&SD) anticipates that about 50% of these Type II babies will return to Hong Kong for settlement before reaching the age of 21.

For those Type II babies that do not return to Hong Kong for settlement, some of them will cross the Shenzhen boundary to attend school in Hong Kong every day as cross-boundary students. For 2012, there were about 6 800 cross-boundary students in the public sector primary schools. These students comprise children of Hong Kong residents residing in Shenzhen, and children born to Mainland women in Hong Kong and whose fathers are permanent residents of Hong Kong. The number of cross-boundary students as well as the boundary control points which they use to access Hong Kong are subject to year-on-year changes depending on family factors, distribution of their places of residence, and adjustment of relevant policies, and so on. Therefore, it is difficult to make an accurate projection. We will take into account the year-on-year progression of cross-boundary students already attending schools in Hong Kong and the prevalent number of POA applicants when estimating the number and planning school places.

The Education Bureau will closely monitor the future demand for education in Hong Kong as well as changes in the supply and demand of school places in individual districts. In the event that specific districts suffer from a shortfall of public sector school places in the next few years, we will consider adopting different options to increase the supply of places.

MR FRANKIE YICK (in Cantonese): *President, according to the Secretary's reply, there will be an increasing number of eligible school-aged DNR students coming to Hong Kong in the next few years. They will have to make strenuous trips across the boundary to attend schools in Hong Kong. It is really time consuming and ineffective. At the same time, they will exert additional pressure on control points and create a shortfall in school places, forcing local students to attend school in other districts.*

To deal with the problem once and for all, will the Government consider buying school places from certain Mainland schools meeting the standards of

Hong Kong and compatible with our education system? As in the past case where the Government bought places from private schools, the suggested arrangement can make up for the shortfall in school places, and enable Hong Kong students in the Mainland to receive free education in Mainland schools direct.

SECRETARY FOR EDUCATION (in Cantonese): President, this proposal on schools for Hong Kong students in the Mainland has in fact been raised time and again throughout such discussions. We have exchanged views with individual stakeholders on the proposal and discussed the proposal with individual Members. According to our understanding, this proposal involves certain subjective views. Individual students and parents have told us that they are not only worried about the teachers' qualification and curriculum in Mainland, but they are also concerned about the overall learning environment in the Mainland and the exposure of students. As such, this problem cannot be solved easily. However, we will still consider and examine various feasible measures.

MR CHAN HAK-KAN (in Cantonese): *President, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has been following up the problem of shortage of school places in the North District for many years. However, the Education Bureau has all along adopted an ostrich approach. Even though the Secretary says today that additional mechanisms and classrooms will be provided, I think it is already too late, for the crisis has erupted. At present, despite his wish to increase classrooms and intake of students, schools may not necessarily be able to cope. Apart from lobbying and high-handed approaches in coercing schools into admitting more students, will the Secretary undertake to provide more resources and manpower to ensure that the quality of teaching and the work pressure of teachers will not be affected by the additional intake?*

SECRETARY FOR EDUCATION (in Cantonese): President, in coping with the schooling needs of cross-boundary students, special attention will be paid to quality of teaching. We will discuss with the schools concerned and stakeholders first, and if the increase in class size is considered really necessary, we will provide the necessary support to meet the need of schools for additional support so arises. We have been maintaining close contact with the education

sector, and meetings were held earlier to identify the areas requiring support. We will pay attention to professional teaching quality, resources and facilities, and so on. The premise is that the overall quality of teaching will not be affected by the issue of cross-boundary students.

MR IP KIN-YUEN (in Cantonese): *President, the failure in planning of the Education Bureau has caused our schools, teachers, students and parents to suffer. All primary schools in the North District were required to increase their class size last year from 25 students to 27 students and from 30 to 32. Now that the Government says the class size has to be increased further and additional students will be allocated to primary schools in the North District, students in these schools will surely become crowded like sardines in a can. Despite that, residents in the North District still worry that their children cannot get a school place in locally.*

Will the authorities give a clear account on the accountability of several issues? First, under the statutory institution of compulsory education, is it the responsibility of the Government to ensure children of Hong Kong residents can attend schools nearby? If it is the responsibility of the Government, should the Government bear the political and administrative responsibility for the residents' worries about the impossibility of getting a school place nearby?

Mr CHAN Hak-kan has also mentioned this scenario earlier. Actually, this is the result of failure in planning, where teachers in the North District have to undertake more work. Secretary mentioned earlier that some plans have been drawn up now, yet whether those plans cover the provision of administrative support. In other words, apart from teaching support, will the Education Bureau provide specific support in administration for schools to enable them to handle the additional students, such that students will receive education of reasonable quality?

SECRETARY FOR EDUCATION (in Cantonese): President, as I mentioned earlier, the allocation system should be applicable to each and every eligible student in a fair and impartial manner. I will also consider another factor, that is, to enable them to attend schools nearby. For this reason, the measures I announced for implementation in 2013-2014 will be founded on these principles. If the residential addresses of students are in the North District, and if they want

to attend school in the North District but are allocated places in Tai Po, we guarantee that additional places in the North District will be provided to meet their expectation. The Government is duty-bound to do so.

Second, on the premise of the right to schooling, we consider it necessary to provide support to schools and maintain close and constant liaison with the education sector. Individual principals have expressed different views. Some consider that their class sizes have already reached the optimum level and they want no more increase, and they are thus unwilling to adopt the fifth option. Some consider that there is still room for increase in class size, for the number of students in a class for primary schools was 45 in the past. After the implementation of small class teaching for four years, some of their class sizes have been reduced to 25 students, and they thus consider there is room for increasing the number of students at each level.

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

MR IP KIN-YUEN (in Cantonese): *President, my supplementary question earlier asked whether the Government considered it its primary responsibility to provide to the children of our residents opportunities to attend nearby primary schools. This is very important, for all over the world*

PRESIDENT (in Cantonese): *Mr IP, please refrain from expressing your views. I heard that you had at least asked three questions earlier. I urge Members to put forth questions with clarity. Mr IP, the question you now repeated means to ask the Secretary whether the Government has the responsibility to enable students to enrol at schools nearby.*

MR IP KIN-YUEN (in Cantonese): *Yes, it is the primary responsibility.*

PRESIDENT (in Cantonese): Do you want the Secretary to answer this question? Please be seated.

SECRETARY FOR EDUCATION (in Cantonese): President, I have already repeated this important point earlier. Apart from the premise that the allocation procedure is applicable to all students, another important concern is schooling nearby. As such, a special measure will be introduced to achieve this target. We think that we are duty-bound to assist students to enrol at schools nearby.

MR TOMMY CHEUNG (in Cantonese): *President, I recall that not long ago, many schools in Tai Po District were required to reduce their class size, yet schools in the North Districts did not have to face that kind of problem. I would like to ask the Secretary about the arrangement on borrowing places from Tai Po for children of parents in the North District who cannot get a place in schools nearby, for I have thought up one point and would like to ask the Secretary to consider it. In Tai Po District now, many schools which have classes cut are still running, and there is no need to build new classrooms. The period now under discussion is the six-year period between now and 2019. Will the Secretary consider arranging for all cross-boundary students to attend schools in Tai Po? The students may have to spend more time on travelling, but since they have already spent some time to travel to Hong Kong, the 15-minute bus journey to Tai Po will not be quite demanding. Is the allocation of school places for DNR children in Tai Po District a better option than the present arrangement that causes local parents to make tiring trips?*

SECRETARY FOR EDUCATION (in Cantonese): First, I have to thank the Member for his proposal. During the period, we have received many good proposals with similar ideas. It is suggested that the surplus school places in various districts should be grouped together and then inform parents of cross-boundary students, so that they do not have to make the choice not in an informed manner.

Second, Tai Po District has become the major source for borrowed school places. We hope that resources in Tai Po will be fully utilized, and that the problem can be addressed through borrowing places.

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

MR TOMMY CHEUNG (in Cantonese): *President, the Secretary has not answered it. My supplementary question asked whether the Government would considering sending all DNR students to study in Tai Po District, selecting schools in Tai Po District for them instead of borrowing places for parents in the North District and requesting children in the North District to study in Tai Po. On this count, the Secretary has not answered my question.*

SECRETARY FOR EDUCATION (in Cantonese): *President, I have to stress that this is only one of the options for consideration. Moreover, Tai Po District is not the only district to be included. There are proposals suggesting the inclusion of a few more districts, so that surplus school places in those districts will be grouped together for consideration by parents of cross-boundary students.*

MR ALBERT CHAN (in Cantonese): *President, I would like to tell Mr Tommy CHEUNG that it is faster to go from the North District to Tin Shui Wai and Yuen Long than to Tai Po.*

President, I have to point out one issue. The right of students to schooling is contradictory to the policy on the eligibility for Comprehensive Social Security Assistance (CSSA) of the elderly. In the application for CSSA, the applicant must at least have resided in Hong Kong for 180 days a year to be eligible, but for students, they are given the right to study in Hong Kong if they are born in Hong Kong, even if they have never resided in Hong Kong before. The policy is discriminatory against the elderly, for the Government only respects the right of students to study.

On the issue of the right of students residing in Hong Kong being affected by students not residing in Hong Kong, it is obviously a problem in the North District. Some time ago, the Government planned to build additional primary schools in the North District, but due to the objection of Members in the education sector from the democratic camp, the Government finally succumbed to the opposition and gave up the construction proposal. However, it has given rise to the shortfall of a thousand or so school places in the North District. First, I have to condemn these Members from the democratic camp

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

MR ALBERT CHAN (in Cantonese): *for ignoring the need of the North District. My supplementary question is: Will the Government learn from the painful lesson? Since the Government is clearly aware of the serious schooling problem and shortfall of school places in the North District, will the Government reconsider the construction of schools in the North District? Though such measure of distant effect may not solve the pressing problem, will the Government reflect on the lesson and resolve to plan anew the construction of additional schools in the North District with a view to solving the education problem in the North District?*

SECRETARY FOR EDUCATION (in Cantonese): President, as I mentioned earlier, since the population in 2018 will decrease further, we will not hastily tilt to a certain approach in the planning process. However, the Member has made a very good proposal earlier, that is, the construction of new schools. Actually, a project is now underway, and by 2016, new schools will be completed in the North District.

Second, I would like to point out that in the overall support arrangement, in addition to an increase in class size, additional classrooms will also be built and vacant classrooms will be reused for other purposes. More importantly, we will identify the unused resource and school places in other districts, and then expand the district net to satisfy the demand by all means.

MR WU CHI-WAI (in Cantonese): *President, at hearing the Secretary's reply, I notice that he is indeed relying on the decrease in population after 2018, as he said in part (b) of the main reply, "..... the projected number of cross-boundary students will drop after a few years". In this connection, may I ask the Secretary on what basis is his judgment on the drop in population made? We all know that the Development Bureau is now identifying sites for housing development and places like Hung Shui Kui will also be developed. As such, may I ask whether there is any basis for his remark? If there is, will he provide the plan on this projection for us to consider whether there is anything wrong with the projection that prevents the authorities from addressing the problem squarely?*

SECRETARY FOR EDUCATION (in Cantonese): President, Members should recall that the problem of DNR babies was curbed in end 2012. The number of DNR babies between 2006 and 2012 was some 160 000, and adding to this 23 000, the increase will stop. From this perspective, we can indeed know the number of school-aged children studying in P1 six years later, and we will pay close attention to this.

Second, we understand that whether each DNR baby will come to Hong Kong is determined by a host of factors. As such, we will draw reference from several figures in conducting the assessment, and we have borrowed a lot of information from the C&SD and other sectors.

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

MR WU CHI-WAI (in Cantonese): *The Secretary has not answered how he will include the population projection on the development of the North East New Territories (NENT) by the Government in the plan.*

PRESIDENT (in Cantonese): Secretary, has consideration been accorded to the increase in population brought by the development of the NENT?

SECRETARY FOR EDUCATION (in Cantonese): The present population projection is only based on known factors, particularly the number of cross-boundary students. As for the population arising from the development of the NENT, since a relatively comprehensive plan on the background and content of the development is not yet available, it is therefore improper to draw up plans hastily at the present stage. However, as I mentioned earlier, we will monitor more closely and examine the figures to guard against any error.

PRESIDENT (in Cantonese): We have spent more than 24 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Inoculation for Dogs Against Rabies**

7. **DR HELENA WONG** (in Chinese): *President, representatives from animal rights concern groups have relayed to me that it was only after their reminder did the staff of the Animal Management Centres of the Agriculture, Fisheries and Conservation Department (AFCD) attach expiry date labels on rabies vaccines. However, when the concern groups examined such labels later on, they found that the vaccines had expired for 10 months. As such, they suspect that some dogs have been inoculated with expired vaccines by the AFCD. In this connection, will the Government inform this Council:*

- (a) *of the quantity of rabies vaccines purchased and the number of dogs inoculated by the AFCD, as well as how the AFCD disposed of the expired vaccines and the quantity of such vaccines in each of the past five years;*
- (b) *whether the AFCD had received in each of the past five years reported cases of dogs being inoculated with expired rabies vaccines; if it had, of the details (including the number of cases as well as the place, date and time of inoculation, and so on); whether it had investigated if human negligence or errors had been involved in each case; if the investigation results were in the affirmative, of the punishment imposed on the staff concerned; whether the AFCD had re-inoculated the dogs which had been inoculated with expired vaccines;*
- (c) *whether it has assessed the impact of dogs being inoculated with expired rabies vaccines on their behaviour and health, as well as the threat to human safety posed by dogs not immunized; whether it knows the number of dogs in each of the past five years which suffered behavioural and health problems caused by their having been inoculated with expired vaccines;*
- (d) *whether a mechanism is in place at present to monitor and control the procedures of inoculation for dogs against rabies and the quality of the vaccines;*

- (e) *of the respective numbers of complaints and enquires received in each of the past five years relating to the AFCD's inoculation for dogs against rabies, with a breakdown by the subject of the complaints; and*
- (f) *whether a mechanism is in place at present to announce incidents relating to the AFCD's inoculation of dogs with expired vaccines, with a view to enhancing public awareness?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, rabies is a fatal disease. It may be transmitted from infected dogs to humans through dog bites. It is estimated that over 55 000 people, mostly in Africa and Asia, die of rabies every year. The last animal rabies case in Hong Kong was reported in 1987. Although Hong Kong has a good track record in rabies control, we must stay vigilant and exercise due diligence in taking the necessary preventive measures.

A comprehensive anti-rabies programme has been implemented by the AFCD, with rabies vaccination for dogs being one of the key measures. Under the Rabies Regulation (Cap. 421A), all dogs aged over five months must be vaccinated against rabies. Offenders are liable to a maximum penalty of \$10,000. To ensure an adequate level of protection against rabies, dogs must be re-vaccinated every three years.

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

- (a) The quantity of vaccines against rabies purchased by the AFCD and the number of dogs vaccinated against rabies in each of the past five years are set out below:

	<i>Quantity of vaccines against rabies purchased</i>	<i>Number of dogs vaccinated against rabies</i>
2008	58 000	53 784
2009	71 000	61 888
2010	67 000	59 303
2011	70 000	62 699
2012	71 000	65 540

The AFCD will check the stock of vaccines on a regular basis and decide on the quantity of vaccines to be purchased every year in light of their usage. Since the vaccines have a shelf life of three years, they are usually used up before expiry. Vaccines that have passed their expiry date will be disposed of and discarded as chemical waste in accordance with the Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C).

- (b) Over the past five years, the AFCD has received one report of inoculation with expired rabies vaccine. The case, which took place on 10 December 2012, involved a five-month old Chihuahua taken by its owner to the AFCD's Anti-Rabies Dog Inoculation and Licensing Centre in the Hong Kong Park for rabies vaccination and licensing. The dog owner later found from the label attached to the licence that the vaccine had expired.

Upon notification, the AFCD officer concerned contacted the dog owner immediately and expeditiously arranged a health check for the dog by the AFCD's Veterinary Officer. The dog was found to be in good health. Meanwhile, after the incident, the AFCD has immediately checked all rabies vaccines kept in various Animal Management Centres and other vaccination centres. No expired vaccines were found. After discussion with the dog owner, the AFCD arranged another inoculation against rabies and health check for the dog on 7 January 2013.

According to its initial investigation, the AFCD believes that the incident involves negligence on the part of an individual staff member. The AFCD is following up, in accordance with the Civil Service Regulations, arrangements for taking action against the staff member in question.

- (c) After the incident, the AFCD has contacted the vaccine manufacturer concerned to enquire about the use of expired vaccines. The vaccine manufacturer has confirmed that expired vaccines should not cause harm to animals if they are properly stored and free from contamination, though they might not provide adequate protection against the disease.

- (d) Since the incident, the AFCD has reviewed the guidelines on storage and use of vaccines and improved the relevant procedures. It has also reminded the relevant staff members to check carefully the expiry date of vaccines before use.
- (e) According to the AFCD records, there have been three complaints about rabies vaccines, all of which were received during the period from late 2012 to early 2013 and related to the above case.
- (f) It is the prevailing practice of the AFCD to duly notify the public of any incident that is related to public health and involves significant public interest, as a means to protect public safety.

Pilot Employment Navigator Programme

8. **MR KWOK WAI-KEUNG** (in Chinese): *President, the Labour Department (LD) launched the two-year Pilot Employment Navigator Programme (Pilot ENP) in December 2010 to replace the Job Matching Programme (JMP) which had been implemented since 1995. The Pilot ENP, which aimed at enhancing employment assistance to job seekers, ended in mid-December 2012. In this connection, will the Government inform this Council:*

- (a) *of the number of participants in the Pilot ENP in the past two years; among them, the number and percentage of participants who had successfully secured employment, broken down by their gender, age and educational attainment; the respective numbers of participants so far who had stayed in employment for a continuous period of less than three months, three to less than six months, six months to one year and more than one year; whether the relevant employment figures met the original targets set by the authorities;*
- (b) *given that participants who had completed any one of the specified periods of employment (that is, the first day, the first month and the first three months) in the same employment might apply for the cash incentive for the stage concerned, of the number of those who had applied for cash incentive; among them, the respective numbers of participants whose applications had been approved and rejected; the*

number of participants who had been granted the corresponding cash incentive and the total amount involved for each stage, as well as the reasons for some participants not being granted cash incentive even though they had completed the specified periods of employment;

- (c) of the total amount of administrative costs incurred in implementing the Pilot ENP in the past two years, together with a breakdown of such costs;*
- (d) of the trades formerly engaged by the participants in each of the past two years; among them, the respective numbers of those who had been unemployed for less than three months, three to six months and more than six months when they registered in the Pilot ENP;*
- (e) regarding the participants who had successfully secured employment under the Pilot ENP in each of the past two years, of the occupations engaged by them, and the details of their terms of employment, remuneration and number of working hours, and so on;*
- (f) whether it has conducted a comprehensive review on the Pilot ENP; if it has, of the scope of the review, the criteria for assessing the effectiveness of the Pilot ENP and the assessment outcome; if not, the reasons for that;*
- (g) whether it will consider assigning some long-established or suitably experienced non-profit-making organizations or publicly-funded institutions to relaunch ENP as a regular programme; and*
- (h) with the cessation of both JMP and the Pilot ENP, how the authorities follow up the employment situation of participants, and the job changing arrangements for the staff, of the Pilot ENP; whether the LD, apart from providing regular employment assistance services, has any alternative plans currently in place; if it has, of the details; if not, whether the authorities will consider relaunching these two programmes; if they will, of the details?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to Mr KWOK Wai-keung's question is as follows:

- (a) The Pilot ENP was implemented from 13 December 2010 to 12 December 2012. In the period, a total of 8 166 job seekers joined the Pilot ENP and received intensive employment consultation services. As at 31 December 2012, apart from 796 participants who could not be contacted or who were not willing to provide information on their employment situation, and 380 participants who had stopped looking for jobs for personal or health reasons, the LD confirmed that 5 580 participants had secured employment, representing 68.3% of the total number of participants. A breakdown of these 5 580 participants who had secured employment by sex, age and educational attainment is provided in the tables below:

<i>Age</i>	<i>Number of participants</i>		
	<i>Female</i>	<i>Male</i>	<i>Total</i>
15-19	71	63	134
20-29	841	863	1 704
30-39	704	446	1 150
40-49	890	341	1 231
50-59	789	340	1 129
60 or above	106	126	232
Total:	3 401	2 179	5 580

<i>Educational attainment</i>	<i>Number of participants</i>
Primary Six or below	310
Secondary One to Secondary Three	1 231
Secondary Four to Secondary Five	2 369
Secondary Six to Secondary Seven	480
Post-secondary (non-degree)	638
Post-secondary (degree or above)	552
Total:	5 580

The participants of the Pilot ENP were generally not required to report to the LD changes in their employment status. We therefore cannot provide statistics on the length of employment in respect of all participants who had found work.

The LD conducted a survey in June 2012 (one and a half year after the launching of the Pilot ENP) to collect information on the employment of the participants. The survey analysed the employment status of 2 410 participants who had found work. A breakdown of the length of employment in respect of these 2 410 participants is provided in the table below:

<i>Length of employment</i>	<i>Number of participants</i>
Less than three months	755
Three to less than six months	556
Six to less than 12 months	740
12 months or more	359
Total:	2 410

Since at the time the survey was conducted, 1 828 of the 2 410 participants were still staying in their jobs, their actual length of employment would even be longer.

The Pilot ENP aimed to assist the unemployed to secure employment and encourage them to stay in the job by providing them with intensive employment consultation services and cash incentive. Whether a participant can find work or stay in the job hinged on a number of reasons, including personal factors and the employment market situation. Thus, we had not pre-set a target on the number of participants who could secure employment.

- (b) As at 31 December 2012, 932 participants had been approved cash incentive while 48 participants had not. The number of participants who had been approved cash incentive at various stages and the amount of cash incentive involved is provided in the table below:

	<i>Number of participants approved cash incentive</i>	<i>Amount involved (\$ in thousands)</i>
First stage cash incentive (Completion of the first working day)	932	466
Second stage cash incentive (Completion of the first month of employment)	651	976.5
Third stage cash incentive (Completion of three months of employment)	447	1,341
Total:		2,783.5

The major reasons for some participants who had completed the prescribed length of work but had not been approved cash incentive include: the participant's monthly salary exceeding the salary ceiling of the programme; the participant securing a job not listed under the LD's employment service; the employment not being a full-time permanent job as required; and/or the participant failing to receive at least one month's employment consultation services under the programme, and so on.

- (c) As at 31 December 2012, the administration expenses under the Pilot ENP included some \$600,000 on publicity and promotion, and some \$20,000 on computer system support. The staff costs of the non-civil service contract employment officers responsible for providing intensive employment consultation services to the participants were about \$4.97 million. To implement the Pilot ENP, the LD also created 15 time-limited civil servant posts to undertake duties such as formulating the operation details of the programme, publicizing and promoting the programme, vetting applications for cash incentive, handling enquiries and complaints

relating to the programme and training the employment officers, and so on. As these officers were also engaged in other employment-related duties concurrently, we are unable to provide a breakdown on the amount of their salaries paid for implementing the Pilot ENP.

- (d) A breakdown of the 8 166 Pilot ENP participants by industry of their employment prior to joining the programme is provided in the table below:

<i>Industry</i>	<i>Number of participants*</i>		
	<i>2010 (13 to 31 December)</i>	<i>2011</i>	<i>2012</i>
Manufacturing	70	546	446
Construction	7	100	140
Wholesale, retail, import/export trades, restaurants and hotels	103	1 156	1 169
Transportation, storage and communications	34	230	240
Financing, insurance, real estate and business services	73	768	552
Community, social and personal services	53	567	523
Others (including government sector)	37	317	242
No working experience	38	395	360
Total:	415	4 079	3 672

Note:

* Based on the year that the participants joined the programme

Since the participants are not required to report to the LD on their previous unemployment period, such information had not been kept by the LD.

- (e) A breakdown of the 5 580 Pilot ENP participants who had secured employment by occupational group, mode of employment (full-time or part-time) and salary is provided in the tables below:

<i>Occupational group</i>	<i>Number of participants who secured employment*</i>		
	<i>2010 (13 to 31 December)</i>	<i>2011</i>	<i>2012</i>
Managers and administrators	-	7	14
Professionals	-	25	103
Associate professionals	-	215	290
Clerical support workers	4	618	842
Service workers	2	281	523
Shop sales workers	-	158	330
Skilled agricultural and fishery workers	-	1	4
Craft and related workers	-	39	75
Plant and machine operators and assemblers	-	35	33
Elementary occupations	7	781	935
Others	-	18	26
Participant did not disclose the information	-	-	214
Total:	13	2 178	3 389

Note:

* Based on the year that the participants provided the employment information

<i>Mode of employment</i>	<i>Number of participants who secured employment*</i>		
	<i>2010 (13 to 31 December)</i>	<i>2011</i>	<i>2012</i>
Full-time employment	3	1 681	2 507
Part-time employment	1	367	648
Participant did not disclose the information	9	130	234
Total:	13	2 178	3 389

Note:

* Based on the year that the participants provided the employment information

<i>Salary</i>	<i>Number of participants who secured employment*</i>		
	<i>2010 (13 to 31 December)</i>	<i>2011</i>	<i>2012</i>
Below \$5,000	9	439	625
\$5,000 - \$5,999	-	271	240
\$6,000 - \$6,999	3	507	443
\$7,000 - \$7,999	1	440	647
\$8,000 - \$8,999	-	288	625
\$9,000 - \$9,999	-	109	267

<i>Salary</i>	<i>Number of participants who secured employment*</i>		
	<i>2010 (13 to 31 December)</i>	<i>2011</i>	<i>2012</i>
\$10,000 or above	-	124	328
Participant did not disclose the information	-	-	214
Total:	13	2 178	3 389

Note:

* Based on the year that the participants provided the employment information

The participants of the Pilot ENP were generally not required to report to the LD on the number of working hours of their employment. Hence, the LD cannot provide such information.

- (f) The LD conducted a review of the Pilot ENP in the fourth quarter of 2012. It was observed that during the period the Pilot ENP was implemented, the labour market remained buoyant and the number of job openings had continuously increased. Job seekers found it easier to find work through their own efforts. Since the current employment market situation had much improved when compared to the time when the Pilot ENP was launched, the number of job seekers requiring the LD's intensive employment consultation services had turned out to be smaller than originally expected. The LD also analysed the length of employment in respect of the participants approved and not approved cash incentive and noticed that the effect of cash incentive in encouraging the participants to stay in work was not significant. After deliberations, we decided to end the programme upon completion of its two-year trial period.
- (g) We have no plan to commission other organizations or institutions to continue operating the Pilot ENP.
- (h) The LD will continue to provide employment consultation services to the participants of the Pilot ENP until their registration expires. If the participants can secure an employment which meets the requirements of the Pilot ENP on or before 30 June 2013 and complete the prescribed length of service, they can still apply for the cash incentive. As such, LD staff are still required to continue providing employment consultation services to the participants of the

Pilot ENP so as to assist the participants in securing employment, and to handle the cash incentive applications submitted by the participants for some more time. We will review the work arrangement of the concerned staff in due course.

Following the cessation of the Pilot ENP, job seekers may continue to visit the LD's Interactive Employment Service website to look for vacancy information anytime, or visit the LD's Job Centres to make use of the job search facilities to find work. Job seekers may also call the Telephone Employment Service Hotline or approach Job Centres to seek job referral service from the staff. The LD's Job Centres will also provide employment advisory and support services to needy job seekers. The employment officers will interview the job seekers and provide them with job search advice, including conducting career aptitude assessment, providing information on the latest employment market and retraining courses, and introducing the various special employment programmes of the LD, such as the Work Trial Scheme and the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme, and so on.

Provision of Obstetric Services in Tseung Kwan O Hospital

9. **MR JAMES TIEN** (in Chinese): *President, the Government sought funding from the Finance Committee of this Council in 2008 for the expansion of the Tseung Kwan O Hospital (TKOH), and planned to provide obstetric services in TKOH in 2013-2014. However, the Hospital Authority (HA) has recently decided not to provide obstetric services in that hospital on the basis that the birth projection for Sai Kung District (SKD) in the coming few years will be lower than the planning reference set by the HA's Expert Committee on Obstetric and Gynaecology Services years ago for the provision of such services in a public hospital (which is 3 000 delivery per annum), making it necessary for the pregnant women in the district to continue to obtain delivery services from the United Christian Hospital in Kwun Tong. In this connection, will the Government inform this Council:*

- (a) *given that the HA has projected that the number of births in public hospitals in SKD for the coming few years is only 2 300 to 2 500 per*

annum, whether it knows the formula based on which the projection was calculated;

- (b) whether it knows how the Expert Committee on Obstetric and Gynaecology Services formulated the aforesaid planning reference;*
- (c) given that the 2011 Population Census published by the Census and Statistics Department revealed that women in the age group of 25 to 44, who have a higher fertility rate, constitute around 35% of the women population in SKD, whether the Government has taken this factor into consideration in assessing the demand for obstetric services of SKD residents; if it has, of the details; if not, the reasons for that;*
- (d) whether it has assessed the healthcare manpower needed for the provision of obstetric services in TKOH as originally planned; if it has, of the details; if not, the reasons for that;*
- (e) whether it has assessed the impact of the pregnant women in SKD having to obtain delivery services from other districts on the demand for and quality of obstetric services of hospitals in these districts, as well as the impact on the safety of such pregnant women; if it has, of the details; if not, the reasons for that;*
- (f) of the maximum capacity and utilization of obstetric services of public hospitals in the past five years (set out the annual figures by each public hospital providing obstetric services); and*
- (g) given that the authorities indicated in the paper submitted to the Panel on Health Services of this Council last month that the HA would constantly review the timeline for the provision of delivery services and services of the neonatal intensive care units (NICU) in TKOH, of the details of the latest timeline?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, at the meeting of the Legislative Council Panel on Health Services held on 21 January 2013, we explained to Members the overall healthcare needs of the Tseung Kwan O District as well as the considerations for the timeline in providing obstetric services in TKOH. In considering the detailed arrangement (including the

timing) for provision of obstetric services in TKOH, we have to take into account a number of factors such as the overall demand for services, the supply of healthcare personnel and the overall allocation of healthcare resources. However, these factors, in the current state, do not justify the provision of obstetric services in TKOH in the next three years.

Nevertheless, we recognize that there may be a need for such services in TKOH in the longer term. With due regard to manpower constraint and the safety issue in connection with the provision of delivery and NICU services, the HA will continue to make plan for the provision of manpower to prepare for the opening of obstetric services in TKOH at an opportune time as and when sufficient manpower is available and safety standard can be assured.

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

(a) and (c)

The HA's projection of the number of deliveries in SKD is based on the following information:

- (i) the number of births in Hong Kong obtained from the latest population projection (using 2011 as the benchmark) compiled by the Census and Statistics Department ;
- (ii) the projection of population distribution by District Council district/New Town and age (using 2009 as the benchmark) compiled by the Planning Department; and
- (iii) the fertility rates by district in 2011 (the estimation of which is based on the known number of live births and the number of women aged between 15 and 49 in each district).

The HA has duly taken into account the future residential development projects and the population growth in SKD based on the Planning Department's projection of population distribution. The relatively higher proportion of fertile couples in SKD has already been reflected in the fertility rate of that district and taken into consideration in the projection.

- (b) To ensure service safety and quality, the HA's Co-ordinating Committee on Obstetrics and Gynaecology Service has, based on expert advice, set a planning reference, which advises that a public hospital in general will only provide obstetric services when the number of births at that hospital is projected to reach 3 000 per year. This planning reference aims to ensure that the healthcare personnel can accumulate sufficient clinical experience to handle the possible sudden changes of clinical conditions of the pregnant patients.
- (d) If obstetric services are to be provided, TKOH must also provide a complete set of supporting facilities for the delivery services and for the care of newborn babies in order to ensure the provision of safe obstetric and neonatal care services. These facilities include NICU, Special Care Baby Unit, delivery rooms, operating theatres and other supporting services such as laboratory tests and allied health services, and so on. The total manpower required for providing the aforesaid services includes more than 30 doctors and 120 nurses.
- (e) According to the HA's records, for the local pregnant women in SKD who chose to give birth in public hospitals in 2012, more than 70% gave birth in the United Christian Hospital, which is also under the Kowloon East Cluster as TKOH. The use of delivery services provided by hospitals in other districts is not serious. It has not brought extra heavy pressure on other hospitals either.

As for pre-natal and post-natal services, pregnant women and babies in SKD may use the relevant services provided by TKOH.

- (f) The numbers of delivery cases in public hospitals for the past five years are set out in the table below:

<i>Public Hospital</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012⁺</i>
Kwong Wah Hospital	5 451	5 677	5 945	6 140	6 135
Princess Margaret Hospital	4 664	4 627	4 905	5 239	5 500
Prince of Wales Hospital	6 544	6 484	6 824	7 292	7 153
Pamela Youde Nethersole Eastern Hospital	3 821	3 582	3 993	4 344	4 167
Queen Elizabeth Hospital	6 058	5 759	5 954	6 350	6 076
Queen Mary Hospital	3 918	3 805	3 951	4 260	4 390

<i>Public Hospital</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012⁺</i>
Tune Mun Hospital	5 406	5 690	5 783	6 059	5 768
United Christian Hospital	5 169	4 951	5 251	5 688	4 967
Total	41 031	40 575	42 606	45 372	44 156

Note:

+ Provisional figures

- (g) At present, the situation regarding the provision of obstetric services in TKOH remains more or less the same as that when we briefed the Legislative Council Panel on Health Services in January. The HA will constantly review the timeline for the provision of delivery and NICU services in TKOH and continue to communicate with the stakeholders on the progress.

Government's Requests Made to Internet Service Providers for Disclosure and Removal of Their Users' Information

10. **MR CHARLES PETER MOK** (in Chinese): *President, according to the Transparency Report published biannually by Google, an Internet search-engine service provider, the Government had made 192 requests to the company for disclosure of its users' information in the first half of 2012, but about two thirds of such requests were not acceded to by the company. The Report has also pointed out that the Hong Kong Customs and Excise Department (C&ED) had requested the company to remove from YouTube, its subsidiary video website, 370 videos which were suspected of infringing copyright. However, as the information provided by the C&ED was incomplete, the request was not acceded to by the company. In this connection, will the Government inform this Council:*

- (a) *of the names of the government departments which had made requests to Google for disclosure of its users' information in the past three years, and the types of requests and the number for each type, the reasons for making such requests, whether the requests were made under court orders, the details of the users' information requested for disclosure, whether the requests were acceded to and the reasons given by Google for not acceding to the requests, in the past three years (set out in the table below);*

<i>Government department</i>	<i>Type of requests and number of requests for each type</i>	<i>Reason for making the request</i>	<i>Whether the request was made under a court order</i>	<i>Details of users' information requested for disclosure</i>	<i>Whether the request was acceded to by Google</i>	<i>Reason given by Google for not acceding to the request (if applicable)</i>
			Yes/No		Yes/No	

- (b) *whether it had made similar requests to other Internet service providers (ISPs) in the past three years; if it had, of the names of the ISPs concerned and whether they were local or non-local companies, and the same types of information in part (a) above (set out in the table below);*

<i>ISP</i>	<i>Government department</i>	<i>Type of requests and number of requests for each type</i>	<i>Reason for making the request</i>	<i>Whether the request was made under a court order</i>	<i>Details of users' information requested for disclosure</i>	<i>Whether the request was acceded to by ISP</i>	<i>Reason given by ISP for not acceding to the request (if applicable)</i>
<i>Local/Non-local</i>				Yes/No		Yes/No	

- (c) *of the number of requests made in the past three years by the authorities to various types of ISPs/Internet platforms/websites for removal of their users' information; the names of the ISPs/Internet platforms/websites concerned, the names of the government departments which had made such requests, and the types of users' information requested by various departments for removal and the number for each type, the reasons for making such requests, whether the requests were made under court orders, the details of the users' information requested for removal, whether the requests were acceded to by the companies concerned and the reasons given by the companies for not acceding to the requests (set out in the table below);*

<i>ISP/Internet platform/website</i>	<i>Government department</i>	<i>Type of information requested for removal and number for each type</i>	<i>Reason for making the request</i>	<i>Whether the request was made under a court order</i>	<i>Details of users' information requested for removal</i>	<i>Whether the request was acceded to by the company concerned</i>	<i>Reason given by the company concerned for not acceding to the request (if applicable)</i>
				Yes/No		Yes/No	

- (d) *whether the authorities have reviewed the reasons why all the videos which the C&ED requested YouTube to remove were not removed; if they have, of the details; if not, the reasons for that; and*
- (e) *whether the authorities have put in place a central mechanism or procedure to co-ordinate or regulate the requests made by various government departments and law-enforcement agencies to various types of ISPs/Internet platforms/websites for disclosure or removal of their users' information; if they have, of the details; if not, whether they will put in place such standardized central mechanism or procedure, and require all departments to follow?*

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

(a) and (b)

The names of the government departments which had made requests to ISPs, including Google, for disclosure of their users' information in the past three years and the relevant information are consolidated as follows:

<i>ISP^{(1), (2)}</i>	<i>Government department</i>	<i>Type of requests and number of requests for each type</i>	<i>Reason for making the request</i>	<i>Whether the request was made under a court order</i>	<i>Details of users' information requested for disclosure</i>	<i>Whether the request was acceded to by ISP</i>	<i>Reason given by ISP for not acceding to the request (if applicable)</i>
One local ISP and one non-local ISP	Companies Registry	Request for contact information of the person-in-charge of the website (three times in total)	Suspected infringement of the Companies Registry's copyright	No	Contact information of the person-in-charge of the website	No	(i) The website no longer operates under the IP address provided by the ISP, and the ISP is contractually bound to keep its customers' information confidential; (ii) the ISP no longer provides access service for the IP address of the website concerned.

<i>ISP^{(1), (2)}</i>	<i>Government department</i>	<i>Type of requests and number of requests for each type</i>	<i>Reason for making the request</i>	<i>Whether the request was made under a court order</i>	<i>Details of users' information requested for disclosure</i>	<i>Whether the request was acceded to by ISP</i>	<i>Reason given by ISP for not acceding to the request (if applicable)</i>
Google	C&ED	Request for user's information (two times)	Crime prevention and detection	No	IP address of user	No	The requesting party should raise the request in accordance with the judicial procedures of the United States
25 local ISPs	C&ED	Request for user's information (1 675 times in total)	Crime prevention and detection	No	User's name, number of Hong Kong ID card or other identity document, address and email address	Yes	N/A
Cannot be provided ⁽³⁾	Inland Revenue Department	13 times in total	To enforce the Business Registration Ordinance and Inland Revenue Ordinance	Cannot be provided ⁽³⁾	Cannot be provided ⁽³⁾	Cannot be provided ⁽³⁾	Cannot be provided ⁽³⁾
34 local ISPs	Office of the Communications Authority	User's information related to specific IP addresses (259 times in total)	Investigation of reports of suspected breaches of the Unsolicited Electronic Messages Ordinance	No	User's name, address and telephone number of the contact person	Yes	N/A
Local and non-local ISPs (including Google)	Hong Kong Police Force	Request for users' information (12 501 times in total)	Crime prevention and detection — primarily involving technology crimes or crimes related to the use of the Internet. The police handled a total of 6 864 cases of technology crimes from 2010 to 2012.	No	User's information	Some requests acceded	In some cases, user accounts or records that do not exist are involved, or the registered user or IP address is not in Hong Kong. Under this situation, the ISPs cannot provide the information.

Notes:

- (1) Google has been consulted. It indicated no objection to government departments' disclosure of the relevant information for this question.
- (2) Since the question involves the commercial information of a large number of ISPs/Internet platforms/websites, it is rather impossible for the Government to obtain consent from all relevant organizations to disclose the required information. Hence, the names of individual ISPs/Internet platforms/websites have not been made public.
- (3) The information cannot be provided due to the secrecy provisions under the Business Registration Ordinance and Inland Revenue Ordinance.

- (c) The names of the government departments which had made requests to various ISPs/Internet platforms/websites for removal of their users' information in the past three years and the relevant information are as follows:

<i>ISP/Internet platform/ website⁽⁴⁾</i>	<i>Government department</i>	<i>Type of information requested for removal and number for each type</i>	<i>Reason for making the request</i>	<i>Whether the request was made under a court order</i>	<i>Details of users' information requested for removal</i>	<i>Whether the request was acceded to by the company concerned</i>	<i>Reason given by the company concerned for not acceding to the request (if applicable)</i>
One website	Agriculture, Fisheries and Conservation Department	Discussion thread in the trade zone of the website (one time)	To enforce the Protection of Endangered Species of Animals and Plants Ordinance	No	Discussion thread relevant to suspected selling of endangered species	Yes	N/A
One ISP	C&ED	Auction accounts (192 times)	Combat of infringement offence	No	Auction accounts that sell counterfeit or pirated goods	Yes	N/A
One Internet platform	C&ED	Hyperlinks of films and the associated content (one time)	Combat of infringement offence	No	Hyperlinks for downloading or distributing infringing works and the associated infringing files	No	Further information from copyright owners required
16 Internet platforms/websites	Department of Health	Webpage links (6 754 numbers in total)	Suspected auction or sale of controlled or unregistered medicines/ proprietary Chinese medicines	No	Auction/sale information	Yes	N/A
One website	Hong Kong Observatory	Dedicated webpages with the logo and name of the Hong Kong Observatory (two times)	The dedicated webpages were set up in the name of the Hong Kong Observatory and they disseminated incorrect weather information	No	The dedicated webpages with the logo and name of the Hong Kong Observatory	Yes	N/A

<i>ISP/Internet platform/website⁽⁴⁾</i>	<i>Government department</i>	<i>Type of information requested for removal and number for each type</i>	<i>Reason for making the request</i>	<i>Whether the request was made under a court order</i>	<i>Details of users' information requested for removal</i>	<i>Whether the request was acceded to by the company concerned</i>	<i>Reason given by the company concerned for not acceding to the request (if applicable)</i>
One Internet platform	Hongkong Post	Video clipping (one time)	The video clipping might affect Hongkong Post's image and upset the staff concerned	No	Video clipping	No	The content of the video clipping does not involve infringement of copyright.
Two websites and one Internet platform	Lands Department	Government maps (three times in total)	Infringement of government's copyright	No	Government maps which are reproduced and redistributed without prior permission from the Government	Yes	N/A
Four websites	Office of the Communications Authority	Content of discussion forum (four times in total)	Contained indecent content	No	Request for removal of the indecent content or display of warning wording on the relevant webpages	Yes	N/A
Local ISPs and non-local ISPs	Hong Kong Police Force	Websites (45 times in total)	Crime Prevention	No	Obscene articles and phishing websites (Note: phishing websites are fake websites used for stealing others' login name and password.)	Yes	N/A

Note:

- (4) Since the question involves the commercial information of a large number of ISPs/Internet platforms/websites, it is rather impossible for the Government to obtain consent from all relevant organizations to disclose the required information. Hence, the names of individual ISPs/Internet platforms/websites have not been made public.

- (d) In April 2012, the C&ED received complaints from the Motion Picture Industry Association (MPIA), copyright owners and the public that a Hong Kong movie being shown in cinemas had been

uploaded to YouTube. People could see the whole movie for free. MPIA also complained to the C&ED that there were other infringing movies on YouTube and requested the C&ED to assist and investigate.

Upon investigation, the C&ED confirmed that 370 infringing video clippings, involving 189 movies, could be viewed on YouTube free of charge. To minimize the loss that might be caused to the copyright owners, the C&ED requested YouTube to remove the related infringing videos based on the information provided by the copyright owners. YouTube responded that they could not accede to the request as further information and confirmation from copyright owners would be required. The C&ED thus advised the copyright owners to furnish the required information to YouTube direct. The copyright owners subsequently revealed to the C&ED that YouTube had deleted some of the infringing videos after obtaining the relevant information.

- (e) In carrying out their duties, the officers of individual government departments and law-enforcement agencies may request for information or co-operation from the relevant persons or organizations (including ISPs/Internet platforms/websites) as and when necessary in accordance with the relevant laws and established procedures or guidelines. The Government does not have a central mechanism or procedure to co-ordinate or regulate the requests made by government departments and law-enforcement agencies to various types of ISPs/Internet platforms/websites for disclosure or removal of their users' information. Since the existing mechanism functions effectively, we do not think it is necessary to establish a separate central mechanism or procedure for ISPs/Internet platforms/websites.

Child Care Services

11. **MS EMILY LAU** (in Chinese): *President, at present, the target beneficiaries of the Neighbourhood Support Child Care Project (NSCCP) and the After School Care Programme (ASCP) under the Social Welfare Department*

(SWD) are infants under the age of six and children aged between six and 12 respectively. Some concern groups for child care services have pointed out to me that the existing numbers of places for various child care services are insufficient. Also, the operating hours of ASCP generally do not cover weekends, school holidays and general holidays, and thus cannot cater for the needs of grass-roots double-income parents who still need to work during such periods. In this connection, will the executive authorities inform this Council:

- (a) of the criteria based on which the authorities have determined the numbers of places for various child care services; whether they will consider increasing the numbers of places for such services; if they will, of the details; if not, the reasons for that;
- (b) of a breakdown by District Council (DC) district of the respective numbers of subsidized places for NSCCP and ASCP, children receiving such services and applications on the waiting lists, as well as the respective utilization rates for such services at present;
- (c) of a breakdown of the budget items of the SWD's \$36.3 million approved provision for NSCCP in 2012-2013 and the actual expenditure of such items so far;
- (d) of the respective numbers of accidents causing injuries to home-based child carers and children since NSCCP was launched in 2008; of the types of insurance policies taken out by the authorities for various service operators as well as the protection offered to the carers and the children; whether the authorities have provided the service operators with guidelines on how to react when accidents occur and follow up;
- (e) whether the authorities have conducted any review of NSCCP since it was extended to all the 18 Districts across the territory in October 2011; if they have, whether they will publish the full contents and outcome of the review; if not, whether they will conduct such a review expeditiously; and
- (f) whether the authorities will adjust the operating hours of ASCP so as to better cater for the needs of double-income parents with

children aged between six and 12 (particularly parents from grass-roots families)?

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, to support parents who are unable to take care of their children temporarily because of work or other reasons, the SWD provides subvention to non-governmental organizations (NGOs) to run a variety of child care services, and has endeavoured to enhance the flexibility of such services. Families with financial difficulty may apply for different service subsidies or fee waiver.

My reply to the six-part question raised by Ms Emily LAU is as follows:

- (a) In planning its child care services, the SWD assesses the service needs of individual districts having regard to their local characteristics, such as the population of children, relevant socio-economic factors, availability and utilization of existing child care services, and so on. District Social Welfare Offices of the SWD also consult district organizations, DC Members and local residents, and so on, on the needs for child care services in the districts. The SWD will continue to closely monitor the demand and usage rates of these services, including requesting the service operators of various child services to submit reports periodically so as to monitor the utilization of the services.

As for the NSCCP, the SWD has only set the minimum number of places to be provided by the service operators. The service operators have the flexibility to provide additional home-based child care places on top of the minimum requirement set by the SWD to meet the actual service demand. Regarding the number of places offered by the ASCP, besides assessing the service needs based on the principles stated above, places for various districts may also be adjusted to meet seasonal demand.

- (b) The number of service places and the utilization of NSCCP and ASCP are set out in Annex 1 and Annex 2 respectively. The SWD has not received any report of needy children having to wait for

NSCCP places because of insufficient service places. The utilization rate of ASCP ranges from 66% to 96%.

- (c) In October 2011, the SWD regularized and extended NSCCP to all 18 districts. In 2012-2013, a provision of \$36.3 million has been approved for NSCCP, of which \$1.77 million is estimated to be allocated to each of the 18 districts, totalling \$31.86 million. Of the \$1.77 million allocated to each district, \$920,000 is reserved as expenditure on subsidies for low-income families with social needs, while the remaining \$850,000 can be flexibly used by service operators on payroll cost and payment items such as meals, activities and equipment so as to meet the needs of different districts. Besides the \$31.86 million provided to all districts, the remaining \$4.44 million is reserved for the SWD to provide additional funds, in accordance with the Service Specification, to service operators in the districts with higher service demand and utilization. As at June 2012, the service operators of 10 districts were provided with additional funds of about \$1.38 million in total by the SWD in accordance with the service specification for their higher service utilization rate.
- (d) Like other services funded by the SWD, the insurance cost has already been covered in the funding provided to NSCCP service operators. The operators can flexibly deploy the funds to take out insurance that they deem fit and adequate for their service users and volunteers (including home-based child carers) having regard to the overall service design, operational arrangements as well as specific nature of their institutions.

At present, all NSCCP service operators have carried out the service agreements as signed with the SWD by taking out Group Personal Accident Insurance and Public Liability Insurance policies for the volunteers (including home-based child carers) and service users so as to cover any injuries sustained in accidents or other incidents while they are providing or receiving service. In addition, NSCCP service operators have contingency plans to make timely and appropriate arrangements right after the accidents.

The SWD has not received any report of accidents causing injuries to volunteer home-based child carers or children since the launch of NSCCP.

- (e) The SWD launched a three-year pilot NSCCP in October 2008 and conducted a review on the project in early 2011. The review findings showed that the service had benefited low-income or underprivileged families with child care needs, and the service users in general were satisfied with the NSCCP service. The stakeholders also agreed that NSCCP could provide flexible child care service while promoting the spirit of neighbourhood support and volunteer service. Thus, NSCCP was a desirable model worth further pursuing.

In light of the review, the SWD regularized and extended NSCCP to all 18 districts in October 2011. The SWD will continue to monitor the operation of NSCCP through performance statistics and reports submitted by service operators on a monthly basis as well as pre-arranged or surprised site visits. The service agreements that the SWD signed with service operators will expire in March 2015. By then, the SWD will review the service performance and work done by individual service operators, and collect views from stakeholders and relevant social organizations.

- (f) At present, there are a total of 142 ASCP centres operated by NGOs offering about 5 400 to 5 500 service places for children aged six to 12. In general, ASCP centres provide services in various sessions from Monday to Friday till 7 pm or 8 pm. Individual centres may also consider extending the service hours until late evening and providing services on Saturday in response to the actual demand in individual districts to accommodate the working hours of parents.

In response to community demand for enhancing after-school child care services to assist working parents, the Community Care Fund has allocated \$28 million in the 2012-2013 school year for the Education Bureau to implement a one-year "After-school Care Pilot Scheme" (the Scheme). The Scheme will benefit more than 4 400 students. The Scheme aims to co-ordinate and integrate existing

after-school learning and support activities organized by participating schools and NGOs for needy students so that students can make better use of their time after school and before they return home for dinner to participate in more meaningful activities and learning, thereby alleviating the pressure of working parents at the same time. The Administration will review the effectiveness of the Scheme in due course.

Annex 1

NSCCP
Subsidized Places and Utilization
(April to December 2012)

<i>Administrative Districts of the SWD</i>	<i>Minimum Service Places⁽¹⁾</i>	<i>Number of Children Beneficiaries⁽²⁾</i>
Eastern/Wan Chai	80	357
Central/Western/Southern and Islands	120	616
Kwun Tong	40	536
Wong Tai Sin/Sai Kung	80	938
Kowloon City/Yau Tsim Mong	80	1 325
Sham Shui Po	40	747
Sha Tin	40	352
Tai Po/North	80	605
Yuen Long	40	821
Tsuen Wan/Kwai Tsing	80	730
Tuen Mun	40	745
Total:	720	7 772

Notes:

- (1) There are currently at least a total of 468 home-based child care places and 252 centre-based care group places in the territory.
- (2) The SWD captures service utilization by counting the number of children using the service each month. Each child is counted only once in the month.

Annex 2

Number of service places and utilization for
ASCP and Fee Waiving Subsidy Scheme (FWSS) under ASCP
(As at December 2012)

<i>Administration District of the SWD</i>	<i>ASCP places</i>	<i>Utilization rates</i>	<i>Full fee waiving places under FWSS</i>
Eastern and Wan Chai	656	84% (553)	198.5
Central, Western, Southern and Islands	597	88% (525)	153
Kwun Tong	358	82% (294)	78
Wong Tai Sin and Sai Kung	547	88% (480)	156.5
Kowloon City and Yau Tsim Mong	363	88% (318)	97
Sham Shui Po	237	89% (210)	104
Sha Tin	475	96% (454)	118.5
Tai Po and North	628	66% (417)	88.5
Yuen Long	424	91% (385)	158.5
Tsuen Wan and Kwai Tsing	633	94% (592)	190.5
Tuen Mun	486	92% (447)	177
Total:	5 404 ⁽¹⁾	87% (4 675)	1 520 ⁽²⁾

Notes:

- (1) ASCP places for various districts may be changed to meet seasonal demand.
- (2) The SWD will earmark \$15 million each year to meet the expenditure of FWSS which offers a total of 1 625 full-fee waiving places. As at December 2012, there were 105 quotas unused. NGOs operating ASCP services may divide a full fee waiving place into two half-fee waiving places according to their actual operational needs.

Co-ordination of Road Excavation Works

12. **DR CHIANG LAI-WAN** (in Chinese): *President, I have received from time to time complaints from members of the public that various government departments and utility undertakings are often found to be carrying out road excavation works repeatedly on the same road sections, and these members of the*

public are of the view that such works not only pose hazards to the safety of pedestrians and motorists, but also affect the business of the shop operators in the vicinity. Under the Land (Miscellaneous Provisions) Ordinance (Cap. 28) (the Ordinance), the Highways Department (HyD) is the authority for regulating road excavation works through the issue of excavation permits (EPs). In this connection, will the Government inform this Council:

- (a) of the number of applications for road excavation works received by the authorities in the past three years, with a breakdown by (i) whether the works concerned were proposed by government departments or utility undertakings, and (ii) the District Council districts where the relevant works were carried out; and among them, the number of cases in which the works could not be completed within the validity periods of the EPs; and the average annual total number of days on which road excavation works were carried out in Hong Kong in the past three years;*
- (b) whether it will consider amending the Ordinance to expressly provide that the HyD shall be responsible for co-ordinating or centrally organizing the schedule for carrying out excavation works on the same road sections; if it will not, of the reasons for that; and*
- (c) whether it will consider introducing new measures (for example, charging a fee for carrying out road excavation works) to encourage government departments and utility undertakings to co-operate in co-ordinating the arrangements for carrying out road excavation works, thereby minimizing the occasions of excavation works being carried out repeatedly within a short period of time on the same road sections, as well as carrying out the works in an environmental-friendly and expeditious manner with the least disturbance caused to members of the public; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, there are a huge number of underground utility installations in Hong Kong. These installations require regular maintenance and need to be expanded to keep pace with development. Therefore, it is necessary to carry out road excavation works. To facilitate proper management of road excavation works, the works promoters

concerned are required to obtain the EPs issued by the Director of Highways under the Ordinance before commencing the excavation works. To encourage works promoters to complete their works on schedule and strengthen control of these promoters and their contractors, the Administration amended the Ordinance in 2004 to introduce a system for charging fees to recover the Government's administration costs for managing excavation works and for collecting economic costs for delayed excavation works without justifiable reasons. The economic costs are levied at a daily rate of \$1,500 to \$18,000, depending on the category of the affected streets. Furthermore, after the amended Ordinance came into force, the HyD has set up an Audit Inspection Team to carry out on-site audit inspections from time to time to ensure compliance with the permit conditions.

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

- (a) The numbers of excavation applications received by the HyD over the past three years (that is, 2010, 2011 and 2012) are 20 672, 19 861 and 18 894 respectively. Annex 1 shows the detailed breakdown of the number of applications from government departments, utility undertakings by the District Councils. The table below shows the respective numbers of EPs issued; of cases in which the works could not be completed before the expiry of EPs; and the annual total number of days on which road excavation works were carried out in Hong Kong over the past three years:

	<i>2010</i>	<i>2011</i>	<i>2012</i>
Number of EPs issued by the HyD	14 833	13 627	13 581
Number of cases in which the works could not be completed before the expiry of EPs	727	894	1 219
Annual total number of days on which road excavation works were carried out	1 513 694	1 495 086	1 527 116

- (b) In processing the EP applications, the HyD will consider the works in terms of their necessity and, in particular, whether the applicants have co-ordinated with other excavation works promoters, including

government departments and utility undertakings, to reduce the chances of repeated road opening. For better management and co-ordination of road excavation works, the HyD produced an Excavation Permit Processing Manual in 2004, stipulating various application requirements for the EPs. The HyD also provides a one-stop-shop application and approval service for excavation works promoters through a computerized management system to further enhance co-ordination and management of such works. As one of the permit application requirements, applicants must plan and register their proposed excavation works at least one to six months, depending on the category of streets and expected duration of the works, before the works commencement date. Through the abovementioned computerized management system, the HyD can identify other proposed excavation works within 30 m of the proposed works site under application and assign an applicant among them to take lead in co-ordinating with the other applicants concerned. For instance, they may jointly draw up a co-ordinated works programme to ensure that the trench opening can accommodate all the works of the applicants concerned and that the last permittee will reinstate the whole road surface once and for all after the orderly completion of all the works concerned. This arrangement will reduce the need for repeated opening in the same area. In case the applicants concerned cannot draw up a co-ordinated plan to the satisfaction of the HyD, their road excavation applications may be rejected. Moreover, applicants are also required to obtain approval from the Transport Department and police for their temporary traffic diversion measures to protect the safety of drivers and pedestrians.

Compared with the 50 000 or so road excavation works recorded in the year prior to the amendment of the Ordinance in 2004, the numbers of road excavation works over the past three years has declined to about 20 000 per year. We consider that the current Excavation Permit Management System (XPMS) has proven effective in co-ordinating excavation works on the same road section. Notwithstanding this, we will review from time to time the XPMS and optimize the system and enforcement details as and when necessary.

- (c) As mentioned above, the Administration has endeavoured to spur early completion of excavation works by introducing a charging system that charges more for longer works duration and seeking recovery of economic costs from those permittees who had delayed their excavation works without justifiable reasons when the Ordinance was amended in 2004.

To reduce the chances of repeated opening on the same road section within a short period of time, the HyD will check whether the same road section has undergone excavation works within the last three to six months through its computerized management system. In case repeated openings are spotted, the HyD will request the applicant to change the proposed works commencement date.

Through the above management mechanism, the Administration can control the extent and duration of road opening when processing EP applications. The system that charges more for longer works duration and recovers economic costs for delayed works can also spur the excavation works promoters to limit the extent and duration of their works, thus reduces air and noise pollution as well as construction waste. Moreover, the HyD encourages the trade to adopt trenchless excavation methods in their works and has set down related approval criteria. By applying trenchless technology, most of the excavation works will be conducted underground and hence will further reduce the impact on the surrounding environment and traffic.

Annex 1

Applications for EPs Received by the HyD
Over the Past Three Years

2010				
	<i>Government Departments</i>	<i>Utility Undertakings</i>	<i>Others</i>	<i>Total</i>
Central and Western	904	630	121	1 655
Eastern	895	486	56	1 437
Southern	800	389	87	1 276

<i>2010</i>				
	<i>Government Departments</i>	<i>Utility Undertakings</i>	<i>Others</i>	<i>Total</i>
Wan Chai	554	532	88	1 174
Kowloon City	869	596	122	1 587
Kwun Tong	857	664	32	1 553
Sham Shui Po	693	624	62	1 379
Yau Tsim Mong	717	1 024	117	1 858
Wong Tai Sin	576	298	48	922
Islands	208	137	7	352
Kwai Tsing	445	419	24	888
North	509	279	16	804
Sai Kung	314	317	30	661
Sha Tin	590	498	22	1 110
Tai Po	554	368	25	947
Tsuen Wan	332	360	31	723
Tuen Mun	595	271	22	888
Yuen Long	912	496	50	1 458
Total	11 324	8 388	960	20 672

<i>2011</i>				
	<i>Government Departments</i>	<i>Utility Undertakings</i>	<i>Others</i>	<i>Total</i>
Central and Western	890	686	147	1 723
Eastern	654	515	52	1 221
Southern	505	381	58	944
Wan Chai	487	537	107	1 131
Kowloon City	867	757	134	1 758
Kwun Tong	934	761	98	1 793
Sham Shui Po	548	576	53	1 177
Yau Tsim Mong	659	922	101	1 682
Wong Tai Sin	472	283	22	777
Islands	146	97	9	252
Kwai Tsing	413	359	34	806
North	459	264	10	733
Sai Kung	251	414	30	695
Sha Tin	514	510	27	1 051
Tai Po	590	340	20	950

<i>2011</i>				
	<i>Government Departments</i>	<i>Utility Undertakings</i>	<i>Others</i>	<i>Total</i>
Tsuen Wan	351	240	30	621
Tuen Mun	670	287	55	1 012
Yuen Long	832	621	82	1 535
Total	10 242	8 550	1 069	19 861

<i>2012</i>				
	<i>Government Departments</i>	<i>Utility Undertakings</i>	<i>Others</i>	<i>Total</i>
Central and Western	865	629	121	1 615
Eastern	622	460	67	1 149
Southern	499	324	41	864
Wan Chai	532	516	141	1 189
Kowloon City	856	718	102	1 676
Kwun Tong	945	608	95	1 648
Sham Shui Po	447	426	85	958
Yau Tsim Mong	655	790	121	1 566
Wong Tai Sin	275	179	30	484
Islands	96	153	3	252
Kwai Tsing	512	333	59	904
North	360	348	11	719
Sai Kung	212	462	25	699
Sha Tin	533	399	34	966
Tai Po	591	319	25	935
Tsuen Wan	353	292	28	673
Tuen Mun	594	417	32	1 043
Yuen Long	860	625	69	1 554
Total	9 807	7 998	1 089	18 894

Information on Kindergartens in Hong Kong

13. **DR KENNETH CHAN** (in Chinese): *President, the Chief Executive has announced in the 2013 Policy Address that the Education Bureau is setting up a designated committee to examine the feasibility of implementing free*

kindergarten education. Regarding the statistics on all existing kindergartens in Hong Kong, will the Government inform this Council:

- (a) of the respective numbers of kindergarten places and students, with a breakdown by District Council (DC) district;*
- (b) of the number of kindergarten teachers, with a breakdown by their academic qualification (Bachelor's degree, Diploma or Certificate in Early Childhood Education);*
- (c) of the number of kindergartens in each DC district, with breakdowns by whether (i) they are half-day (HD) or whole-day (WD) ones, (ii) they are private or non-profit-making (NPM), (iii) the school premises of which were owned by their sponsoring organizations or rented properties, (iv) they are occupying school premises owned by the Government, non-governmental organizations (NGOs) or private owners, and (v) the principals of which are reaching the retiring age within three years;*
- (d) of the respective average amounts of school fees and miscellaneous fees charged, and the respective average school fee subsidies received under the Pre-primary Education Voucher Scheme (PEVS), by private and NPM kindergartens last year;*
- (e) whether it knows the average amount of monthly rental expenses incurred by the kindergartens the school premises of which are rented properties as well as the average lease period for the rented properties; and*
- (f) whether it will publish the detailed information of each kindergarten on the government website (including the name and address of the kindergarten as well as the relevant information for parts (a) to (e) above)?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) A breakdown of the numbers of kindergarten places and students in the 2012-2013 school year by DC district is at Annex I.

- (b) According to the information provided by schools, 3 471 kindergarten teachers possess a Bachelor's degree in Early Childhood Education or relevant qualifications and 6 411 teachers possess the Certificate in Early Childhood Education. The above figures are provisional for the 2012-2013 school year and do not include supply teachers and child care workers.
- (c) (i) A breakdown of the numbers of kindergartens offering HD and/or WD classes in the 2012-2013 school year by DC district is at Annex II.
- (ii) A breakdown of the numbers of NPM and private independent (PI) kindergartens in the 2012-2013 school year by DC district is at Annex III.
- (iii) to (v)

The Education Bureau does not have information on whether the school premises are self-owned by their sponsoring bodies or rented properties; whether the school premises are owned by the Government, NGOs or private owners; and whether the principals will reach the retiring age within three years.

- (d) For last year (the 2011-2012 school year), the average amounts of HD school fees charged by PI kindergartens and NPM kindergartens were \$44,338 and \$21,177 respectively. As for miscellaneous fees charged on the students by kindergartens, they are normally related to the sale of exercise books, school uniforms and other items/services. As it is up to the parents to decide whether to purchase such items/services, prior approval from the Education Bureau is not required. Therefore, the Education Bureau does not have the relevant statistics.

In the 2011-2012 school year, the total expenditure on the PEVS was about \$2 billion, and thus the average amount of fee subsidy under the PEVS for each kindergarten was about \$2.7 million. Under the PEVS, the total fee subsidy for each kindergarten depends on the number of students eligible for the voucher. The amounts of fee subsidy under the PEVS among kindergartens vary greatly given the

variation of students enrolled in each kindergarten. The school fees charged by kindergartens range from \$10,820 to \$50,400, whereas the numbers of students enrolled in kindergartens range from 10 plus to nearly 1 400.

- (e) As kindergartens are required to provide rental expenses to the Education Bureau only when they submit their applications for fee revision, Education Bureau does not have information on the rental expenses of all kindergartens. Thus we are not able to provide the average amount of monthly rental expenses. Likewise, we do not have information on the average lease period for kindergartens.
- (f) The Education Bureau compiles the Profile of Kindergartens and Kindergarten-cum-Child Care Centres (the Profile) annually for public reference. The Profile covers the most updated information provided primarily by the schools as at the time of compilation, in which names and addresses of kindergartens as well as information mainly covered in parts (a) to (e) above are included. However, kindergartens are not required to provide information on whether their premises are self-owned by their sponsoring bodies or rented properties; whether the premises are owned by the Government, NGOs or private owners; whether the principals will reach the retiring age within three years and the average lease period of the premises, and so on.

To enhance transparency and to enable the public to understand the operation of kindergartens under the PEVS, all PEVS kindergartens are required to provide the relevant information set out above. For non-PEVS kindergartens, provision of such information is on a voluntary basis. Printed copies of the Profile are made available at kindergartens, the Public Enquiry Service Centres of the Home Affairs Department, the Maternal and Child Health Centres, the Hong Kong Family Welfare Society and public libraries in various districts between October and November each year. In tandem, online version of the Profile is also uploaded onto the website of the Committee on Home-School Co-operation at: <<http://www.chsc.hk/kindergarten/>>.

Annex I

Breakdown of the Numbers of Kindergarten Places and Students^{Note}
in the 2012-2013 School Year by DC District

<i>District</i>	<i>Number of Kindergarten Places</i>	<i>Number of Students</i>
Central and Western	6 726	5 545
Wan Chai	7 365	6 435
Eastern	14 937	11 641
Southern	6 804	4 912
Sham Shui Po	10 311	7 998
Yau Tsim Mong	6 779	5 607
Kowloon City	26 172	22 433
Wong Tai Sin	8 355	6 836
Kwun Tong	14 426	11 603
Tsuen Wan	7 152	6 077
Tuen Mun	12 637	11 127
Yuen Long	17 045	15 164
North	11 549	10 873
Tai Po	6 496	5 675
Sha Tin	14 340	11 838
Sai Kung	9 651	7 870
Islands	4 761	3 476
Kwai Tsing	12 047	9 654

Notes:

- (1) As at September 2012.
- (2) Excluding kindergarten places that can be accommodated in vacant classrooms

Annex II

Breakdown of the Numbers of Kindergartens Offering HD and/or WD Classes^{Note}
in the 2012-2013 School Year by DC District

<i>District</i>	<i>Offering both HD and WD Classes</i>	<i>Offering HD Classes Only</i>	<i>Offering WD Classes Only</i>
Central and Western	13	17	9
Wan Chai	6	16	7

<i>District</i>	<i>Offering both HD and WD Classes</i>	<i>Offering HD Classes Only</i>	<i>Offering WD Classes Only</i>
Eastern	51	16	13
Southern	12	21	8
Sham Shui Po	25	6	13
Yau Tsim Mong	10	12	15
Kowloon City	39	36	15
Wong Tai Sin	26	6	15
Kwun Tong	33	12	25
Tsuen Wan	16	11	9
Tuen Mun	39	6	18
Yuen Long	44	11	17
North	30	7	9
Tai Po	25	3	7
Sha Tin	40	15	17
Sai Kung	35	14	11
Islands	18	12	3
Kwai Tsing	34	14	15

Note:

As at October 2012.

Annex III

Breakdown of the Numbers of NPM and PI Kindergartens^{Note} in the 2012-2013 School Year by DC District

<i>District</i>	<i>NPM Kindergartens</i>	<i>PI Kindergartens</i>
Central and Western	30	9
Wan Chai	23	6
Eastern	65	15
Southern	24	17
Sham Shui Po	42	2
Yau Tsim Mong	29	8
Kowloon City	57	33
Wong Tai Sin	46	1
Kwun Tong	67	3

<i>District</i>	<i>NPM Kindergartens</i>	<i>PI Kindergartens</i>
Tsuen Wan	30	6
Tuen Mun	58	5
Yuen Long	67	5
North	41	5
Tai Po	29	6
Sha Tin	58	14
Sai Kung	46	14
Islands	23	10
Kwai Tsing	60	3

Note:

As at October 2012.

Impact of Data Centres on Environment

14. **DR ELIZABETH QUAT** (in Chinese): *President, in recent years, the Government has been actively attracting investors to set up data centres in Hong Kong. A consultancy study commissioned by the Government pointed out that the demand for data centre space in Hong Kong, measured in terms of raised floor space (RFS), would grow at a compound annual rate of 9.8% from 2009 to 2015. However, some environmentalists have pointed out that the huge electricity consumption by information and communications technology facilities and data centres has an impact on the environment. In this connection, will the Government inform this Council:*

- (a) *of the current number, total area and total RFS of the data centres in Hong Kong, as well as the respective rates of increase of these figures in 2012;*
- (b) *of the total number of data centres set up in Hong Kong as a result of the facilitation efforts made by the Data Centre Facilitation Unit since its establishment in July 2011; of the respective areas, locations and completion dates/expected completion dates of such data centres, as well as the respective companies to which they belong;*

- (c) *whether it has compiled statistics on the annual total electricity consumption of the data centres in Hong Kong; if it has, of the outcome;*
- (d) *given that the average power usage effectiveness (PUE) value of data centres around the world is currently about 1.8 and that of some new data centres can even be as low as 1.1, whether the Government has compiled statistics on the PUE of the data centres in Hong Kong; if it has, of the outcome;*
- (e) *whether it has assessed the impact of the development of data centres on future electricity demands, as well as the impact on tariffs brought about by the investments on power supply facilities made to meet such demands;*
- (f) *given that the Singaporean Government launched the Green Data Centre certification in 2012 and is offering tax concessions ranging from 30% to 50% for investments in energy-saving equipment for data centres, whether the Government has any plan to formulate, by making reference to such a practice and collaborating with the trade, a set of "Green Data Centre Standards" for the data centres in Hong Kong, and provide financial incentives to encourage data centres to save energy and implement environmental protection measures; and*
- (g) *of the following information relating to the data centres owned by the Government:*
 - (i) *current number;*
 - (ii) *total area and total RFS;*
 - (iii) *total power consumption in 2012;*
 - (iv) *average PUE; whether the Government has any plan to set PUE targets for its data centres;*
 - (v) *the percentage of data centres implementing the green data centre practices promulgated by the Office of the Government*

Chief Information Officer (OGCIO) in early 2012, as well as the effectiveness of such practices since their implementation; and

- (vi) *given that the Government has raised the room temperature of its data centres from 22°C to 23°C, and according to the recommendations of the American Society of Heating, Refrigerating and Air-Conditioning Engineers, the standard room temperature of a data centre is 18°C to 27°C and the acceptable temperature can be as high as 32°C, whether the Government will consider gradually raising the room temperature of the data centres to 25°C or 26°C by improving the air distribution in data centres, so as to enhance the PUE of the data centres?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, my reply to Dr Elizabeth QUAT's seven-part question is as follows:

- (a) Organizations and enterprises of different sectors may set up data centres having regard to their operational needs. Some of their data centres are set up in their offices or inside commercial or industrial buildings. As the setting up of such data centres does not require government approval, we do not have the number, total area and total RFS of all data centres in Hong Kong.
- (b) Since its establishment, the Data Centre Facilitation Unit has assisted three overseas operators to set up two high-tier data centres in Hong Kong, with total site area of about three hectares. Moreover, we also encourage the industry to make use of the incentive measures to convert existing industrial buildings or industrial lots into data centres. As at end December 2012, the Government received a total of four applications for exemption of waiver fees for changing parts of an industrial building into data centre use. Of these, one application has been approved and the remaining three are being processed. Information on their size, locations and completion dates as well as the companies to which they belong is commercial

in nature. The Government is not in a position to disclose such information.

(c) and (d)

Data centres are not required to report their electricity consumption to the Government. Therefore we do not have the information on the PUE of data centres. However, we believe that data centres will try their best to use energy efficiently to reduce operating costs.

(e) In searching sites and prior to construction, data centre operators would liaise closely with the power companies on their electricity requirements and the impact on overall power supply. In respect of any proposals to invest in power supply facilities, the Government will continue to perform the gate-keeping duties with best endeavour to safeguard the interests of the public.

(f) In 2012, the OGCIO promulgated good practices on green data centre management, setting out requirements for green procurement and disposal of information technology equipment and data centre facilities for reference by the industry. Regarding the setting up of new data centres, the Government issued a Practice Note in June 2012 for applications for high-tier data centre development on industrial lots, which requires submission of green building designs and other green measures, with a view to encouraging data centres to achieve energy conservation and enhance energy efficiency. The data centre industry has also implemented various green and energy-saving measures in design and operation to reduce carbon emission and operating costs. For instance, some data centres which have been recently upgraded and new ones will have adopted energy-saving measures in construction and operation, optimization of air flow and chiller systems, as well as virtualization of computer servers.

(g) Regarding the information of government data centres:

(i) There are currently 29 government data centres in 18 bureaux and departments (B/Ds).

- (ii) The total area and total RFS of these data centres are about 19 530 sq m and 12 780 sq m respectively.

- (iii) and (iv)

Government data centres are located in the offices of relevant departments or government properties, and their power consumption has been included as an inseparable part of the overall power consumption of those offices or government properties. Hence, we do not have information on the power consumption and PUE of individual government data centre, and have not set any relevant targets.

- (v) and (vi)

In 2010, OGCIO promulgated the Green Data Centre Practices for reference and adoption by B/Ds in their data centre management. In 2011, OGCIO exchanged views with the Environment Bureau and the Electrical and Mechanical Services Department on these practices (including the latest recommendations of the American Society of Heating, Refrigerating and Air-Conditioning Engineers). Taking into account existing operational considerations of data centres in various B/Ds, it was recommended to raise the room temperature of government data centres to 23°C ($\pm 3^\circ\text{C}$), that is, 20°C to 26°C. The updated Green Data Centre Practices (version 2012) has reflected this recommendation.

In 2011, OGCIO conducted a survey on green data centre practices among B/Ds, which showed that all B/Ds have undertaken to adopt the recommended practices, and would fully implement these recommendations when renewing systems and facilities as well as setting up new data centres. Moreover, they would enhance existing facilities for better energy efficiency while maintaining normal operational services. For example, in the three data centres managed by OGCIO, we have made reference to the Government's green procurement policy and green product standards promulgated by the Environment Bureau in procuring computer equipment.

In addition, we are progressively switching to energy-efficient air conditioning systems, uninterruptible power systems and diesel generators. We have installed green fire protection and lighting systems, raised the room temperature, implemented virtualized infrastructure, and adopted the design to separate hot and cold air when enhancing existing computer systems and installing new systems. We also arrange training, experience sharing sessions and workshops for B/Ds from time to time to promote these practices and increase their awareness on green data centre management.

Granting of a Waiver to a Private Housing Estate on a Land Lease Condition Requiring Provision of Public Open Space

15. **MS CLAUDIA MO** (in Chinese): *President, part of the 4th floor podium of Metro Harbour View, a private housing estate in Tai Kok Tsui, shall be designated under a land lease condition as a public open space (POS), which is required to be made available for public use. In the past five years, the owners' incorporation (OC) of the housing estate has been striving for turning the POS into a private open space. The former Secretary for Development stated openly that the case "warranted exceptional consideration", and considered the OC's request for waiving the aforesaid land lease condition (waiver request) justified because the OC had real difficulties in managing the POS and handling the security issues, and there was sufficient POS in the vicinity of that housing estate for use by residents in the district. Yet, the granting of the waiver by the authorities is subject to the support of the Yau Tsim Mong District Council (DC), Yau Tsim Mong West (YTMW) Area Committee (AC) and Town Planning Board (TPB). However, the request put forward by the OC for turning the POS into a private open space by way of a waiver has failed to secure the support of the YTMW AC. In this connection, will the Government inform this Council:*

- (a) *whether it has taken any action so far to follow up the waiver request, which the former Secretary for Development considered justified; if it has, of the details; if not, the reasons for that; and*
- (b) *whether it has actively communicated with the YTMW AC to explain clearly to its members the special circumstances of this case and to*

indicate the Government's stance of supporting the wavier request; if it has; of the details; if not, the reasons for that?

SECRETARY FOR DEVELOPMENT (in Chinese): President, the subject of POS in private developments, which includes the opening of these POS for public use, and the restrictions on usage as well as the management and maintenance responsibility arising from it, attracted growing public concerns since 2008. As such, the Government initiated a policy review in the same year, and outlined to the Legislative Council in January 2010 the refined arrangements for provision of POS in future private developments, as well as the administrative arrangements to deal with problems encountered in some existing POS in private developments.

After review, the Government considered that by and large, the owners' corporations or the management companies had been enabling public access to POS in their private developments. The relevant public access requirement should thus be upheld, and the Government would not take back POS on private land in private developments or assume the management and maintenance responsibility of these POS. However, there had been isolated cases whereby individual flat owners showed concerns over the issues of privacy, safety and the responsibility of managing these POS. The Government considered that for these cases, exceptional measures on compassionate grounds subject to special circumstances could be justified, but these cases must satisfy a set of criteria so as to ensure that public interest would not be inappropriately impaired.

For existing POS on private land in private developments, the Government may, on very exceptional cases and based on individual merits of each case, consider sympathetically waiving the requirement in the lease for opening certain POS for public use subject to the following criteria:

- (i) it must be legally in order for the Lands Department (LandsD) to do so;
- (ii) a request for the waiver must be submitted by all the owners or through the owners' corporation, and subject to the terms and conditions as imposed by the LandsD including the payment of the waiver fee for such waiver if granted;

- (iii) there are sufficient existing and planned POS in suitable locations within the district according to the Hong Kong Planning Standards and Guidelines. Also, other considerations like the location, distance and distribution of these POS should also be taken into account;
- (iv) in case the provision of the POS has been incorporated into the Notes of the Outlining Zoning Plan (OZP), the approval of the TPB through the necessary statutory process for deleting the POS requirement from the relevant OZP will be required; and
- (v) there is support from the relevant DC and AC, in particular their understanding that a piece of POS will no longer be open to the public.

Owners or the owners' corporation of a private development may apply to the LandsD if they intend to seek from the Government a waiver from the requirement for opening the POS for public use. The relevant application must satisfy the five abovementioned criteria.

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

- (a) Metro Harbour View is situated on Kowloon Inland Lot No. 11127. According to the lease of the lot, the lot owner shall provide an open space of not less than 9 800 sq m for use by the public. The relevant POS is situated on 1st floor, 2nd floor and the podium of the development, and is opened to the public from 7 am to 10 pm each day. As mentioned above, the Government conducted a policy review and outlined the administrative arrangements to deal with the problems encountered by existing POS in private developments in view of public concerns over the subject matter. Owners of private developments who intend to waive the POS requirement (for example, Metro Harbour View) may deal with the matter by submitting applications under such arrangements.

To the Government's understanding, the Incorporated Owners (IO) of Metro Harbour View had contacted the YTMW AC with regard to waiving the requirement for opening the POS for public use, and the matter was discussed in the said AC as well as the Yau Tsim Mong

DC. The IO also applied to TPB last March to amend the Notes of the Mong Kok OZP which stipulates the provision of POS in Metro Harbour View. At a meeting in June last year, TPB agreed to defer a decision for this application, and requested the applicant to consult the DC and YTMW AC before TPB's consideration of the application. It is understood that the AC discussed the matter once again in November last year and did not support the relevant suggestion.

- (b) During the past few years, the matter of the POS at Metro Harbour View was discussed at the Yau Tsim Mong DC, its committee, as well as the YTMW AC. Government representatives were present at a number of these meetings to explain the review conducted by the government on this subject as well as the criteria in considering waiving the requirement for the owners of Metro Harbour View to open its POS to the public. The most recent meeting attended by government representatives was the Yau Tsim Mong DC meeting held last December. In addition, the Government has been explaining the administrative arrangements and the relevant criteria to the IO of Metro Harbour View through correspondence.

Breastfeeding in Hong Kong

16. **DR KWOK KA-KI** (in Chinese): *President, the World Health Organization has pointed out that breastfeeding ensures that infants will be provided with the nutrients they need for healthy growth, and recommended mothers to breastfeed exclusively up to six months of age of infants, with continued breastfeeding up to two years of age or beyond. In addition, the Department of Health (DH), the Hospital Authority (HA) and the Baby Friendly Hospital Initiative Hong Kong Association (BFHIHKA) under the United Nations Children's Fund released the results of the annual survey of BFHIHKA on 28 July 2012, indicating that the breastfeeding rate of infants born in Hong Kong before they are discharged from hospitals has been rising since 1992, reaching 83.3% in 2011. In this connection, will the Government inform this Council:*

- (a) *whether it has compiled statistics on the breastfeeding rates of infants in the first six months, one year and two years after discharge from hospitals; if it has, of the details; if not, whether the*

Government will compile statistics; if it will, of the specific timetable;

- (b) *whether it knows the respective numbers of venues with breastfeeding rooms (BF rooms) and baby-sitting rooms (BS rooms) for public use in Government office buildings, recreational and sports facilities under the Leisure and Cultural Services Department, public transport interchanges, public markets under the Food and Environmental Hygiene Department, MTR stations and shopping centres in Hong Kong, and their percentages in the total number of the venues concerned (set out in the table below), from 2008 to the first half of 2012; whether the Government has any specific plan to encourage shopping centres to provide BF rooms and BS rooms; if it has, of the details; if not, the reasons for that;*

Year	Government office buildings		Recreational and sports facilities		Public transport interchanges		Public markets		MTR stations		Shopping centres	
	BF rooms	BS rooms	BF rooms	BS rooms	BF rooms	BS rooms	BF rooms	BS rooms	BF rooms	BS rooms	BF rooms	BS rooms
<i>First half of 2012</i>												
<i>Number</i>												
<i>Percentage</i>												
<i>2011</i>												
<i>Number</i>												
<i>Percentage</i>												
<i>2010</i>												
<i>Number</i>												
<i>Percentage</i>												
<i>2009</i>												
<i>Number</i>												
<i>Percentage</i>												
<i>2008</i>												
<i>Number</i>												
<i>Percentage</i>												

- (c) *whether it has any specific measure to encourage employers to provide BF rooms and BS rooms in the workplace, and provide breast pumping and breastfeeding time to employees; if it has, of the details; if not, whether it has plans to put in place such measures;*
- (d) *whether it will plan to carry out publicity and public education through the mass media, so as to promote breastfeeding; if it will, of the details; if not, the reasons for that; and*

- (e) whether it has promoted breastfeeding to the public through different channels; if it has, of the details, and the amount of publicity expenditures in the past five years (set out in the table below)?

Year	Various publicity channels					
	Television announcements in the public interest	Radio announcements	Bus stops	MTR stations	Public medical facilities	Community talks
	Number of times broadcast	Number of times broadcast	Number of days of display	Number of days of display	Number of days of display	Number of talks organized
First half of 2012						
Number of times broadcast/days of display/talks organized						
Total expenditure						
2011						
Number of times broadcast/days of display/talks organized						
Total expenditure						
2010						
Number of times broadcast/days of display/talks organized						
Total expenditure						
2009						
Number of times broadcast/days of display/talks organized						
Total expenditure						
2008						
Number of times broadcast/days of display/talks organized						
Total expenditure						

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, breastfeeding is an important public health issue. The World Health Organization recommends breastfeeding as the way of providing the best food for healthy growth and development of infants. It recommends that babies under six months of age should preferably be exclusively breastfed, and then continue to be breastfed along with supplementary foods up to two years of age or beyond. The Government has all along endeavoured to promote, protect and support

breastfeeding, and implements this policy through the DH and HA. Healthcare professionals provide counselling service for breastfeeding mothers, and help post-natal women acquire breastfeeding skills and tackle the problems they may encounter during breastfeeding.

- (a) DH carries out breastfeeding surveys in its maternal and child health centres (MCHCs) on a regular basis. According to the findings of the survey in 2011, of the babies born in 2010, the percentage of babies breastfed continuously for one month, two months, four months, six months and 12 months was 60%, 45%, 34%, 25% and 10% respectively, while the percentage of babies exclusively breastfed for one month, two months and four to six months was respectively 19%, 18% and 15%.

The Government has been working to promote breastfeeding. Such efforts have borne fruits, as evidenced by the increase in the percentage of newborn babies who had been ever-breastfed over the past 10 years from 60% in 2001 to 83% in 2011. The Government will continue its efforts to further enhance the breastfeeding rate in Hong Kong.

- (b) The Government has been actively promoting the provision of babycare facilities in government offices and public places. The Government developed the Advisory Guidelines on Babycare Facilities in August 2008 for reference by government departments and public organizations. As at July 2012, there were some 170 babycare rooms in government premises (Please refer to Table 1). The latest information is available at DH's website and will be updated from time to time. In the coming few years, a minimum of 50 new babycare rooms will be provided in government premises. These new babycare rooms will not only be provided in the facilities under the Leisure and Cultural Services Department frequented by the general public (such as stadia, libraries and cultural centres) but also in the community facilities under the Home Affairs Department and in new shopping malls in housing estates built by the Housing Department.

Table 1 : Babycare Rooms in Government Premises (As at 9 July 2012)

	<i>Total number of rooms specifically provided with babycare and breastfeeding facilities</i>
MCHCs and health education centre under the DH	32
Hospitals and clinics in Hospital Clusters under the HA	64
Other government departments	82
Total	178

Besides, to encourage and facilitate the provision of babycare rooms in private commercial premises, the Government has issued a Practice Note on the Provision of Babycare Rooms in Commercial Buildings (the Practice Note) since February 2009. Property developers have responded favourably. For instance, The Link and the Mass Transit Railway Corporation have provided additional babycare rooms on their premises on a continuous basis, the Urban Renewal Authority has made it a mandatory tendering requirement for babycare rooms to be provided, with reference to the Practice Note, at all medium-to-large shopping arcades. Babycare and breastfeeding facilities are also made available, according to needs, in some large shopping malls, department stores, and hotels, and so on.

- (c) The Government has all along endeavoured to promote and support breastfeeding. DH has put into implementation a departmental policy to support post-natal staff to continue breastfeeding in the workplace. All its service units have been encouraged to take care of the needs of breastfeeding mothers to continue breastfeeding including provision of appropriate facilities for expressing and storing breast milk in the workplace, as well as arrangements to meet the needs of staff in expressing breast milk during working hours such as allowing staff to have about two sessions of 30 minutes within a period of eight working hours for expression of breast milk.

(d) and (e)

To further raise public awareness about breastfeeding, the Government has been making a lot of efforts to promote, protect, and

support breastfeeding and to provide local mothers with sufficient information and promote breastfeeding to the public through various channels through DH and HA.

DH has implemented in MCHCs the Ten Steps to Successful Breastfeeding and International Code of Marketing of Breast-milk Substitutes promulgated by the World Health Organization and the United Nation Children's Fund and offered assistance in all MCHCs to help mothers build a supportive environment for breastfeeding as well as providing local mothers with sufficient information through pamphlets, breastfeeding hotline, promotional videos and feature articles on newspapers. To cater for the needs of breastfeeding working mothers, MCHCs have launched a series of workshops to equip them with practical skills so that they could be better prepared to sustain breastfeeding after returning to work. DH has also published features articles and received media interviews on the subject of breastfeeding and infants' healthy diet. In collaboration with local voluntary organizations, talks on breastfeeding, community exhibitions, peer counselling programmes have been held on a regular basis so as to encourage various sectors of the community to promote breastfeeding and sharing of the experience of breastfeeding and to unify force in promoting breastfeeding to the public. In addition, DH plans to roll out further community publicity activities in phases, including increasing the showing of promotional videos on breastfeeding on buses as well as advertising on bus bodies, and so on, so as to enhance the awareness of the public towards breastfeeding.

On the front of public hospitals, HA organizes training programmes, talks, exhibitions and seminars every year to arouse its staff's awareness in supporting and protecting breastfeeding. Starting from 1 April 2010, HA purchases milk powder from contract suppliers by tender and no longer accepts free samples of breast-milk substitutes. It is also stipulated in the tender contracts that the suppliers must comply with the International Code of Marketing of Breast-milk Substitutes of the World Health Organization, which aims at ensuring that the sale and advertising of breast-milk substitutes will not discourage breastfeeding so as to raise the breastfeeding rate of newborn babies further.

As DH promotes breastfeeding to the public mainly through its Family Health Service and the funding required is included in the recurrent expenditure of the Service, no statistical figures have been separately kept for the expenditure on promotion of breastfeeding.

Land Reserved for Building New Territories Small Houses

17. **MR RONNY TONG** (in Chinese): *President, when elucidating the 2013 Policy Address, the Chief Executive has stated that housing and land supply is the "top priority" work of the Government, but the policy address has made no mention of conducting a review of the "small house concessionary rights" and the use of land zoned for "Village Type Development" (which is mainly reserved for building New Territories small houses) with a view to releasing more land for residential development. Earlier, the Development Bureau has revealed that, of the unleased and unallocated Government land, 932 hectares have been zoned for "Village Type Development", and only 391.5 hectares for "Residential" or "Commercial/Residential" uses. In this connection, will the Government inform this Council:*

- (a) *why Chief Executive has made no mention of conducting a review of the small house concessionary rights and the use of land zoned for Village Type Development in his policy address;*
- (b) *of the definition of Village Type Development, the criteria based on which the Government has zoned 932 hectares of land for Village Type Development, and whether reserving land for indigenous villagers to build small houses is one of such planning criteria; if so, of the reasons for that;*
- (c) *whether it has made projection on the current number of indigenous villagers eligible for applying for building small houses; if so, of the methods and criteria adopted for making such projection and the findings; if not, the reasons for that; of the number of applications for building small houses received in each of the past 10 years and, among them, the number of applications made by indigenous villagers who have emigrated overseas and the land areas involved;*
- (d) *whether it has made projection on the number of applications for building small houses in the coming 10 years and the land areas*

involved, as well as the number of applications to be made by indigenous villagers who have emigrated overseas; if so, of the methods and criteria adopted for such projection and the findings; if not, the reasons for that;

- (e) whether it has compiled statistics on the number of indigenous villagers not residing or born in Hong Kong who had applied for building small houses in the past 10 years; if so, of the details; if not, the reasons for that; whether it has examined narrowing down the definition of those indigenous villagers who are eligible for applying for building small houses (for example, limiting the eligibility to only those indigenous villagers who have right of abode in Hong Kong, were born in Hong Kong or were born before a certain date); if so, of the details; if not, the reasons for that;*
- (f) whether the authorities have studied and assessed the implications of indigenous villagers being entitled to the small house concessionary rights on the land supply and development of Hong Kong; if they have, of the details; if not, the reasons for that; whether the Government has drawn up any plan and timetable to review the Small House Policy; if it has, of the details and how it will conduct the review; if not, the reasons for that; whether the Government has any intention of revoking the small house concessionary rights of indigenous villagers; if it does not, of the reasons for that; and*
- (g) of the number of applications for altering the planned uses of "Agricultural land" or "Green Belt" for building small houses in each of the past 10 years, the number of such applications approved, and the land areas involved; whether the Government had initiated the alteration of planning uses of any land to Village Type Development in the past 10 years; if it had, of the number of such alterations, the land areas involved and the number of small houses that could be built on the sites concerned?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the 932 hectares of land zoned for "Village Type Development" and 391.5 hectares zoned for "Residential" or "Commercial/Residential" uses mentioned in the question refer to the areas of unleased or unallocated Government land under the

respective zones provided in response to a question on "vacant Government land" raised in the Legislative Council on 17 October 2012. The Administration already made it clear at that juncture that unleased or unallocated Government land was not equivalent to land immediately available for development. The figures of the relevant land areas were obtained simply by subtracting the leased or allocated areas under respective land use zoning from the total areas covered by such zones on the statutory plans, amongst which were still a number of sites with irregular shapes (for example, empty space between buildings, back lanes and narrow strips of land alongside existing developments, highways or other amenities) that might not be suitable for housing development. The relevant statistics are as at the end of June 2012.

As shown in the location maps of unleased or unallocated Government land released by the Development Bureau on its website on 17 October 2012, land under the "Village Type Development" zones on statutory plans scatters across the territory and is mainly located in recognized villages in the New Territories. In general, these sites are not suitable for large-scale development because of their sporadic locations and infrastructural constraints. In particular, a fair share of such unleased or unallocated Government land is in between or surrounding small houses, and may not be suitable for further development.

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

- (a) Development Bureau examines the small house policy from time to time, and the Government's position with regard to the policy has been made clear on a number of public occasions in the past. There have been significant changes to the rural setting as well as the community as a whole since the implementation of the small house policy. The Government recognizes the need to review the policy in the context of land use planning as well as optimal utilization of land resources. As mentioned above, land under the "Village Type Development" zones scatters across the territory, and is not suitable for large-scale development because of the sporadic locations and infrastructural constraints. The Government therefore does not consider that a considerable supply of land in the short to medium term would be produced just by reviewing the use of the "Village Type Development" zone.
- (b) Under the Town Planning Ordinance, the planning intention of the "Village Type Development" zone is primarily to reflect existing

recognized villages and land considered suitable for village expansion. Land within this zone is primarily intended for development of small houses by indigenous villagers. When drawing up "Village Type Development" zones on statutory plans, the Planning Department takes into consideration the existing environs of the villages, the estimate of the demand for small houses in the coming 10 years and the surrounding environment, as well as other site-specific planning factors such as locality, topography and environmental constraints. For instance, areas of difficult terrain, dense vegetation, areas of ecological significance, stream courses and burial grounds are avoided from inclusion into the "Village Type Development" zones.

(c), (d) and (e)

Under the small house policy, a male indigenous villager at least 18 years old who is descended through the male line from a resident in 1898 of a recognized village in the New Territories may apply to the authority for permission to erect for himself during his lifetime a small house on a suitable site within his own village.

The Lands Department (LandsD) is unable to compile statistics on or estimate the existing number of indigenous villagers in recognized villages, who are 18 years or above and are eligible but have not applied for a small house grant. It is because the number changes with the birth, growth and passing away of indigenous villagers. Besides, whether or not an indigenous villager would apply for a small house grant is dependent on his own circumstances and wishes, and not all eligible indigenous villagers aged 18 years or above will submit an application.

In the past 10 years (that is, 2003-2012), LandsD received a total of 16 381 small house applications, and a total of 9 824 applications were approved during the same period. Statistics of small house applications and approvals by year is at Annex A. As a fair share of small houses are built on land under private ownership the size of which is not standardized, LandsD does not have readily available information showing the total land area involved in all small house applications.

LandsD would consider an application so long as the applicant satisfies the eligibility of indigenous villagers under the small house policy (that is, a male indigenous villager at least 18 years old who is descended through the male line from a resident in 1898 of a recognized village in the New Territories). As such, LandsD does not keep statistics of applicants not born or residing in Hong Kong, or those who have returned from overseas.

In general, LandsD would not consider a small house application if the eligible indigenous villager residing overseas applies for permission to erect a small house on Government land by means of a Private Treaty Grant, and is unable to prove his intention of returning to Hong Kong and residing in the village.

Regarding the demand for small houses in the coming 10 years, the Government does not get hold of the demand for small houses from eligible indigenous villagers for each of the recognized villages, and therefore we are unable to make an aggregate assessment.

- (f) As mentioned above, the Government recognizes the need to review the policy in the context of land use planning as well as optimal utilization of land resources. Such review will inevitably involve complicated issues in various aspects including legal, environment, land use planning and demand on land, all of which require careful examination. The Government has not come to a stance yet, and remains open to any suggestions with regard to the policy. We will keep an open and vigilant mind in examining every suggestion, while maintaining dialogue with different walks of life. As the issues involved are complicated and a considerable supply of land in the short to medium term would not be produced through this means, and coupled with the review, consultation and implementation of a number of major and complex projects under Development Bureau scheduled for the coming year, we have not formulated a concrete timetable for the review at the material time.
- (g) The number of applications for permission in respect of plans (under section 16 of the Town Planning Ordinance) and amendment of plans applications (under section 12A of the Town Planning Ordinance) under which small house use is proposed on land zoned for "Agricultural" or "Green Belt" is at Annex B.

Generally speaking, statutory plans are amended as appropriate, taking into consideration changes in planning factors and the environment from time to time. There are 22 occasions in the past 10 years on which Town Planning Board (TPB) changed the land use zoning concerning "Village Type Development" by amending the Outline Zoning Plans and Development Permission Area Plans, which involved about 15 hectares of land from other uses to "Village Type Development", but at the same time about 5.6 hectares of land from "Village Type Development" to other uses. As there is no specific calculation of the number of small houses that could be built under these amendment suggestions, we are unable to provide such information.

Annex A

LandsD
Statistics of Small House Applications and Approvals

	<i>Number of applications received</i>	<i>Number of applications approved*</i>
2003	640	711
2004	742	839
2005	1 316	930
2006	1 767	809
2007	1 466	1 012
2008	1 810	930
2009	1 769	1 020
2010	1 959	1 429
2011	2 374	1 092
2012	2 538	1 052
Total	16 381	9 824

Note:

- * As the LandsD would handle and approve during each year small house applications submitted in the previous years, the number of approved applications may exceed the number of applications received in particular years.

Annex B

TPB
Statistics of Small House Planning Applications
In the Past 10 Years

Applications for permission in respect of plans under section 16 of the Town Planning Ordinance

	<i>Number of applications received</i>	<i>Number of applications approved</i>	<i>Land area involved in the approved cases (ha)</i>
"Agriculture"	457	286	6.81
"Green Belt"	216	123	2.03
"Agriculture" and "Green Belt"	12	8	0.19
"Agriculture"/"Green Belt" and other land use zoning	361	294	6.92
Total	1 046	711	15.95

Applications for amendment of plans under section 12A of the Town Planning Ordinance

	<i>Number of applications received</i>	<i>Number of applications approved</i>	<i>Land area involved in the approved cases (ha)</i>
"Agriculture"	10	1	0.13
"Green Belt"	12	1	0.028
"Agriculture" and "Green Belt"	3	0	0
"Agriculture"/"Green Belt" and other land use zoning	7	0	0
Total	32	2	0.158

Competitiveness of Hong Kong's Travel and Tourism Industry

18. MR ABRAHAM SHEK: *President, according to the Travel & Tourism Competitiveness Report 2011, Hong Kong had an overall ranking of 12 among 139 countries and places in the Travel & Tourism Competitiveness Index in 2011, which is two places behind Singapore. In this connection, will the Government inform this Council:*

- (a) *given that Hong Kong ranked 112th in the area of "presence of major car rental companies", whether the Government has assessed the current demand of tourists for car rental services and the expected demand upon the completion of the Hong Kong-Zhuhai-Macao Bridge (HZMB); if it has not, of the reasons for that; if it has, the details of the assessment outcome, and if the assessment outcome shows an unmet demand for car rental services now or in future, whether the Government will consider introducing measures to boost the supply of such services; if it will not, of the reasons for that;*
- (b) *given that Hong Kong ranked 43rd in the area of "ticket taxes and airport charges", whether the Government has assessed the correlation between the current level of the airport fees (for example, landing fee, terminal building charge, parking fee and boarding bridge charge) charged by the Hong Kong International Airport (HKIA) and HKIA's competitiveness among the major airports in Asia; if it has, of the details of the assessment outcome; if not, the reasons for that; whether the Government has considered lowering the airport passenger departure tax to attract more tourists to Hong Kong; if it has, of the details; if not, the reasons for that; and*
- (c) *given that Hong Kong ranked 27th in the area of "education and training", whether the Government has assessed if the training and related training institutions provided for tourism industry practitioners are adequate at present; if it has not, of the reasons for that; if it has, the details of the assessment outcome, and if the assessment outcome is in the negative, whether the Government is taking or will take measures to address the inadequacy; if so, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT:

President, my reply to various parts of the question is as follows:

- (a) As a compact city, Hong Kong is famous for its safe, affordable and efficient public transport system, which offers convenient means of getting around the city. The Hong Kong Tourism Board (HKTb) widely publicizes the different transportation facilities and services in Hong Kong through various channels to help visitors get around and explore the city.

The HKTb regularly monitors visitors' feedback on the adequacy of tourism and related facilities in the city. So far, the HKTb has not received any feedback or complaints about insufficient car rental service in Hong Kong. Presently, only vehicles with cross-boundary quotas are allowed to use land crossings to travel between Hong Kong and the Guangdong Province. These do not include rental cars. The completion of the HZMB will likely bring in more tourists to Hong Kong, and the Government is considering cross-boundary transport arrangements for the HZMB. So far, provision has not been made for rental cars to use the new crossing. Upon the commissioning of the HZMB, the Government will closely monitor the situation, in particular whether it would bring about a corresponding increase in demand for car rental service by tourists.

- (b) The HKIA is the world's busiest cargo gateway and one of the world's 10 busiest passenger airports. At present, there are over 100 airlines operating about 6 700 flights per week, serving about 170 destinations worldwide. According to a review on Airport Charges conducted by LeighFisher⁽¹⁾ in 2011, HKIA's airport charges⁽²⁾ ranked the lowest (that is, the most competitive) among 50 international airports. In the same Review, the consultant also compared other airports, including Tokyo (ranked sixth), Seoul Incheon (ranked 30th), Bangkok (ranked 34th), Singapore (ranked 46th) and Kuala Lumpur (ranked 49th).

(1) Founded in 1946, LeighFisher is a global management consulting firm based in the United Kingdom. Its annual publication "Review of Airport Charges" is widely quoted and referenced in related studies worldwide.

(2) Airport charges include landing charge, parking charge, airbridge charge and terminal building charge.

The current rate of the Air Passenger Departure Tax (APDT) is HK\$120 per passenger (12 years of age or above) departing by air from Hong Kong through HKIA, or by helicopter from Hong Kong at the Heliport at the Hong Kong – Macau Ferry Terminal. The rate has remained unchanged since 2004. Given that the APDT only accounts for a negligible sum of the overall cost of travelling, we believe this does not constitute a major factor for consideration of whether or not to visit Hong Kong. We have no plan at this stage to adjust the APDT.

- (c) Adequate manpower resources are crucial to the sustainable development of the Hong Kong's tourism sector. At present, local tertiary education and training institutions such as the Chinese University of Hong Kong, the Hong Kong Polytechnic University and the Vocational Training Council (VTC) offer government-funded tourism-related training courses, or subsidize eligible employers in the tourism sector to provide on-the-job training opportunities. In the 2012-2013 academic year, there are some 540 approved intakes of the University Grants Committee-funded tourism-related tertiary education programmes. The VTC also provides some 2 160 places of tourism-related subsidized courses in the same academic year. In addition, the Labour Department, the Employees Retraining Board (ERB) and some non-governmental funded institutions also provide tourism-related training courses which could help respond to the demand for talents of the tourism sector.

In view of the commissioning of the Kai Tak Cruise Terminal in June 2013, the Tourism Commission and the Advisory Committee on Cruise Industry have launched training courses designed for cruise tourism through the Government's "Skills Upgrading Scheme Plus" and the Travel Industry Council of Hong Kong (TIC). We will closely monitor the needs of the trade and adjust the supply of training places as appropriate.

As regards training for tourist guides and tour escorts, courses targeting at non-trade trainees and tourism practitioners respectively are organized or co-ordinated by the TIC, the ERB and other training institutions. Candidates who have completed designated training

courses and passed the relevant examinations can obtain TIC's Tourist Guide Passes or Tour Escort Passes. Besides, many training institutions, tourist guide associations and the TIC also offer a variety of courses relating to upgrading of skills or personal development. These courses are conducive to the continued education and enhancement of the professional knowledge of tourist guides and tour escorts.

The Government will continue to closely monitor the demand and supply situation of the manpower resources of the Hong Kong's tourism sector in order to ensure its healthy development.

Handling of Complaints Made by Patients and Their Families by Hospital Authority

19. **MR JAMES TO** (in Chinese): *President, will the Government inform this Council whether it knows:*

- (a) *the current number of Patient Relations Officers (PROs) in each public hospital who are responsible for handling complaints lodged by patients or their families;*
- (b) *the number of complaints from patients or their families received by each public hospital in the past five years, with a breakdown by nature of the complaints (for example, medical blunders and attitude of healthcare personnel);*
- (c) *given that the Performance Targets of the Hospital Authority (HA) specify that hospitals should respond to complaints made by patients or their families within six weeks (within three months for complex cases), the number of complaints handled by each public hospital in the past five years in which such target was not met;*
- (d) *among the complaints handled by each public hospital in the past five years, the number of cases that were found to be substantiated and on which follow-up actions were required; among them, the respective numbers of cases in which the healthcare personnel*

concerned were punished and the forms of punishment (set out in table form);

- (e) given that the HA's two-tier system in handling complaints provides that a complainant may appeal against the relevant hospital's decision on his/her complaint to the HA's Public Complaints Committee (PCC), the number of appeals received by PCC in the past five years; among them, the number of cases which had been found to be substantiated and on which follow-up actions were required;*
- (f) among the complaints mentioned in part (b), the number of cases involving medical blunders and for which mediation was conducted; among them, the number of cases in which the HA made compensations to the patients concerned or their families, and the amount of public funds involved;*
- (g) the way in which the HA publicizes the appeal mechanism mentioned in part (e) at present;*
- (h) how the HA handles cases in which the patients or their families are dissatisfied with PCC's decisions on their appeals; and*
- (i) given that the statistics on the complaints made by patients or their families are available in the annual reports of PCC and the Patient Relations Office of the HA Head Office, but the reports have not been uploaded onto the HA's website and members of the public can have access to such reports only when they attend the HA Board meetings as observers, whether the HA has assessed if such an arrangement goes against its Code of Conduct which specifies that the HA shall adopt an open attitude; if the assessment outcome is in the affirmative, the reasons for adopting such an arrangement?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the HA attaches great importance to the comments of various stakeholders. With regard to public complaints, the HA has a two-tier complaints mechanism. The first tier is at the hospital level which is responsible for dealing with all complaints lodged for the first time. If a complainant is not satisfied with the outcome of

his/her complaint at the hospital level, he/she may appeal to the second tier, namely the PCC of the HA. To ensure that complaints will be handled in a fair and independent manner, all members of PCC are not administrative staff of the HA. Apart from handling complaints, PCC will also collect and monitor the views put forward by the public on the HA. A breakdown of different types of views on the HA's hospitals received between 2007 and 2011 is as follows:

<i>Types of views</i>	<i>2007</i>		<i>2008</i>		<i>2009</i>		<i>2010</i>		<i>2011</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Complaint	2 165	6%	1 862	5%	2 044	4%	2 141	4%	2 290	5%
Feedback	10 928	29%	12 129	30%	14 695	30%	13 457	27%	10 992	23%
Appreciation	24 284	65%	26 212	65%	31 547	65%	33 963	69%	35 565	73%
Total	37 377	100%	40 203	100%	48 286	100%	49 561	100%	48 847	100%

The table above shows that the majority of views received by the HA are appreciation. Notwithstanding, the HA will seriously examine all types of views received and effect improvement where appropriate with a view to providing better service to the public.

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

- (a) The number of PROs responsible for handling public complaints and enquiries in all hospitals under the HA is at Annex 1.
- (b) The numbers and types of complaint cases received by all hospitals under the HA between 2007 and 2011 are at Annex 2.
- (c) While the HA is involved in a number of complaints with different complexity which require different processing time, the HA is able to complete handling a significant majority of the cases within the target response time. The number of cases that cannot be completed within the target response time by the HA hospitals between 2007 and 2011 is set out in Annex 3.
- (d) The objective of the HA's complaint mechanism is to improve its service delivery and help resolve the problems for the complainants. Hence, when the HA handles the cases, the emphasis is not on whether the cases are substantiated. Indeed, whenever there is room for improvement in the delivery of service identified upon the

handling of complaints, the hospitals will take appropriate follow-up actions irrespective of whether the cases are substantiated or not. As for the appeal cases handled by PCC, the numbers of cases substantiated and partially substantiated can be found in the table under part (e) of the question.

On the other hand, staff punishment involves factors from multiple aspects. The HA will follow the requirements as stipulated in its Human Resources Policies to take appropriate actions having regard to the seriousness of the cases. The HA has not gathered statistics on the punishment imposed solely arising from complaints.

- (e) From 2007 to 2011, the number of appeal cases handled by PCC and the numbers of substantiated and partially substantiated cases among these cases are set out in the table below:

	2007	2008	2009	2010	2011
Number of appeal cases	218	219	273	255	260
Number of substantiated and partially substantiated cases	12	17	12	10	19

In the course of handling the appeal cases, PCC will make recommendations to the HA for appropriate follow-up actions if it has identified room for improvement in the delivery of service in the hospitals or in the healthcare system, irrespective of whether the appeal cases are substantiated or not.

- (f) The number of cases of medical claims and cases in which mediation was conducted, and the amount of compensation involved during the period between 2007 and 2011 are set out in the table below:

<i>Year in which the cases are reported⁽¹⁾</i>	2007	2008	2009	2010	2011
Number of cases of claim (Number of cases of claim in which mediation was conducted) ⁽²⁾	134 (2)	118 (2)	157 (8)	153 (1)	121 (0)
Number of cases of claim which were concluded/settled ⁽³⁾	42	32	38	33	17

<i>Year in which the cases are reported⁽¹⁾</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Amount of compensation paid for cases of claim which were concluded/settled (all figures are round numbers and in million dollars)	18.8	11.8	11.6	10.6	4.5

Notes:

- (1) The amounts of compensation for a particular year set out in the above table refer to the compensation paid for cases of claims reported for that year as at the end of December 2012. For example, for cases reported in 2007, as at the end of December 2012, there were a total of 134 cases of claims, of which 42 were concluded/settled, involving a compensation amount totalling \$18.8 million.
 - (2) Included in the number of cases of claims which were concluded/settled.
 - (3) Including cases of claims which were settled out of court after legal proceedings had commenced.
- (g) The HA promotes its two-tier complaint handling system (including the appeal mechanism under PCC) to the public through a number of channels. These channels include publishing pamphlets on the complaint mechanism, uploading relevant information to the HA's website, meeting patients' groups on a regular basis, reporting annually the work progress to the open meeting of the HA Board Meeting, setting up an enquiry hotline, and conducting briefings by PROs, and so on.
- (h) PCC is a committee established under the HA Board and is the final complaint handling authority of the HA. Its decision on a particular complaint represents the final decision of the HA. If the complainant is not satisfied with the outcome of his/her appeal, he/she may consider resorting to other complaint avenues outside the HA (such as the Medical Council of Hong Kong and The Ombudsman, and so on), depending on the nature of the case.
- (i) Apart from the HA Annual Report, the HA also publishes the number of complaint cases received each year in the Annual Report of the PCC and the Patient Relations and Engagement Department of the HA Head Office. The Annual Report is uploaded to the HA website <<http://www.ha.org.hk>> for easy reference by the public⁽¹⁾.

(1) Direct web link to the Annual Report is < http://www.ha.org.hk/haho/ho/cad_bnc/HAB-P166.pdf>.

Annex 1

Numbers of Patient Relations Officers (PROs) responsible
for handling public complaints and enquiries in all hospitals under HA

	<i>Alice Ho Miu Ling Nethersole Hospital</i>	<i>Bradbury Hospice</i>	<i>Hong Kong Buddhist Hospital</i>	<i>Hong Kong Red Cross Blood Transfusion Service</i>	<i>Cheshire Home, Chung Hom Kok</i>	<i>Caritas Medical Centre</i>	<i>Castle Peak Hospital</i>	<i>The Duchess of Kent Children's Hospital at Sandy Bay</i>	<i>Tung Wah Group of Hospitals Fung Yiu King Hospital</i>	<i>Grantham Hospital</i>	<i>Haven of Hope Hospital</i>	<i>Hong Kong Eye Hospital</i>	<i>Kwai Chung Hospital</i>
Number of PROs	1	0.2	0.1	0.1	0.25	3.3	0.8	0.1	0.1	0.4	0.5	0.5	1
Number of supporting staff	1	0.25	0.1	0.1	0	2	0.8	0.1	0.1	0.1	0.5	1	0

	<i>Kowloon Hospital</i>	<i>Kwong Wah Hospital</i>	<i>MacLehose Medical Rehabilitation Centre</i>	<i>North District Hospital</i>	<i>Our Lady of Maryknoll Hospital</i>	<i>Princess Margaret Hospital</i>	<i>Pok Oi Hospital</i>	<i>Prince of Wales Hospital</i>	<i>Pamela Youde Nethersole Eastern Hospital</i>	<i>Queen Elizabeth Hospital</i>	<i>Queen Mary Hospital</i>	<i>Rehabaid Centre</i>	<i>Ruttonjee & Tang Shiu Kin Hospitals</i>
Number of PROs	1.4	2	0.1	2	0.3	4	1	3	4.2	5	4	0.05	1.5
Number of supporting staff	0.4	2	0.1	1	0.3	2	1	2	3	2	1	0	1

	<i>Shatin Cheshire Home</i>	<i>Shatin Hospital</i>	<i>St. John Hospital</i>	<i>Siu Lam Hospital</i>	<i>Tseung Kwan O Hospital</i>	<i>Tuen Mun Hospital</i>	<i>Tai Po Hospital</i>	<i>Tung Wah Eastern Hospital</i>	<i>Tung Wah Hospital</i>	<i>Tsan Yuk Hospital</i>	<i>United Christian Hospital</i>	<i>Wong Chuk Hang Hospital</i>	<i>Tung Wah Group of Hospitals Wong Tai Sin Hospital</i>
Number of PROs	0.55	0.55	0.2	0.2	1.5	4	1	0.4	0.5	0.1	3	0.5	0.9
Number of supporting staff	0.75	0.75	0	0.2	1	3	1	0.3	0.2	0	2	0	0.5

	<i>Yan Chai Hospital</i>
Number of PROs	2
Number of supporting staff	1

Note:

Given the different size, nature of services and number of attendances of each hospital, the numbers of PROs responsible for handling public complaints and enquiries differ among hospitals. The numbers of some hospitals are with decimal places as they are expressed in full-time equivalent terms.

Numbers and types of complaints received by HA's hospitals between 2007 and 2011

Total	611	10	611
Yan Chai Hospital	11	10	60
Tung Wah Group of Hospitals Wong Tai Sin Hospital	1	1	68
Wong Chuk Hang Hospital	43	1	0
United Christian Hospital	1	43	0
Tsan Yuk Hospital	10	1	1
Tung Wah Hospital	4	10	4
Tung Wah Eastern Hospital	0	4	0
Tai Po Hospital	2	0	4
Tuen Mun Hospital	13	2	6
Tseung Kwan O Hospital	0	13	0
Siu Lam Hospital	4	0	2
St. John Hospital	7	4	2
Shatin Hospital	1	7	0
Shatin Cheshire Home	25	1	7
Ruttonjee Hospital and Tang Shiu Kin Hospital	0	25	0
Rehabaid Centre	19	0	23
Queen Mary Hospital	27	19	5
Queen Elizabeth Hospital	48	27	30
Pamela Youde Nethersole Eastern Hospital	20	48	7
Prince of Wales Hospital	63	20	0
Pok Oi Hospital	5	63	0
Princess Margaret Hospital	33	5	2
Our Lady of Maryknoll Hospital	0	33	2
North District Hospital	47	0	1
MacLehose Medical Rehabilitation Centre	1	47	1
Kwong Wah Hospital	129	1	42
Kowloon Hospital	46	129	16
Kwai Chung Hospital	22	46	11
Hong Kong Eye Hospital	5	22	1
Haven of Hope Hospital	3	5	1
Grantham Hospital	4	3	0
Tung Wah Group of Hospitals Fung Yiu King Hospital	7	4	0
The Duchess of Kent Children's Hospital at Sandy Bay	8	7	1
Castle Peak Hospital	4	8	1
Caritas Medical Centre	46	4	23
Cheshire Home, Chung Hom Kok	4	46	0
Hong Kong Red Cross Blood Transfusion Service	20	4	5
Hong Kong Buddhist Hospital	7	20	0
Bradbury Hospice	0	7	0
Alice Ho Miu Ling Nethersole Hospital	0	0	2
2007	Attitude of staff	6	18
	Medical services	4	6
	Administration	0	4
	Others	2	0
	Total	6	22

Total		475	2	913		255		219	1862
Yan Chai Hospital		8	2	37		0	0	1	39
Tung Wah Group of Hospitals Wong Tai Sin Hospital		0	8	1	9	2	0	1	20
Wong Chuk Hang Hospital		0	42	0	70	1	37	0	155
United Christian Hospital		1	7	1	10	0	2	6	21
Tsan Yuk Hospital		8	7	1	10	0	2	2	21
Tung Wah Hospital		1	8	7	10	0	2	2	21
Tung Wah Eastern Hospital		1	8	7	10	0	2	2	21
Tai Po Hospital		1	1	1	0	2	2	2	21
Tuen Mun Hospital		3	1	1	0	0	1	1	28
Tseung Kwan O Hospital		5	3	1	16	4	0	1	31
Siu Lam Hospital		1	5	3	1	5	0	0	11
St. John Hospital		6	1	1	0	0	0	1	8
Shatin Hospital		0	6	1	0	0	0	1	3
Shatin Cheshire Home		12	0	1	2	0	1	0	29
Ruttonjee Hospital and Tang Shiu Kin Hospital		0	12	0	15	2	0	1	3
Rehabaid Centre		19	0	12	0	1	1	0	0
Queen Mary Hospital		73	19	0	118	20	18	77	286
Queen Elizabeth Hospital		14	73	19	47	20	1	25	87
Pamela Youde Nethersole Eastern Hospital		0	49	14	161	47	1	27	276
Prince of Wales Hospital		0	49	14	161	47	1	27	276
Pok Oi Hospital		0	4	0	23	0	1	0	28
Princess Margaret Hospital		4	0	4	23	0	1	0	28
Our Lady of Maryknoll Hospital		0	4	0	23	0	1	0	28
North District Hospital		20	0	4	38	0	0	28	89
MacLehose Medical Rehabilitation Centre		1	20	0	38	0	0	28	89
Kwong Wah Hospital		24	101	1	27	174	0	69	357
Kowloon Hospital		19	24	101	21	27	5	43	460
Kwai Chung Hospital		6	19	24	17	21	5	28	47
Hong Kong Eye Hospital		1	6	19	4	17	21	5	28
Haven of Hope Hospital		1	1	6	4	4	0	4	15
Grantham Hospital		11	1	1	4	0	4	0	21
Tung Wah Group of Hospitals Fung Yiu King Hospital		4	0	11	3	0	3	4	15
The Duchess of Kent Children's Hospital at Sandy Bay		4	3	0	4	0	0	8	15
Castle Peak Hospital		0	4	3	0	0	0	0	4
Caritas Medical Centre		18	0	4	51	1	12	0	85
Cheshire Home, Chung Hom Kok		2	18	0	1	1	0	3	4
Hong Kong Red Cross Blood Transfusion Service		4	2	1	5	1	0	3	12
Hong Kong Buddhist Hospital		6	4	2	12	5	0	2	20
Bradbury Hospice		1	6	4	0	0	0	0	1
Alice Ho Miu Ling Nethersole Hospital		1	1	6	3	0	0	0	7
2008	Attitude of staff	1	1	6	3	0	0	0	7
	Medical services	3	0	12	5	1	0	3	20
	Administration matters	0	0	0	0	0	0	0	1
	Others	3	0	2	4	85	4	15	97
Total		7	1	20	12	4	15	3	62

Total		475	922	320	327	2044
Yan Chai Hospital		2	40	1	0	43
Tung Wah Group of Hospitals Wong Tai Sin Hospital		10	11	0	1	23
Wong Chuk Hang Hospital		0	0	0	0	0
United Christian Hospital		91	144	74	0	358
Tsan Yuk Hospital		1	2	2	0	5
Tung Wah Hospital		5	7	3	3	16
Tung Wah Eastern Hospital		5	0	1	3	16
Tai Po Hospital		0	0	0	0	0
Tuen Mun Hospital		3	10	2	0	15
Tseung Kwan O Hospital		3	18	4	9	34
Siu Lam Hospital		0	0	0	0	0
St. John Hospital		5	2	3	0	10
Shatin Hospital		1	0	0	0	1
Shatin Cheshire Home		0	0	0	0	0
Ruttonjee Hospital and Tang Shiu Kin Hospital		4	9	1	1	15
Rehabaid Centre		0	0	0	0	0
Queen Mary Hospital		18	15	5	34	72
Queen Elizabeth Hospital		12	131	13	77	279
Pamela Youde Nethersole Eastern Hospital		53	119	68	94	334
Prince of Wales Hospital		0	1	1	0	2
Pok Oi Hospital		3	25	9	0	37
Princess Margaret Hospital		1	3	0	0	4
Our Lady of Maryknoll Hospital		9	30	2	2	43
North District Hospital		2	1	2	0	5
MacLehose Medical Rehabilitation Centre		109	175	89	8	381
Kwong Wah Hospital		9	16	10	2	36
Kowloon Hospital		14	25	3	2	44
Kwai Chung Hospital		4	14	1	2	21
Hong Kong Eye Hospital		6	4	0	1	11
Haven of Hope Hospital		8	5	3	0	16
Grantham Hospital		1	2	0	0	3
Tung Wah Group of Hospitals Fung Yiu King Hospital		3	1	0	0	6
The Duchess of Kent Children's Hospital at Sandy Bay		4	3	0	1	8
Castle Peak Hospital		17	31	12	5	65
Caritas Medical Centre		0	0	0	0	0
Cheshire Home, Chung Hom Kok		7	11	5	9	32
Hong Kong Red Cross Blood Transfusion Service		6	12	0	6	24
Hong Kong Buddhist Hospital		0	0	0	0	0
Bradbury Hospice		1	0	0	0	1
Alice Ho Miu Ling Nethersole Hospital		8	0	0	0	8
2009	Attitude of staff					
	Medical services					
	Administration matters					
	Others					
	Total					

Total		464	1008	354	188	2014*
Yan Chai Hospital		3	44	1	0	48
Tung Wah Group of Hospitals Wong Tai Sin Hospital		15	30	4	7	56
Wong Chuk Hang Hospital		1	0	0	0	1
United Christian Hospital		31	86	47	15	179
Tsan Yuk Hospital		2	9	0	4	15
Tung Wah Hospital		12	8	7	2	30
Tung Wah Eastern Hospital		3	8	1	2	13
Tai Po Hospital		3	0	0	0	3
Tuen Mun Hospital		2	12	6	2	22
Tseung Kwan O Hospital		11	46	4	6	67
Siu Lam Hospital		0	0	0	0	0
St. John Hospital		2	1	0	1	4
Shatin Hospital		0	0	0	0	0
Shatin Cheshire Home		0	0	0	0	0
Ruttonjee Hospital and Tang Shiu Kin Hospital		0	2	0	1	3
Rehabaid Centre		0	0	0	0	0
Queen Mary Hospital		30	33	12	15	90
Queen Elizabeth Hospital		61	148	26	33	268
Pamela Youde Nethersole Eastern Hospital		11	47	13	9	80
Prince of Wales Hospital		38	68	78	38	222
Pok Oi Hospital		3	23	5	0	31
Princess Margaret Hospital		26	123	21	4	174
Our Lady of Maryknoll Hospital		0	0	0	2	2
North District Hospital		8	20	4	5	37
MacLehose Medical Rehabilitation Centre		0	1	0	0	1
Kwong Wah Hospital		114	196	94	10	414
Kowloon Hospital		11	23	6	2	42
Kwai Chung Hospital		22	24	4	2	52
Hong Kong Eye Hospital		5	8	1	4	21
Haven of Hope Hospital		4	0	1	3	8
Grantham Hospital		5	5	4	0	14
Tung Wah Group of Hospitals Fung Yiu King Hospital		1	3	0	0	4
The Duchess of Kent Children's Hospital at Sandy Bay		0	0	0	0	0
Castle Peak Hospital		2	2	1	6	11
Caritas Medical Centre		18	40	6	6	70
Cheshire Home, Chung Hom Kok		0	1	0	0	1
Hong Kong Red Cross Blood Transfusion Service		11	6	3	5	25
Hong Kong Buddhist Hospital		0	3	2	4	18
Bradbury Hospice		0	0	0	0	0
Alice Ho Miu Ling Nethersole Hospital		0	4	0	0	4
2010	Attitude of staff					
	Medical services					
	Administration matters					
	Others					
	Total					

Note: The type of complaints pertaining to "Others" includes grievances about the charges, policies and hygiene conditions, etc.

* The total number of complaints in 2010 and 2011 published in the Annual Report of the Public Complaints Committee and the Patient Relations Office of the HA Head Office also included complaints about the overall services of HA and the services of the Head Office so collected by the Head Office.

Annex 3

Numbers of complaint cases the handling of which were not completed by HA hospitals within the target response time from 2007 to 2011

	Alice Ho Miu Ling Nethersole Hospital	Bradbury Hospice	Hong Kong Buddhist Hospital	Hong Kong Red Cross Blood Transfusion Service	Cheshire Home, Chung Hom Kok	Caritas Medical Centre	Castle Peak Hospital	The Duchess of Kent Children's Hospital at Sandy Bay	Tung Wah Group of Hospitals Fung Yiu King Hospital	Grantham Hospital	Haven of Hope Hospital	Hong Kong Eye Hospital	Kwai Chung Hospital	Kowloon Hospital	Kwong Wah Hospital
2007	0	0	0	0	0	0	0	#	#	#	0	0	0	4	0
2008	0	0	0	0	0	0	0	#	#	#	0	0	0	0	0
2009	0	0	0	0	0	0	0	#	#	#	1	0	0	0	0
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0

	MacLehose Medical Rehabilitation Centre	North District Hospital	Our Lady of Maryknoll Hospital	Princess Margaret Hospital	Pok Oi Hospital	Prince of Wales Hospital	Pamela Youde Nethersole Eastern Hospital	Queen Elizabeth Hospital	Queen Mary Hospital	Rehabaid Centre	Ruttonjee Hospital and Tung Shiu Kin Hospital	Shatin Cheshire Home	Shatin Hospital	St. John Hospital	Siu Lam Hospital
2007	#	3	0	5	0	19	12	9	#	#	12	0	0	0	0
2008	#	1	0	2	0	13	11	29	#	#	5	0	0	0	0
2009	#	6	0	12	0	27	21	28	#	#	3	0	0	0	0
2010	0	3	0	16	0	17	7	22	2	0	0	0	0	0	0
2011	0	2	0	26	0	10	8	13	5	0	1	0	0	0	0

	<i>Tseung Kwan O Hospital</i>	<i>Tuen Mun Hospital</i>	<i>Tai Po Hospital</i>	<i>Tung Wah Eastern Hospital</i>	<i>Tung Wah Hospital</i>	<i>Tsan Yuk Hospital</i>	<i>United Christian Hospital</i>	<i>Wong Chuk Hang Hospital</i>	<i>Tung Wah Group of Hospitals Wong Tai Sin Hospital</i>	<i>Yan Chai Hospital</i>
2007	0	0	0	1	#	0	0	0	0	0
2008	1	1	0	1	#	0	0	0	0	0
2009	4	0	0	0	#	0	0	0	0	0
2010	5	0	0	0	1	0	0	0	0	0
2011	2	9	0	5	0	0	0	0	0	0

Note:

As the majority of the complaint cases originate from the public misunderstanding of the operation of hospitals and medical procedures, or from problems in communication, the hospitals would focus on providing assistance to complainants for resolving the problems, explaining the situation to them or using mediation skills to settle complaints when handling the cases. Therefore, some hospitals did not keep, in early years, specific statistics on the numbers of cases the handling of which had not been completed within the target response time.

Agricultural Development in Hong Kong

20. **DR FERNANDO CHEUNG** (in Chinese): *President, according to the estimates released by the Government at the end of 2011, agricultural land accounted for about 6.1% of the total land area in Hong Kong, that is, about 6 700 hectares, among which 3 292 hectares of land in the New Territories were covered by statutory plans and zoned for "agricultural" use (representing approximately 10.5% of the total land area in the New Territories covered by statutory plans). The current agricultural policy is to "follow the general policy framework of free market. Except where social considerations are overriding, the allocation of resources in the economy is left to market forces with minimal government intervention". In recent years, as many pieces of agricultural land in the New Territories have been left derelict after acquisition by property developers, some agricultural land has become container yards or vehicle parks, or has been turned into other land uses, and coupled with the Government's plan to develop Northeast and North New Territories, the area of agricultural land for farming has been dwindling and the agriculture industry is shrinking continuously. The market share of locally produced vegetables has dropped from 30% in the 1990s to 2.3% in 2011. The relevant authorities on the Mainland, on the contrary, promulgated vegetable supply assurance measures in 2010, and requested large cities to set a minimum area of agricultural land designated for vegetable production so as to enhance self-sufficiency. Furthermore, Taiwan has adopted "a healthy, efficient and sustainable development" as an objective of its agricultural policy and has formulated corresponding measures to help the agricultural sector. Some members of the agriculture industry have pointed out that, due to repeated problems with food products from the Mainland in recent years, quite a number of Hong Kong people practise organic farming and purchase organic agricultural produce, and such people also have confidence in and a demand for local agricultural produce. In addition, developing the agriculture industry can also enhance diversity of local industries, create employment opportunities, maintain ecological balance and facilitate the development of biological diversity. In this connection, will the Government inform this Council:*

- (a) *whether the authorities will review the existing principle of free market playing a leading role and formulate afresh a "healthy and sustainable" agricultural policy;*

- (b) *as some farmers have pointed out that the agricultural land in the New Territories has continuously been acquired and hoarded by property developers, resulting in idling of and reduction in agricultural land, whether the authorities have given up development of the agriculture industry;*
- (c) *given that quite a number of cities and countries have set targets on the market shares of local agricultural produce (for example, in the case of Shanghai, the minimum assured supply of locally produced vegetables will be 30% in 2020), whether the authorities have formulated such a target; if they have not, of the reasons for that;*
- (d) *of the respective areas of agricultural land used for producing vegetables, flowers, miscellaneous crops and fruits, and the respective market shares of the such agricultural produce produced each year between 1997-1998 and 2011-2012 (set out in the tables below);*

<i>Year</i>	<i>Total area of agricultural land</i>	<i>Area for producing the following agricultural produce</i>			
		<i>Vegetables</i>	<i>Flowers</i>	<i>Miscellaneous crops</i>	<i>Fruits</i>

<i>Year</i>	<i>Market share of locally produced agricultural produce</i>			
	<i>Vegetables</i>	<i>Flowers</i>	<i>Miscellaneous crops</i>	<i>Fruits</i>

- (e) *of the respective numbers of applications for rezoning agricultural land received and approved by the Town Planning Board (TPB) (set out in the table below), the total area involved and the total amount of additional land premium involved in approved cases each year between 1997-1998 and 2011-2012; and*

Year	Number of applications received	Number of approved cases broken down by new land use							
		Village Type Development	Residential site	Commercial site	Industrial site	Green belt	Government, Institution or Community site	Comprehensive Development Area	Total

- (f) of the respective number of farms in Hong Kong and the number of people working in such farms each year between 1997-1998 and 2011-2012 (set out in the table below)?

Year	Number of farms	Number of organic farms	Number of owner-farmers	Number of employees

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government has been providing staunch support for local fisheries and agricultural development. For agriculture as related to this question, the Agriculture, Fisheries and Conservation Department (AFCD) actively encourages and supports local farmers to develop organic farming. Through the Organic Farming Support Service, the Department provides technical advice and support to those farmers who wish to switch to organic farming from traditional farming. In addition, the AFCD promotes the production and sale of local organic agricultural products jointly with the Vegetable Marketing Organization (VMO) and the Federation of Vegetable Marketing Co-operative Societies, Ltd. As at the end of December 2012, 203 farms participate in the Organic Farming Support Service, producing about five tonnes of organic agricultural products each day for the local market. At present, there are more than 37 organic vegetable retail outlets under the VMO marketing network, including large supermarkets, shops in MTR stations, health food stores and the Lions Nature Education Centre outlet at Tsiu Hang, Sai Kung, and so on. Besides, the AFCD supports the Hong Kong Organic Resource Centre in its endeavours to educate the public on organic farming and promote the certification of organic products.

The AFCD also organizes from time to time talks and on-farm demonstrations for farmers, briefing them on improved varieties of agricultural

products and new farming techniques. Quality produce developed in recent years include red flesh rock melon, seedless water melon, yellow flesh water melon, long horn pepper, round eggplant, potato and organic strawberry, and so on.

The Government has also actively assisted the industry in developing quality brand names. At present, 263 vegetable farms in the territory have participated in the Accredited Farm Scheme. The AFCD helps the industry set up weekend farmers' markets and organizes large-scale carnivals, such as the annual FarmFest which attracts over 100 participating local farmers and fishermen and more than 100 000 visitors. These events have helped showcase local agricultural and fishery products to the wider public, in the interest of promoting local brand names.

Moreover, the VMO has since 1988-1999 set up the Agricultural Development Fund with funding derived from its operating profits. The Fund enables the AFCD and the farming industry to launch agricultural development programmes. Apart from the abovementioned programmes and activities, notable examples include the Controlled Environment Agriculture and Hydroponic technology which is recently introduced for use in local farming. Between 2007 and 2011, the Fund has provided about \$130 million for funding projects. About \$200 million is currently available under the Fund.

The AFCD is also administering three loan funds (including the Kadoorie Agricultural Aid Loan Fund, the J. E. Joseph Trust Fund; and the Vegetable Marketing Organization Loan Fund) which provide loans to farmers for farm development and operation. The total accumulated deposit under the three Funds now stands at \$45 million. These Funds are noted for their user-friendly application procedures, low interest rates, capacity to provide unsecured loans up to \$130,000, and flexible repayment period. Between 2007 and 2011, loans of nearly \$40 million had been offered to 414 farmers under the three Funds.

In recent years, the AFCD has published and distributed "A Guide to Hong Kong Leisure Farms" to promote leisure farming. An interactive webpage on leisure farms <http://fedvmcs.org/farm_index.php> has also been promulgated for use by members of the public who are interested in visiting the diverse range of leisure farms in Hong Kong. By facilitating diversification, this contributes to the sustainable development of the local farming industry.

The Government will carry on with its efforts on the above fronts to support the sustainable development of the local farming industry.

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

- (a) It is the Government's existing policy to facilitate agricultural development through the provision of basic infrastructure and technical support, as well as low interest loans to farmers. At the same time, we make full use of the Agricultural Development Fund under the VMO to facilitate the further development of local agriculture, enhance the productivity and business viability of the industry, develop modern and environmental-friendly farming technologies with emphasis on preservation of natural resources and the agricultural ecology, thereby helping to produce quality and high-value agricultural products that are safe for consumption. The Government will continue to adopt the above measures for supporting the sustainable development of the local farming industry.
- (b) Most agricultural land leases in Hong Kong were granted in early years. Unlike land leases granted for residential, commercial or other building developments in recent years for which a building covenant is stipulated, generally speaking, the agricultural land leases do not contain provisions requiring the owners to put the land to use and not to leave it idle, and free transaction is not prohibited. There will be no contravention as long as the use of the land is in compliance with the relevant legislation and lease conditions.

To assist farmers who wish to engage in farming, the AFCD plays a facilitative role by matching prospective tenants with the landowners upon learning that there are land owners who intend to rent out their agricultural land. The farmers and landowners freely enter into tenancy agreements after negotiations. Ultimately it is for the landowners to decide whether or not to rent out their land for agricultural use. Over the past five years (2007 to 2011), the AFCD had assisted 73 farmers in identifying land for agricultural rehabilitation covering a total area of 11.1 hectares.

- (c) In keeping with the free-market principle, the Government does not set any targets for local agricultural production. Nor does the Government provide any direct financial subsidy to the sector or protect the price level of local agricultural products. The Government will continue to go about supporting the sustainable development of local agriculture through the provision of basic infrastructure and technical support, as well as low interest loans.

Primary production (including agriculture, fisheries, mining and quarrying) is insignificant in Hong Kong in terms of its share of the GDP and total employment, as the city is a predominantly urban economy. As such, redevelopment of the agricultural industry by a significant scale as a means to raise the share of local produce in local food supply does not appear to be a practicable proposition. Nonetheless, the Government will continue to render support to those who intend to engage in agricultural production and promote the sustainable development of the local agricultural industry through the provision of infrastructure, technical support and low-interest loans.

- (d) Statistics showing the area of land used for the production of vegetable, flower, field crop and orchard from 1997 to 2012 are set out in Table 1.

Statistics showing the percentage of locally-produced vegetables and fruits in the overall supply of the respective products from 1997 to 2011 are set out in Table 2. (Note: The percentages of flowers and field crops are not available since the Government does not keep separate breakdowns for them in our production statistics.)

Table 1: Agricultural land used for the production of vegetable, flower, field crop and orchard in Hong Kong (hectare)

<i>Year</i>	<i>Total agricultural land area*</i>	<i>Agricultural land used for the production of the following crops (hectare)</i>			
		<i>Vegetables</i>	<i>Flowers</i>	<i>Field crops</i>	<i>Orchards</i>
1997	6 080	790	290	40	670
1998	6 080	790	290	40	670

<i>Year</i>	<i>Total agricultural land area*</i>	<i>Agricultural land used for the production of the following crops (hectare)</i>			
		<i>Vegetables</i>	<i>Flowers</i>	<i>Field crops</i>	<i>Orchards</i>
1999	5 678	620	260	40	670
2000	5 463	550	250	40	590
2001	5 345	502	248	40	567
2002	5 220	436	248	47	521
2003	5 006	350	240	38	410
2004	4 841	332	198	26	303
2005	4 087	325	191	25	292
2006	4 087	324	189	25	281
2007	4 083	318	182	23	281
2008	4 799	316	180	23	281
2009	4 712	314	156	22	266
2010	4 653	297	153	20	276
2011	4 618	292	152	20	270
2012	4 575	294	147	19	272

Note:

- * Total agricultural land area includes the land used for the production of vegetables, flowers, field crops and orchards as well as agricultural land that is left idle.

Table 2: Percentages of locally-produced vegetables and fruits in the overall supply of the respective products

<i>Year</i>	<i>Percentages in the overall supply of the respective products</i>	
	<i>Vegetables</i>	<i>Fruits</i>
1997	13.9%	0.7%
1998	13.6%	0.6%
1999	11.7%	0.6%
2000	6.6%	0.3%
2001	5.8%	0.2%
2002	5.2%	0.3%
2003	4.5%	0.2%
2004	4.1%	0.1%
2005	4.5%	0.1%
2006	4.0%	0.1%

<i>Year</i>	<i>Percentages in the overall supply of the respective products</i>	
	<i>Vegetables</i>	<i>Fruits</i>
2007	2.9%	0.3%
2008	2.5%	0.3%
2009	2.4%	0.2%
2010	2.5%	0.2%
2011	2.3%	0.2%

Notes:

* Weight comparison using tonnes as the unit

** Statistical data for 2012 is not yet available

- (e) Between 1997 and 2012, the TPB processed a total of 55 applications for rezoning land in the "Agriculture" ("AGR") zone to other land uses. Of these applications, 11 were approved mainly for uses including residential, village type development, government, institution or community uses, and open storage, and so on. They involve about 15.4 hectares of land in total. During the same period, the TPB processed a total of 1 734 applications for planning permission involving sites within "AGR" zone (excluding those applications involving sites that straddle other land use zones). Among them, 1 070 applications were approved, mainly for the New Territories Exempted House development, government, institution or community uses, recreational use and temporary uses, and so on. Given the large number of applications in question and duplication of sites under application, we cannot provide relevant statistics on the total area involved.

Where a lot owner applies for lease modification or land exchange to implement the use approved by the TPB, the Government will impose suitable conditions when granting approval, including a full market premium payable. It should be noted that for cases involving rezoning or planning permission approved by the TPB, the owners concerned may not necessarily submit application to the Lands Department (LandsD) for lease modification or land exchange immediately or within a short period of time.

A summary of the lease modification or land exchange transactions executed and registered in the Land Registry is available on the LandsD's website <http://www.landsd.gov.hk/en/exc_mod/index.htm>. As the LandsD does not maintain a list of land transactions or relevant statistics based on the original uses, statistical data of cases involving agricultural land are not available.

The number of applications for rezoning and planning permission involving "AGR" zone broken down by year are listed in the table below.

	<i>Applications for rezoning from "AGR" to other uses</i>		<i>Applications for planning permission in "AGR" zone</i>	
	<i>Cases processed</i>	<i>Cases approved</i>	<i>Cases processed</i>	<i>Cases approved</i>
1997	3	2	215	153
1998	7	0	192	113
1999	8	4	121	89
2000	4	1	129	100
2001	1	0	126	81
2002	1	0	79	55
2003	1	0	80	30
2004	4	0	68	24
2005	6	0	69	33
2006	4	0	74	38
2007	3	1	69	41
2008	3	1	83	46
2009	2	1	83	53
2010	2	0	78	53
2011	2	1	127	75
2012	4	0	141	86
Total	55	11	1 734	1 070

Note:

- * Cases with application sites involving other land use zones are not included in the above table.

- (f) The number of farms engaged in crop production, the number of organic farms and the number of farmers engaged in crop production from 2001 to 2012 are set out in the table below. (Note: Statistics from 1997 to 2000, and the number of farmers who own the farms and the number of farm employees, are not available since the Government did not collect such statistics at the material time.)

<i>Year</i>	<i>Number of farms engaged in crop production</i>	<i>Number of organic farms*</i>	<i>Number of farmers engaged in crop production</i>
2001-2007	about 2 600	106	about 4 700
2008	about 2 500	123	about 4 300
2009	about 2 500	135	about 4 300
2010	about 2 500	152	about 4 300
2011	about 2 400	182	about 4 200
2012	about 2 400	203	about 4 100

Note:

- * Organic farms refer to farms participating in the Organic Farming Support Service under the AFCD.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bill: First Reading.

PESTICIDES (AMENDMENT) BILL 2013

CLERK (in Cantonese): Pesticides (Amendment) Bill 2013.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

PESTICIDES (AMENDMENT) BILL 2013

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I move the Second Reading of the Pesticides (Amendment) Bill 2013 (the Bill).

The object of the Bill is to make amendments to the Pesticides Ordinance in order to comply with the requirements of the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade regarding the control of pesticides. The Government also takes this opportunity to update certain provisions of the Ordinance in respect of the regulation of pesticides.

These two Conventions are international conventions drawn up with the aim of protecting human health and the environment from the harms caused by persistent organic pollutants and hazardous chemicals, including pesticides. As China is a signatory to the two Conventions, the Central People's Government has applied them to the Hong Kong Special Administrative Region (HKSAR).

Under the existing Ordinance, all pesticides covered by the two Conventions are unregistered pesticides in Hong Kong, the import, manufacture, sale, possession and supply of which are subject to the permit control under the Ordinance. In order to comply with the requirements of the two Conventions in respect of the export or use of the relevant pesticides, we propose to amend the Ordinance so that the export or use of pesticides covered by the two Conventions will also require a permit issued by the Director of Agriculture, Fisheries and Conservation (DAFC).

On the other hand, the two Conventions do not apply to chemicals in quantities not likely to affect human health or the environment which are used for laboratory research, chemical analysis or as a reference standard. Therefore, in furtherance of the spirit of the two Conventions, as well as to facilitate scientific research and chemical analysis, we propose in the Bill that any person importing, manufacturing, selling, supplying, in possession of, using or exporting any

pesticide covered by these Conventions not exceeding 10g or 10ml that is contained in an individual package or container, and is used or intended to be used indoors for laboratory research, chemical analysis or as a reference standard would be exempted from the permit requirement. The proposed thresholds are sufficiently high to cater for those purposes but unlikely to affect human health or the environment.

Along this line, the Government also proposes to exclude from the scope of the Bill all registered or unregistered pesticides not controlled by the two Conventions not exceeding 10g or 10ml that is contained in an individual package or container, and is used or intended to be used indoors for laboratory research, chemical analysis or as a reference standard.

Meanwhile, the Government proposes to update certain provisions of the Ordinance related to regulation of pesticides, which include: (a) providing that appeals against certain decisions of the DAFC under the Ordinance be lodged with the Administrative Appeals Board established under the Administrative Appeals Board Ordinance instead of the Chief Executive, and vesting place the appeal hearing function with an independent and impartial body; (b) confining the existing power of warrantless entry for routine inspection of any premises by authorized officers under the Ordinance to: (i) any premises or place (whether domestic or not) the address of which is stated in an application for a licence or permit under the Pesticides Regulations; or (ii) any other non-domestic premises or place, as we believe that this would strike a balance between the need for routine inspection of pesticides by authorized officers to protect public safety and the need for protecting privacy in such premises in general; and (c) removing the ribbing requirement of pesticide containers to alleviate unnecessary burden on traders.

We consulted the Legislative Council Panel on Food Safety and Environmental Hygiene on the above legislative proposals in July 2011. The Panel expressed in support for the proposed amendments. After that, we also consulted various trade associations, including holders of pesticide licences and permits, pest control companies and workers, property management companies, turf management personnel, laboratories, educational institutes, local farmers, trade associations, green groups and so on. They all supported the proposed amendments.

Moreover, in drafting the Bill, the Government has reviewed its application. We consider that in order to protect public safety, government departments should be governed by the same level of standards as those applicable to private operators. Therefore, we propose in the Bill that the Ordinance, as amended, should apply to the HKSAR Government. On the other hand, we consider that the Government and public officers, when discharging their duties, should be exempted from any criminal liability. We will adopt administrative measures to ensure that public officers will comply with the relevant requirements under the Ordinance. Moreover, public officers discharging official duties in good faith will also be exempted from any civil liability.

The Bill will be conducive to the protection of both public health and the environment, and can enable Hong Kong to comply fully with the requirements of the two Conventions regarding the control of pesticides. I implore Members to support the passage of the Bill as soon as possible.

Thank you, President.

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

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. There are a total of three Members' motions for this meeting.

First Member's motion: Mr Andrew LEUNG will move a motion under Rule 49E(2) of the Rules of Procedure to take note of the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2012, which were included in Report No. 10/12-13 of the House Committee laid on the Table of this Council.

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

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

MOTION UNDER RULE 49E(2) OF THE RULES OF PROCEDURE

MR ANDREW LEUNG (in Cantonese): President, in my capacity as Chairman of the House Committee, I move the motion, as printed on the Agenda, under Rule 49E(2) of the Rules of Procedure, for a debate on the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2012 included in Report No. 10/12-13 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments.

President, I am going to express my personal views. The institution of the statutory minimum wage (SMW) went through detailed discussions in the previous the Legislative Council. At that time, we had lengthy discussions on how to adjust the SMW rate, the basis for adjustment and how often a review should be carried out. Eventually, with the endorsement of the majority of Members, we passed what is stipulated in the current legislation, including the review of the SMW rate by the Minimum Wage Commission (MWC), as well as the use of objective figures, such as inflation and other socio-economic indicators, the impact on the job market and business environment, and so on.

During the course of discussions, we time and again highlighted the term "objectivity" in order that the SMW rate would be set in a non-politicalized manner in accordance with the actual circumstances of Hong Kong. President, the rate of \$30 per hour is a recommendation of the MWC, an outcome achieved after negotiations among representatives of employees, employers and academics, and endorsed by the Chief Executive in Council, all in compliance with the provisions in the law. I respect the mechanism, so we accept the rate concerned.

President, during the scrutiny of the legislation in the previous Legislative Council, as well as the discussion over adjustment of the rate in the schedule this time, I repeatedly emphasized that the SMW rate was just a floor, rather than a specified or standard wage for staff. The wage earned by an employee very often hinges on the demand-supply situation of the manpower market. For job

types which are more sought-after, employers may have to pay a little more in order to recruit a worker. By the same token, as for the frequency of review, we and the Federation of Hong Kong Industries (FHKI) have formed the view that if enterprises are to set foot on long-term development, they have to review the wage level and welfare system for staff from time to time according to their own operation conditions, affordability and the market trend, to ensure that they are competitive enough to attract and retain talents. Nevertheless, society should not take increases in the SMW rate as an indicator of wage growth in the manpower market.

During the meetings, I also reflected to the Administration that our review should be conducted on the basis of objective figures. Yet, figures currently used by the Census and Statistics Department are not complete ones obtained a year after the SMW has come into effect. They are merely Government Economist's projection based on figures obtained from the first few months of implementation. The FHKI and I hold that the MWC's practice of kick-starting the review mechanism with possibly incomplete figures is disputable. Yet, out of respect for the mechanism, we still find it acceptable. We hope that improvement may be made in the MWC's next review of the wage level.

President, I hope that the Government will carefully monitor and address the impact brought by the SMW. It is true that the SMW may bring forth better income for grass-roots workers, but, at the same time, it has dealt a big blow to small and medium enterprises (SMEs), ranging from direct hikes in wages to additional wage commitments set off by a ripple effect. Since the legislation came into effect, we can really see that some industries are more abundantly manned, but a big manpower gap is noted for some job types. The Government has to acknowledge this kind of reshuffle and take it seriously.

Lastly, I hope that in future reviews of the SMW rate, the three parties, namely the Government, employees and employers, could co-operate whole-heartedly. Any debacle over the wage level may lead to serious consequences on the economy and people's livelihood. Sailing in the same boat in troubled waters, they have to help each other and find a balance in a concerted manner.

President, I so submit.

Mr Andrew LEUNG moved the following motion: (Translation)

"That this Council takes note of Report No. 10/12-13 of the House Committee laid on the Table of the Council on 6 February 2013 in relation to the subsidiary legislation and instrument(s) as listed below:

<u>Item Number</u>	<u>Title of Subsidiary Legislation or Instrument</u>
(1)	Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 (L.N. 186/2012)
(2)	Employment Ordinance (Amendment of Ninth Schedule) Notice 2012 (L.N. 187/2012)."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LEUNG be passed. I now call upon Mr TAM Yiu-chung, chairman of the subcommittee formed to scrutinize the relevant items of subsidiary legislation, to speak.

MR TAM YIU-CHUNG (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and Employment Ordinance (Amendment of Ninth Schedule) Notice 2012, I report on the deliberations of the Subcommittee.

The Subcommittee has held a total of two meetings, including one to receive views from 16 deputations and individuals.

On the recommendation that the current SMW rate of \$28 per hour be adjusted to \$30, the Subcommittee noted that there were diverse views from different parties. Some members and employers' associations/representatives pointed out that the implementation of the initial SMW rate had induced a knock-on effect on the pay hierarchy and a ripple effect, dealing a great blow to SME as well as the catering and retail sectors. They were of the view that there was not much room to increase the SMW rate. These members also pointed out that the SMW had narrowed the wage gap among various industries, so those with less favourable working conditions and obnoxious duties would face an acute shortage of labour. Employers very often have to increase wages to retain employees, thereby further pushing up labour costs and inflationary pressure.

Nonetheless, they found it barely acceptable for the SMW rate to be raised to \$30 per hour in tandem with inflation.

(THE PRESIDENT'S DEPUTY, Mr Andrew LEUNG, took the Chair)

Some other members and labour unions/concern groups generally considered that the revised SMW rate should be in the range of \$33 to \$35 per hour, in order to cope with rising living costs and improve the livelihood and quality of life of grass-roots workers. In the view of these members, the SMW, instead of bringing about adverse impact on the job market, had encouraged more potential labour force, in particular the middle-aged and women labour force, to enter the labour market. They also pointed out that the main causes for the operational difficulties encountered by the catering and retail sectors were high rentals and the rising prices of raw materials.

In response to these concerns, the Administration reiterated that in reviewing the SMW rate, the Minimum Wage Commission (MWC) had, through an evidence-based approach, considered a host of indicators covering information on the socio-economic and employment conditions as well as other related factors, such as enhancing incentive to work and wage differentials across sectors or positions, and so on, for assessing the impact of the initial and revised SMW rates on employees and the labour market, employers and enterprises, as well as inflation.

As for the review cycle for the SMW rate, some members held that the SMW wage should be reviewed on an annual basis to prevent employees' purchasing power from being eroded by inflation. Some other members held that the SMW rate should be reviewed on a biennial basis.

The Administration emphasized that as stipulated in the Minimum Wage Ordinance, the MWC should report on the SMW rate at least once in every two years, without precluding review at a more frequent rate. The Administration advised that when there was evidence supporting the need for a review of the SMW rate, a review could be conducted within less than two years.

Deputy President, I am going to present views on the Minimum Wage Ordinance on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong.

In the one and a half years since the implementation of the SMW regime, the overall situation has been faring well in general, with no large-scale labour disputes happening. This indicates that the new regime is accepted by different sectors of society. The current amendment of the subsidiary legislation concerned signifies a first adjustment made to the SMW rate since the implementation of the new regime. MWC members representing the labour and business sectors held significantly divergent views initially. Yet, through the MWC negotiation mechanism for employees and employers, they managed to arrive at a package acceptable to both. Such a win-win situation, as achieved through mutual understanding, is rare amid the confrontational milieu in society nowadays. On another note, the MWC has carried out in-depth studies into various data in accordance with the statutory requirements to evaluate the development of the economy and the labour market in a rigorous manner. This is conducive to the establishment of a credible and effective mechanism for SMW rate adjustment.

Based on estimates made on mid-2012 figures, increasing the SMW rate from \$28 per hour to \$30 in the present exercise will benefit 220 000 or so people. Some hold that this 7.1% increase may fail to catch up with inflation over the period, so they suggest aligning the increase to inflation on an annual basis. I do not buy such a suggestion. There is certainly a need for the SMW regime to take the everyday needs of workers into consideration, especially the ubiquitous inflation. Nevertheless, basing the SMW rate solely on inflation is definitely lacking in comprehensiveness. In other places of the world, numerous factors would be considered in determining and reviewing the SMW rate, including the cost of living of workers, the capacity of the unemployed and low-paid to secure and sustain employment, levels of social security, the rate of inflation, economic development, the competitiveness of the local economy in the global market, the cost of doing business, the capacity of employers to pay, and so on. When we enacted the Minimum Wage Ordinance in 2010, four major aspects were identified for consideration, namely forestalling excessively low wages, minimizing the loss of low-paid jobs, sustaining Hong Kong's economic growth and sustaining its competitiveness. Judging from the outcome of the new regime's implementation, an SMW rate determined on the basis of thorough consideration is more acceptable to different sectors of society.

There is a two-year gap between the current review of the SMW rate and the previous one. I understand that different sectors of society need a period to adapt to the implementation of a new regime. Making an adjustment too expeditiously may lead to administrative chaos. However, since the SMW rate is a lagged figure, an adjustment made in the middle of this year will generate a figure that reflects what went on in mid-2011. The time lag caused by the gap would invariably raise doubts about fairness, especially in years when inflation is exceptionally rampant. As the regime matures and different sectors of society become increasingly accustomed to the new wage model, the Government, in my opinion, may consider shortening the review cycle for the SMW rate to gradually synchronize it with the annual wage adjustment cycle for civil servants or foreign domestic workers. In this way, the figure will be aligned closer to what is going on in society for enhanced protection of the rights of low-paid workers.

Some people previously forecast that implementing the SMW regime would lead to closure of companies employing a large number of low-paid workers. Fortunately, it not happen. In fact, as indicated in the United Kingdom's experience in implementing a SMW regime over the past 13 years, the profit margin of low-pay businesses has decreased, but there is no evidence showing that such decline has led to more closures among them. Since the implementation of the SMW regime in 1999, the rate of closure among companies employing more low-paid workers is basically the same as that for British companies in general.

Of course, the implementation of SMW in Hong Kong has induced some knock-on effects, the most prominent of which is the difficulty for industries with less favourable working conditions to hire employees for such jobs as cleaners, dishwashers and residential care home assistants. I believe a solution should be sought through improving the working conditions and remuneration for such jobs, and so on.

Lastly, I wish to examine the relationship between the SMW and poverty alleviation. The SMW regime is an institutional means to forestall excessively low wages for individual workers, and it is one of the measures to alleviate poverty in society. Nevertheless, such a regime is not particularly focused when it comes to helping households with the lowest income. Hence, the Government should dial up the vigour of other measures for low-income households. We have compared findings from the Government's General Household Survey, noting that the effect of SMW is obvious in terms of helping low-income

individuals. Before implementation, there were 260 000 households with one or more of their members earning \$28 or less per hour. A year and a half after the new regime's implementation, the number of households with member(s) earning the SMW has dropped to 130 000, representing a 50% decline. But on another note, a study by Prof Richard WONG of the University of Hong Kong found that a group comprising middle-income families had a higher proportion of households with member(s) earning the SMW than that comprising low-income households, especially those with the lowest income. In other words, households with the lowest income are not the biggest beneficiaries of the SMW. Therefore, I hope that the Government would intensify its effort in identifying the real causes of poverty in order to introduce a greater number of more direct and effective poverty alleviation measures for the low-income households.

With these remarks, I support the two items of subsidiary legislation. Thank you, Deputy President.

MR WONG KWOK-HING (in Cantonese): Deputy President, in respect of the revision of the SMW rate, Members representing the labour sector, coupled with six employee representatives on the Labour Advisory Board (LAB), have conducted an extensive questionnaire survey. They would present their views on behalf of the labour sector later on. Here, I would like to air my views on the yearly review issue.

Deputy President, "20-dollar CHEUNG", who always likes to impress with his alarmist remarks, said earlier that implementing the SMW would lead to panic, and that it should not be introduced. However, after the SMW regime came into force, his prophecies bankrupted in less than a day. Of course, Mr CHEUNG may speak later on, but I would like to mention him now. I wish to point out that the prophecies he previously made have all been refuted by facts. The implementation of the SMW has not brought about various kinds of panic for the business sector. On the contrary, it has offered wage protection for a multitude of less competitive wage earners and improvement in their lot.

Deputy President, the question is now on the frequency of review. The Government's argument is the provision that a review be conducted every two years at least, that is, one review in two years. Yet, why is a review not conducted on an annual basis? There is actually enormous room for the Government to conduct a review every year. During the meetings, I time and

again demanded that the Government conduct a review every year with a view to minimizing labour disputes and determining the SMW rate on basis of objective figures. A yearly review may pre-empt tensions and unnecessary disputes in labour relations every time a review is conducted.

Places where an SMW regime is in place, such as the United Kingdom, Australia, France, Taiwan, Japan, the Republic of Korea as well as many regions in Mainland China, will adjust their SMW rates on an annual basis. The practices of these places have proven to be effective with no negative implications arising. Since the implementation of yearly review, labour relations have become more stable, and employees and employers are more collaborative. Hence, I wonder why the SAR Government does not draw a lesson from those places. I hope that the Secretary may use concrete facts in the reply to be given later on to explain to us the reason for not following the practice of yearly review, as adopted in the aforementioned places.

In view of Hong Kong's inflation and economic conditions following the implementation of the SMW, the current arrangement of biennial review is out of step with the practice of annual wage adjustment for civil servants and wage earners. People have strong opinions about it. In 2010, the Composite Consumer Price Index grew 2.4% on average for the whole year, vis-à-vis a significant hike of 5.3% in 2011. Last year, or 2012 to be exact, despite seeing a slight decline, it was still as high as 4.7%. Given the accumulated growth of 12.4% over the three years, a \$2 up adjustment is really out of sync.

The Hong Kong Federation of Trade Unions conducts a regular survey on price hikes of food ingredients to keep an eye on the standard of living of the general public. Prices have incessantly soared since the implementation of the SMW. Our survey found that prices of food ingredients bought from wet markets surged by 13.7% year on year, and that 11 out of 18 districts recorded double-digit year-on-year growth. What drastic growth it was.

In addition, price hikes by various public utilities, especially transport operators, are way overboard, adding to the burden of the general public. For example, the Kowloon Motor Bus Company (1933) Limited raised its fares by 3.6% in May 2011 and submitted yet another fare increase application last November. A large number of wage earners travel by bus for work, so transportation accounts for a fairly large share of their cost. The MTR

Corporation Limited has raised its fares in each of the past few years. Under the Fare Adjustment Mechanism, its average fare hike amounted to 5.4% last year. The two power companies, which supply electricity to Hong Kong people, also raised their tariffs early this year.

Taking these into account, increasing the SMW rate by merely \$2 is by no means enough to make up for the hikes in prices. The Government may tell us that increasing the SMW from \$28 to \$30 is an outcome achieved through the strenuous effort and rounds of argument within the Minimum Wage Commission. Yet, to those people earning the SMW right now, this is still not the rate of increase they would like to see.

In the final analysis, I see a need for yearly review. In fact, under the existing legislation, the Government is allowed to conduct a review on an annual basis. Why is the Government reluctant to do so? There is no restriction in the law that a review has to be conducted biennially. Instead, it is stipulated that a review be conducted at least once in every two years. Hence, the Government may actually conduct more than one review. I hope that in his reply later on, the Secretary may put forward arguments against the conduct of an additional review. If the Secretary is able to provide figures to argue against a yearly review, no more disputes will then be necessary. I hope that the Administration will take the views of general wage earners into consideration seriously.

According to the survey conducted by the three Members representing the labour sector and representatives on the LAB, more than 90% of the labour unions demand a yearly review, which is also the consensus reached by the labour sector in Hong Kong. I hope that the Government will lend an ear to the labour sector's call for reviewing the SMW yearly, and adopt it accordingly.

Thank you, Deputy President.

MR TOMMY CHEUNG (in Cantonese): Deputy President, let me see if Mr WONG Kwok-hing is in the Chamber before all else. I will not respond to his comments right away because I do not know how long I will speak.

Deputy President, I oppose the raising of minimum wage from \$28 an hour to \$30 an hour. Even if I am labelled once again, as Mr WONG Kwok-hing has

done so earlier, I will still oppose it. I must say that we should bear in mind that the economy next year is full of changes and turbulences and we should act in a pragmatic and prudent manner. I would say that it is futile even if I voice my opposition because most of the Honourable colleagues have shown support for it. And it would be useless if I propose any amendment. Having said that, at least I think I must come forth and tell Members that the catering industry is now at a breaking point and once an onslaught of an economic downturn hits it again, the vicious consequences of an excessively high level of minimum wage will surface. In that event, we will just have to regret it.

As a matter of fact, the minimum wage currently enforced has fulfilled the aim of avoiding a situation where wages are too low. The 2012 Report of the Minimum Wage Commission points out that for those full-time employees with an income in the lowest decile group, their average monthly income has recorded an increase of 10.7% and 8.1% for the whole year of 2011 and from May to July 2012 respectively. When the effect of inflation is deducted, there are still corresponding increases by 4.8% and 6.4%. From this it can be seen that with the minimum wage prescribed at \$28, the income of grass-roots employees has increased greatly.

It is fortunate that when minimum wage was implemented in 2011, the Hong Kong economy was at its peak. The measure of Individual Visit Scheme of the Mainland led to vibrant growth in the retail and service sectors. When this is added to the cash handout of \$6,000 by the Government to every person, the negative impact of minimum wage was offset to a large extent.

However, it seems that the catering industry has not been as lucky as other trades and industries. Apart from the export trade, our performance is worse than others. According to government figures, on entry into 2012, economic activities in the catering industry saw a marked slowdown. There was negative growth for three quarters year-on-year in the business income index and it only turned better slightly in the fourth quarter. But the growth was just a minimal 0.5% (or five parts in one thousand). There was still a drop of 0.4% for the whole year (or four parts in one thousand).

As we look at the breakdown of these figures, we can find that there was a year-on-year fall in the total income of Chinese restaurants, non-Chinese restaurants and bars. Only in fast-food shops was the situation somewhat better

where positive growth was recorded for every quarter, with a growth of about 3.4% for the full year.

All these figures tell us that even though there is a rise in the values of bills in the catering industry, there is an actual drop in the number of bills and clients. The eating establishments have found it increasingly difficult to transfer their costs. The outlook for the industry is dim. In addition, the relevant figures also proved the accuracy in the predictions made by the industry, that is, for fast-food shops with a centralized kitchen and a simpler manpower establishment, the adverse impact sustained by them in the torrents of rising costs is slighter. There is, on the contrary, a rise in the number of patrons and persistent growth in their market share.

In fact, it is found out in a survey conducted by the industry last March that while there was growth in the business of eating establishments interviewed over the 11 months of the previous year, half of the companies showed a fall instead of a rise in pre-tax profits after deduction of costs. The drop in profits is 2%. The profit situation in Chinese restaurants is bleak and most of them show a fall of 1.1% on average compared to the same period last year and about half of them saw a drop in profits by more than 4%.

Since these figures are obtained from chain stores with eight or more shop, we have reasons to believe that the situation in other companies which are not chain stores is even worse. We have to know that the catering industry is a low-profit industry and apart from fast-food shops and Hong Kong style cafes, more than one quarter of other kinds of eating establishments are running at a loss before depreciation and tax. They can only rely on the cash flow to tide over. In other words, during the past year, these eating establishments were not only just having a drop in profits but also running in serious loss.

As a matter of fact, small and medium-sized eating establishments or neighbourhood Chinese restaurants are moving out of the market and in their place we see high-priced Hong Kong style cafes and chain fast-food shops. Therefore, although we cannot see any problems in the catering industry by looking at the number of eating establishments, there is less and less room for survival of those small and medium-sized eating establishments which are not as financially strong or in the initial stages of their business operation because they have become less competitive. This is an extremely unhealthy phenomenon. The market becomes homogenous and less diversified, and there is no healthy

and sustainable development in the industry. The result is less chances of upward mobility for people working in the industry and in the end, it is the people and society as a whole that will suffer.

In the meetings of the subcommittee to study the relevant amendment legislation, the Government has repeatedly confirmed that there are many occupation ladders in the catering industry and so the ripple effect caused by minimum wage will have a particularly great impact on the catering industry. In a study conducted by consultants commissioned by the Government, it is noticed that the findings coincide very much with the surveys conducted by the catering industry. It is pointed out that under the ripple effect in the catering industry caused by minimum wage, about 50% of the employees have to get a pay rise because of the minimum wage requirement.

According to the latest estimates made by the Government, if the minimum wage is raised from an hourly rate of \$28 to \$30, leaving aside the ripple effect, as many as more than 220 000 employees in Hong Kong will be covered. This group accounts for 7.9% of the employees in Hong Kong and the percentage is considered high when compared to about 4.9% when minimum wage was first introduced to the United Kingdom.

Moreover, according to government estimates, about 30% of the employees in the catering industry are affected, with their hourly wage raised by more than 7%. But the amount has not taken into account the ripple effect. If we refer to the industry's experience on the last occasion, it is estimated that the salary of at least 50% of the employees in the industry has to be raised. This means there will be another substantial increase in payroll cost. It looks set to deal a severe blow to the catering industry's competitiveness. In other words, when the trauma caused by the prescription of the minimum wage at \$28 an hour has yet to subside, and when the industry has yet to absorb the impact and breathe a sigh of relief, another wave of pay rise is imminent.

I am not saying that payroll cost should take the blame for all the problems related to the catering industry. The pressure for rises in business costs such as rents and food is also mounting. But the wages of employees have always taken up a very large proportion of costs in the catering industry. According to government figures, wages take up about 29.5% of the total costs, followed by rents, government rates and government rents which take up 15%. It is therefore true to say that this substantial rise in payroll cost is fatal to the catering industry.

Ever since the implementation of minimum wage, trades most badly affected are those which are labour-intensive and have a low profit margin, like the security, cleaning service and transportation trades. These trades are closely related to the daily life of the people. They simply do not have a large profit margin to offset pay rises and they must resort to raising the prices to transfer the increase in costs. So the impact on the public is particularly huge.

In addition, raising the minimum wage will not only affect wages, but also push up insurance premiums, management fees, transportation fees and all kinds of prices. This will lead to another wave of price hike and exert higher pressure of inflation on the lower and middle classes. I therefore do not agree with the assessment made by the Government which states that when the minimum wage is raised to \$30 an hour, the chances of enterprises transferring all the extra wages onto the customers are not that great and that the actual impact on inflation should be relatively mild. I do not know how the authorities have reached such a conclusion and I am sure when the authorities were making such an assessment, the situation of those low-profit trades were not taken into account.

Deputy President, the industry is even worried that raising the minimum wage again will aggravate the situation where workers cannot be found for jobs. Some unionists have dismissed the case lightly and said, "For those jobs which are considered real chores and where no workers can be found, it will be alright if the companies raise the wages." They also said, "Employers should change their conventional mindset and for those job types which workers find obnoxious, the wages should not be linked with academic qualifications and productivity anymore and employers should use high wages to attract workers."

First, as the saying goes, who would want to shave bald if they have hair? As I have just said, the profit margin of the catering industry is very small and it is only in single digit. Most of the small and medium-sized eating establishments and those which do not operate as a chain do not have too much room for raising the wages of their employees. Second, now the hourly rate of dishwashers has already been raised substantially and it can be said that the wage is detached from any reasonable standard based on productivity. The trade unions were right when they said that sooner or later Hong Kong would be like the foreign countries and a very high hourly rate will have to be offered to hire dishwashers and set meals at MacDonald's which were sold at a price of some \$20 would not be found anymore. Prices will rise all the time and these set meals may have to be sold at more than \$100.

Apart from the catering industry, many of those service industries with a low profit level such as the care and attention homes for the aged also find it difficult to hire workers. This is because the work is also regarded as obnoxious. If the argument of the trade unions holds water, then should these enterprises hire their staff at high wages and cease using the low-cost mode of operation? Then who will have to foot the bill? It is just the public at large.

Some people say that all that needs to be done is to raise the wages. Is that easy? Have Members thought about the chain effect so caused? Can ordinary members of the public afford it? Many studies done overseas show that minimum wage can only lead to a redistribution of wealth among the grassroots or an effect like the reshuffling of cards. But we cannot expect the wealth gap problem will be solved. The practice advocated by the trade unions is in fact a game of vicious circle in which wages and inflation are chasing each other.

The most miserable ones are the small and medium enterprises (SMEs) which will become victims in the process. They are the disadvantaged and they will never be able to compete with the large enterprises. When the economy is good, most of these SMEs may still be able to survive. So Members may not actually see where their problems are. But when the economy turns bad, these SMEs will be the victims.

The Government points out that when minimum wage is raised to \$30 an hour, it is expected that more than 1 000 companies will stop making profits and run into losses. And the number does not include those companies which will run into serious losses. We think that it is really unacceptable when the authorities know well that some companies cannot bear the increase in minimum wage and ignore them all the same.

When Donald TSANG, the former Chief Executive, wanted to legislate to impose minimum wage, he stated that he would ensure that three principles were upheld. First, wages should be prevented from getting too low. This target has been achieved. Second, low-paying jobs should be preserved and there will be no loss of these jobs. But these jobs are in fact disappearing. Third, Hong Kong's competitiveness should be maintained and that Hong Kong's long-term development will not be affected. But we are seeing that not only can minimum wage not maintain our competitiveness, it is affecting our long-term development as well.

Many jobs used to be done by elderly persons are taken over by other people. In the past, the watchmen of buildings would be the last job for the poor elderly people. Now being a watchman is the first job for many young people. The trade is finding itself less and less competitive and its long-term development is seriously hampered. The investment desire in this trade has been greatly reduced. This runs counter to the promise made by Donald TSANG at that time. I must therefore have this put on record. I oppose raising the minimum wage again and I am more so opposed to raising the minimum wage every two years for no justifiable reason.

Deputy President, Mr WONG Kwok-hing has left before I finish speaking. It does not matter because he would usually leave early. The remarks he made earlier would just confuse people. He mentioned the case of my being called "20-dollar CHEUNG". Actually, his colleague, Mr WONG Kwok-kin, has said many times in public that Tommy CHEUNG has never said that he would support setting the minimum wage at \$20 an hour. At that time, I was responding to a reporter from a TV station who cited the figure provided by the Government as being \$20. I said, "This is alright because the effect will not be fatal." Mr WONG's remarks just serve to confuse people and it is unfair because he does not care about the facts and he is always putting the words of other people in my mouth.

About this problem of confusing other people, I have uploaded onto the Internet the report of a survey done a few years ago on minimum wage. I have not changed a single word of that report. It is on the website. If after browsing the webpage Members think that there is anything wrong about my remarks, they can debate on it. If trade unions, and especially the FTU, still think that minimum wage will never affect inflation at all, I think they are really blind to the reality.

So Deputy President, I do not wish to get entangled with the comments made by Mr WONG Kwok-hing and the FTU. The most important thing is that we should not label other people indiscriminately and we should find out what other people have said before making any criticisms. Thank you, Deputy President.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, today we are discussing another topic which wage earners have been waiting desperately for a

long time, and that is, on what level the minimum wage should be set. Why do I say that they are waiting desperately for it? We know that when minimum wage was prescribed last time, it was \$28 an hour and it was one and a half years ago. Now it is proposed that it be only raised to an hourly rate of \$30 and only take effect on 1 May. Would Members care to make a simple calculation? It is two years altogether and there is only an increase of 7.1% after two years and the increase is only \$2. Just how much do \$2 worth these days? The hourly rate proposed is \$30 and it cannot even buy a lunch box. How can this rate catch up with the inflation? How can workers improve their lot? The original aim of imposing a minimum wage is to improve the life of the grass-roots workers. Now the Government is saying that a Commission on Poverty (CoP) is to be set up. The purpose of aiding the poor is enable those households of in-work poverty to increase their income so that they can cope with their needs of living and improve their lot. Now when the CoP will be set up to take forward poverty alleviation work, the minimum wage is suppressed and only an increase of \$2 is allowed. How can the poor be aided in this way?

I do not know why the LEUNG Chun-ying Administration and Secretary Matthew CHEUNG have to suppress the minimum wage and allow only an \$2 increase. On top of that, a review is to be conducted only after two years and this biennial review only results in an increase by 7%. Would the Secretary search his soul and answer this question. How much was the increase in the salary of civil servants during these two years? It is 13%. As for the salary increase in the private sector, suppose the increase in salary is 4% to 5% a year and two years mean almost 10%. Then why do those at the bottom of society and who work the hardest can only have a wage increase of 7%? Why is the increase only \$2? Members can think about the purpose of prescribing a minimum wage and it is originally intended to improve the lot of the working poor households. But this effect is completely gone because the previous increases in salary have all been eaten up by serious inflation. If there is no substantial increase in salary, or a reasonable increase, then these people who are still struggling in poverty will have to go on struggling. I am baffled, for while the Government says that it wants to set a poverty line and assist the poor, it is so mean in this respect.

We in the Hong Kong Confederation of Trade Unions have always demanded that the hourly wage be set at \$33 — and now our demand is revised to \$35 — and I have to reiterate that this rate is so calculated because we only hope that the income of the grass-roots workers can be barely sufficient to cope with

inflation, and that is all. Our method of calculation is very simple, and that is, to multiply the average per capita CSSA payment under CSSA by two. This is because in Hong Kong, a person on average supports the living of two persons, including he himself. When the sum is multiplied by two, it is only some \$6,000 and when the transport expenses are added, it becomes some \$7,000. This translates into a wage of \$35 an hour and eight hours every day. So if the minimum wage can be raised to \$35 an hour, the income will just be the CSSA payments for two persons and this means that their life will just be comparable to a CSSA recipient.

The rate proposed by us is meant only to enable the living of wage earners to catch up with the basic standard, that is, the standard of a CSSA recipient. We can leave the poverty line and such matters aside first. When we cannot even catch up with the level of a CSSA payment, then what is the point of our having minimum wage? Of course, some people would say and the Secretary will talk about it too later, that the rate is the result of a consensus reached in the Minimum Wage Commission (MWC). But I have to do some explaining here I certainly have much respect for the representatives from the labour sector in the MWC. They have made painstaking efforts to discuss the issue of minimum wage, attended many meetings and heard the views expressed. But what in fact is the crux of the question? When we review the whole process of the discussions — the Secretary will certainly say later that everything is based on figures. But I ask the Secretary not to be numb to the pricks of conscience — although there are lots of data in the entire process, the discussion was after all not based on data. The market was made the basis. Those people from the employer side and those chambers of commerce did not want to let go and they did not want to accept even an hourly rate of \$28. This was unacceptable to the employee side. Then what was the determinant ultimately? It is the attitude of the Government and this basically decides everything.

So the whole story is that the Government wanted the hourly rate set at \$30. The Government wanted a review to be undertaken every two years. So everything was under the Government's control. The MWC was restrained and guided by the Government during the whole course of discussions. This sounds normal to a certain extent because it is the Chief Executive who decides when the MWC should submit a report, and the MWC has got officials as representatives of the Government. All the matters in the MWC are controlled by the Government. Therefore, the attitude of the Government is most crucial. The so-called consensus is actually a bottom line set under the guidance of the

Government and it is way below the basic living standard expected by the labour sector, that is, an hourly wage of \$35.

As I have just said, there is only an increase of 7% in the minimum wage after two years. It is hoped that the hourly wage can be increased to \$35. Just how many people will benefit from this? We can look at the report compiled by the Government. At first, it was pointed out that with an hourly rate of \$30, 11.7% of the working population will benefit well, it should be 11.7% of those in employment, or some 320 000. In 2012, that is, during the latest census, this number has dropped to 7.9% or some 223 000 people. In other words, there is a drop by as many as 100 000 people within one year. This is quite normal because wages have increased and when the minimum wage of \$30 takes effect on 1 May this year, the number of beneficiaries, that is, those who are paid an hourly rate of less than \$30 may have been reduced to just some 100 000. If this number is decreased by 100 000 every time when a census is taken, the number will be reduced to about 120 000 people. In the end when the discussions are finished and when the new rate takes effect on 1 May, the number of beneficiaries in the end may be just 100 000 people. It can be said that not many people will benefit. Since most of the people cannot benefit, then what is the point of talking about the impact on the economy, inflation, and so on? We do not know what the impact is. There will be no impact even with respect to improving the life of the employees. We are therefore very disappointed to see that the number of people who benefit just keeps on falling.

Besides, often when discussion is held on the topic of minimum wage, some doomsday remarks will be made. Some years ago it was said that if the minimum wage was set at \$28 an hour, there would be massive layoffs and 40 000 people would lose their jobs, and many SMEs would fold their business. Well, we can just see that things are exactly the opposite. After the minimum wage has come into effect, this doomsday argument is replaced by another theory, and that is, there is a shortage of labour. It was said previously that there would be massive unemployment but now it is said that workers cannot be hired. Just imagine how great is the disparity in terms of economic theory to change from talking about massive unemployment to an inability to hire workers?

Why is it said that workers cannot be hired now? I often say that it is a good thing when workers cannot be hired. Shortage of labour is a good thing. It is because it proves that the economy has turned better, and it is only when the

economy turns better that workers are required. More workers are required to raise the production volume and that is certainly a good thing. It is fortunate that there is minimum wage, for if there is none, it would be impossible to attract people who have not got a job to look for a job. Just think about this. In 2010, the working population dropped by 0.8%, and it started to climb in 2011 and in 2012, there was a rise of 2.2% over the two-year span. This means 140 000 people have joined the workforce. On the other hand, there is a shortage of labour by 70 000 persons. That is to say, even though 140 000 people have joined the workforce, there are still 70 000 vacancies available. So there is a problem of labour shortage. If the minimum wage is not increased or if there is no minimum wage at all, people will not find it attractive enough to join the workforce. This latter situation is even worse. So the minimum wage is in fact a good thing. After the minimum wage is implemented, not only will more people be attracted into the workforce, but cases of CSSA on low income will also decrease. So this is a good thing indeed to the labour market.

But if we are as mean as only increasing the minimum wage by \$2, I do not think the good things will continue and we cannot attract more people to work. Now there is still labour force in society among women and if it is said that workers cannot be hired, then something should be done to attract women to work. The important thing is to improve child care service and after-school care service. When these matching services are improved, women can then go out to work. There should also be enough incentive for them to work such that even those women who live in remote areas can earn money to supplement their family expenses. If the increase in minimum wage is not enough, people will not feel attracted. So the second argument, that is, this doomsday theory, is not justified. Even if Mr Tommy CHEUNG or the business sector thinks that more SMEs will close their business, we can see that there is no such thing at all.

The third argument is inflation. This argument is in my view really distorting the effect of minimum wage. Members may just think about why Hong Kong has such a high inflation rate. What are the main reasons for that? Of course, the first reason is imported goods. The exchange rate problem has led to high prices of imported goods. This reason is obvious enough. The second reason is rent. The shop rental for Lee Yuen Congee Noodles has been increased to \$600,000 a month. In Yau Ma Tei, this Chinese restaurant run by a famous chef was forced to fold because of the high rents. Now the shop is leased to a chain restaurant called Tsui Wah and the rent has been increased by

two or three times over the original. Many Chinese restaurants have closed because the rents have been increased by one or two times. Why do they not talk about the effects of rents? I do not know why the business sector has got this taboo about rents. They always put the blame on the workers. But actually rents are the main reason pushing up inflation and it is the chief culprit. The third reason is wages. The two reasons which I have just mentioned account for 70% of the rise in the inflation rate. I think the Secretary can confirm this. So these reasons account for 70% of the inflation while wages only takes up 30%. Furthermore, workers paid the minimum wage only account for 10% of the workforce. The question of whether or not their wages are increased has very little impact on the wage level of the working population as a whole. If 90% of the workers are given a wage increase and even if there is no raise for this 10% of the workers, do we think that the wage increase for this 90% of the workers will not push up prices or increase the payroll cost? Since this 90% of the workers have got a pay rise, why is it so difficult for the remaining 10% of workers whom I am talking about to have a pay rise too?

Members can just take a look at the statistics. In fact, the level of pay rise of senior staff is far more than that of those staff at the elementary levels. Taking the years 2011 and 2010 together, the level of salary increase of staff at the topmost level was 13.8% while those at the bottom only had a pay rise of about 9%. So in terms of the proportion of the rate of salary increase, those at the bottom only take up a very small portion. We cannot therefore say that these people are the only ones who have a pay rise while all the other people do not have a pay rise. Earlier I said that during these two years, the civil servants had a pay rise of 13.8%. Therefore, Members should not blame the workers for causing inflation.

Then there is also the ripple effect theory. This is a pet argument advanced by Mr Tommy CHEUNG. This effect has got both horizontal and vertical dimensions. The vertical dimension of this ripple effect means that when workers at the bottom levels have a pay rise, those at the top and middle levels will have a pay rise too. If his theory is correct, then it implies that if there is no minimum wage, there will be no ripple effect. If there is no ripple effect, will the staff at the middle and top levels not have a pay rise? If this argument holds, does it mean that when the salary of the staff at the middle and top levels has been suppressed for so many years and it is only because of minimum wage that the employers cannot be mean to these staff at the middle

and top levels anymore? Is this the case? It could be. But it only shows that minimum wage does have an effect and it helps middle-class employees besides the grass-roots workers.

I ask Members to look at the impact of the ripple effect carefully. First, I will say that it is a good thing. Second, its impact is limited. Besides, in the job market, it is only when employers raise the salary that they can hire talents and retain them. So I would think that it is pointless to talk about the ripple effect. Another kind of ripple effect is horizontal, meaning that when minimum wage is in place, workers will choose jobs that are not so difficult for them. The result is that job types which are considered difficult and physically more exertive will not be able to find any workers. I always say that this is a good thing because what is wrong when higher salary is paid to hire people to do difficult and physically more exertive jobs? Work in the care and attention homes is so difficult, so the staff should be paid more. Honestly, work which is considered not so difficult Some people say that the work of security guards is not so difficult. I do not agree. If Members do not think so, they can just try standing continuously for 12 hours. Moreover, it is not easy to hire security guards as well. There is a shortage of labour in the trade by 10% of the available positions. It can be seen that even if minimum wage causes changes to the entire working population, this would be a good thing and more people can be attracted to work.

Lastly, I really must condemn the Secretary for one thing and that is, he refuses to conduct a review of minimum wage every year. Later on he will certainly talk about some nonsense, saying that a review should be conducted every two years or as when necessary. We urge that a review be conducted every year. This is the most basic and reasonable arrangement to make. Are grass-roots workers not entitled to a pay rise like all other people? Minimum wage is supposed to mean the bottom line of wages and if minimum wage is not increased, there will really be some people who will never get a pay rise. It is only when a review is made every year that they will get a pay rise. This is a fact. If the Government talks about poverty alleviation but it does not undertake a review of minimum wage every year, the whole idea about poverty alleviation is deceptive. I therefore strongly urge that a review be conducted every year.

Thank you, Deputy President.

MS STARRY LEE (in Cantonese): The recommendation made by the Minimum Wage Commission to raise the statutory minimum wage (SMW) rate to \$30 per hour, if endorsed, will come into force on 1 May this year. Nevertheless, does it mean that wage earners will enjoy adequate protection with the setting of the SMW level?

What does an hourly wage of \$30 mean? If working eight hours daily and six days a week is used as the basis for calculation, and with the increase of the SMW rate from \$28 per hour to \$30 per hour, the monthly income of wage earners will be \$6,240, representing an increase of more than \$400 compared to two years ago. Adding to this the monthly transport subsidy of \$600, the monthly income of wage earners will be close to \$7,000. Despite their increase in income, does it mean that wage earners will see improvements in their lot? The answer is definitely in the negative.

It is because expenditure on clothing, food, housing and transportation has increased again and again in recent years, whereas the burden borne by the grassroots in their daily life is getting increasingly heavy. Let us first discuss food. According to the average figures provided by the Census and Statistics Department, food prices have seen an increase of approximately 10% over the past two years, more than the combined increase of the SMW rate in two years, which stood at 7.1%. Members who are regular patrons of fast-food shops or Hong Kong style cafes will agree that the actual increases were definitely far higher than the inflation rates. Nowadays, a casual meal costs at least \$30, which adds up to nearly \$1,000 a month, not to mention that breakfasts and dinners have not been taken into account. As for housing, there is no need for me to elaborate, for the rentals per square foot of "sub-divided units" have continued to surge. Even in Sham Shui Po, the rental starts at \$3,500, or half of the monthly wages earned by the people living there. As regards transportation, travelling expenses are wage earners' basic expenditure, for at least several hundreds or \$1,000 has to be spent on transportation. Hence, given the combined impact of these three major expenditure items, the minimum wage has nearly been eaten up completely even though it has been increased. Hence, the living of grass-roots wage earners is still very tough.

Deputy President, the purpose of my speech today is to remind the Government and society not to forget the in-work poverty problem because of the prescription of minimum wage or the increase in the SMW rate. Actually,

figures relating to in-work poverty, the poverty population and elderly poverty have been cited repeatedly in this Council, including the relatively high in-work poverty rate of the female population. I would like to urge the Commission on Poverty (CoP), headed by the Chief Secretary for Administration, to focus its energy on, besides drawing the poverty line, examining ways to help the working poor, and this must be made the major initiative of the CoP.

In order to assist the working poor, the best strategy is to, besides offering financial support, develop diversified industries and provide retraining to enable the grassroots to move upward. Hence, economic development, education, the manpower market and retraining are actually interwoven. I would like to request the Secretary to relay my views to the Secretaries of Department and, when discussing the working poor and giving them assistance, consider how best to improve the living of the grassroots through enhancing their skills and competitiveness.

Besides, in order to complement the revised SMW level, the Government must expeditiously review its existing policies to enable the SMW to be implemented smoothly. One of the policies to be reviewed involves the calculation of various subsidies offered by the Student Financial Assistance Agency. According to the current eligibility requirements for such subsidies as textbook assistance and travel subsidy, the income of parents, if both of them are earning the SMW, will have exceeded the income ceiling, thus rendering their children ineligible for full assistance. We must note that the so-called full assistance is just several thousand dollars a year. There is no need for the Government to be so miserly and so mean in dealing with elementary wage earners. I hope it can expeditiously review the ceiling on the relevant applications to enable children of households earning the SMW to receive full assistance.

As regards the income limits for public housing applications and transport subsidy, as well as the lower limit for Mandatory Provident Fund contributions, to a certain extent, adjustments have been made having regard to the SMW. Nevertheless, these limits follow the latest SMW rate closely. If wage earners wish to earn more by working an extra two or three hours a day, they will be unable to meet the eligibility requirements. Hence, they will be punished indirectly, which is definitely not the original intention of the relevant policy. Therefore, I hope the Government can seize the opportunity arising as a result of the commencement of the minimum wage regime in May to fully review and

rationalize the relevant policy to ensure that the grass-roots households will not be deprived of their opportunities to apply for various support initiatives.

Deputy President, it is everyone's wish to have a pay raise. Nevertheless, insofar as society is concerned, the upward adjustment of the SMW rate definitely has both merits and demerits. We cannot neglect the price to be paid by society as a whole.

First, an adjustment of the SMW rate will directly push up operating costs and directly affect all members of the public. According to the Government's estimate, after the implementation of the new SMW rate, employers will have to spend an extra \$2 billion in payroll cost, and part of it will inevitably be passed on to consumers. Hence, a number of services related to people's livelihood, such as catering, cleaning and building security, are very likely to be under pressure to make price increases owing to rising costs, thereby aggravating the burden on the people in their daily living.

Some people in charge of property management and cleaning companies have already warned that, after the upward adjustment of the SMW rate, management and even cleaning fees will have to be raised by 5% to 15%. Although I believe rising rents are a major reason for the increases, the SMW and even the raised wage levels have indisputably played a part in adding fuel to the flames.

Second, after the implementation of the SMW rate, the gap between the wages of various trades and industries has been narrowed. As a result, jobs performed in a relatively relaxing environment have become much more attractive. Under such circumstances, jobs performed in a relatively worse working environment, such as those which are more physically demanding or obnoxious in nature, like various types of work undertaken on construction sites, cleaning work, and so on, as well as some trades and industries which were originally not short of labour, such as the catering industry and residential care services for the elderly, are facing the problem of vacancies being left unfilled. For instance, the hourly wage of a dishwasher has already reached \$35, but it is still hard to hire such hands. As a result, the industry is now facing a serious labour shortage problem.

Hence, in raising the SMW rate, the Government must take proper matching measures at the same time to address the acute situation of the labour

market in order to cushion the impact. The efforts in this regard should include assisting the employment of young people and encouraging the employment of women and retirees.

Let me begin with the employment of young people. A report published by the International Labour Organization of the United Nations reveals that the unemployment rate of youngsters in Hong Kong reached 15.1% in the last six months, the highest in East Asia. As I repeatedly mentioned in this Council in the past, the manpower market in Hong Kong is facing great tensions and a mismatch — while vacancies are left unfilled, workers remain unemployed. Although some vacancies with good prospects are left unfilled, some people are unable to find such vacancies. Hence, the authorities should enhance training of young people and promote "career planning" at an early stage among secondary students, so that they will be aware of this problem and make good preparations as early as possible. Moreover, assistance should be offered to long-term unemployed young people to join the labour market expeditiously to find suitable jobs, concentrate on pursuing development and strive for upward mobility opportunities.

As regards the need to release the labour force of women, the Government must first resolve the child care problem. The existing child care services are inadequate and are far from being able to satisfy the need. In order to encourage women to go out to work, the Government may consider offering them "cash subsidy coupons" to, on the one hand, encourage women in local districts to help look after the children of other working women and, on the other, enhance neighbourhood relations. Furthermore, the Government may make use of vacant car parks by renting them to social enterprises at a low rent to operate evening child care services.

As the life expectancy of modern people gets increasingly longer, it is perfectly normal for people to live 20 or 30 years more after retirement. Thanks to advances in medicine, people are leading very healthy lives. We can see that many places where the human resources markets are tight, such as London and New York, are encouraging retirees to re-enter the labour market as a priority task of their family policy. Given that the labour market has remained tight in recent years, the Government must consider, as one of its policy initiatives, ways to make retirees willing to re-enter the labour market to give play to their skills. I believe providing retraining or suitable incentives to retirees who are in good health and willing to work can, to a certain extent, ease the labour shortage

experienced by different trades and industries. In the face of this new trend, I hope the Government can consider adjusting the retraining programmes and adopt proper ancillary measures to make good preparations for them to rejoin society.

Deputy President, I so submit.

MR KWOK WAI-KEUNG (in Cantonese): Deputy President, just now, Mr Tommy CHEUNG refuted that Mr WONG Kwok-hing from the FTU had labelled him as "20-dollar CHEUNG". I think Members should understand that this nickname, which is widely accepted, does not imply that he personally has said or done anything. Instead, it fully reflects how the mean employers exploit wage earners by putting all labour affairs at the very bottom and themselves at the very top. Hence, he really lives up to his nickname, "20-dollar CHEUNG".

After hearing the speech delivered by Mr Tommy CHEUNG just now, I can only use "fearing the strong but bullying the weak" and "repaying kindness with ingratitude" to describe him. Let me begin with "repaying kindness with ingratitude". With the implementation of the SMW for two years, the waves of unemployment and closures bragged about and exaggerated by them initially have simply not happened. On the contrary, the working population has increased. In the first quarter of 2011 before the SMW came into effect, the working population was less than 3.6 million. However, it has reached 3.7 million at present. We can see that the working population has continued to rise rather than fall. Furthermore, the unemployment rate has dropped further from 3.4% to 3.3%, whereas the underemployment rate has fallen from 1.8% to 1.5%. These simple figures alone suffice to illustrate how the SMW encourages wage earners to work and earn more money to raise the living standard of their families. Thanks to the SMW, they are now able to cope with all sorts of inflation because, when all prices are going up, they simply do not have enough to spend if they do not make more money.

After the overall figures, let us now turn to the situation of various trades and industries. The number of people employed in the retail sector was 250 000 in March 2011, but it rose to 260 000 in September last year, meaning that there has been an increase in the number of people engaged in the retail sector and there is a need for more manpower. Furthermore, the number of people engaged in the catering industry has also increased from 230 000 to 240 000 at present. If there have been waves of closures, how can more people find jobs? It shows

that there have been no waves of closures. On the contrary, Hong Kong is even more prosperous than before. Why? According to some newspaper commentaries, in the past, employers thought that when the prices of labour went up, their turnover would theoretically go down, which meant that employers would need less manpower, thus leading to unemployment. As unemployment in one industry would lead to unemployment in other industries, the so-called ripple effect would arise.

However, they simply look at the supply and demand theory while completely ignoring the overall demand. As elementary low-income workers will not use the money earned to buy diamonds, red wine, other luxury items or properties, they will spend it directly on clothing, food, housing and transportation. For instance, they might spend their money directly on buying beautiful clothes or decent meals, thereby giving a boost to the overall economic development. Have the employers noticed all this? Since the economy has received such a boost, business is striving. As pointed out by Mr CHEUNG just now, there has been an increase rather than a decrease in the turnover of all trades and industries. This explains why I describe the business sector as "repaying kindness with ingratitude". Although it is pretty obvious that the overall economy is turning for the better and wage earners are spending more on daily necessities thanks to the SMW, not a word has been mentioned about it. On the contrary, the business sector is blaming the SMW for their closures and difficulties in business operation. If Mr CHEUNG cannot make ends meet, he should be busy operating other trades and industries rather than joining the Legislative Council.

Furthermore, when he mentioned the rise in turnover accompanied by a fall in the overall profit, he briefly talked about their relationship but fell short of explaining why after-tax profit has fallen even though the turnover has risen. Again, he dared not mention rents. Hence, I have to switch from "repaying kindness with ingratitude" to "fearing the strong but bullying the weak". Obviously, they cannot beat the property developers. As a result, they turn to beat our wage earners in a high-handed manner. If he said that he did not like the nickname "20-dollar CHEUNG", he may call himself "28-dollar CHEUNG" instead, because he has made it very clear this time around that he supports maintaining the SMW rate at \$28 per hour, and no increases should be allowed.

In fact, we, particularly business operators, are well aware that the annual rate of wage increase of wage earners can be calculated or estimated. So, we

can have a pretty good idea if the rate of wage increase and the anticipated increase in the SMW rate can be announced early. However, both domestic and shop tenants should know that rent increases can hardly be predicted. When did their landlords advise them in advance the rates of rent increase for the next tenure? Are there any indicators for the rates of rent increase? There are no such indicators. At present, shop rentals are basically calculated on the basis of their speculative value rather than economic value. If the price of a shop premises is driven upward to sky-high prices by speculation, does it mean that it must be situated in a busy district? The fact is even though it is not situated in a busy district, its value will still rise because of speculation. I do not understand why those proprietors could have forgotten people who helped them but "repaid kindness with ingratitude" and bowed to people who ruthlessly ripped them off — they like to sleep with wolves and "fear the strong but bully the weak".

In the end, is it too much to increase the minimum hourly wage rate from \$28 to \$30? In fact, at the Legislative Council meeting of end-October last year, I said that it would still be unreasonable even if the minimum hourly wage rate were increased to \$33. Why? It is because the minimum hourly wage rate of \$33 initially proposed by the FTU was calculated on the basis of median wage, and the result of the calculation in 2007-2008 was \$33. If the 2011 figures were used as the basis for calculation, the minimum hourly wage rate should be \$37. Certainly, that will spark a public uproar as, despite our campaigning efforts, we can still not succeed in increasing the minimum hourly wage rate to \$33. Hence, we can only retract our request. Honestly, my purpose of presenting everything clearly is to let Members know that they should use a formula to calculate the SMW rate rather than campaigning for it through arguments on every occasion, for I have no idea when such arguments will stop.

This is why Mr WONG Kwok-hing said just now that he hoped the Secretary could help put in place a mechanism or a formula for the annual calculation, so that Members would not need to compete with one another here in terms of who could speak louder and who is fiercer, for the one who is fiercer would emerge as the winner, but the labour relations would thus be harmed. At present, the relations are damaged every two years, and very severely. I hope this formula, if regularized, can enable wage earners to predict the revised SMW rates. For the time being, we can still not see the hourly minimum wage rate increased to \$33, not to mention \$37. The actual SMW rate is \$30 only. Honestly, an hourly minimum wage rate of \$30 is simply not enough. Members

should know that a lunchbox, or even a set meal at the McDonald's, costs more than \$30.

Nevertheless, the Legislative Council has no power to make amendments in this legislative exercise. Neither is a vote required. As Members representing the Labour Constituency, we joined the Labour Advisory Board earlier to conduct a questionnaire survey. According to the replies received, 80% of the respondents indicated acceptance of an hourly minimum wage rate of \$30 reluctantly, but another 90% emphasized the need for a one-year review cycle. Although Members should know in their hearts that the hourly minimum wage rate of \$30 cannot be changed, I must emphasize the need for a one-year review cycle. This is because when the Secretary explained in the past why he could not accede to our request for a one-year review cycle, the major reason cited by him was the fear that a one-year review cycle would be unfavourable to wage earners when the economy went downhill. But, sorry, we have seen mere economic growth and inflation in the past couple of years. I am very worried that the Secretary has used this justification to make our wage earners lose much money but earn little. In other words, there will only be substantial reductions in times of economic downturn but no increases in times of an economic prosperity.

Honestly, Secretary, this is not a justification. I did ask him this question: Can he accept no pay increases for two years and his salary adjusted upward according to the cumulative rate two years later? Although this means he will suffer losses for only two years, wage earners might not speak so loudly if he is willing to do so. However, this is not the case. While Members who are present here, ordinary wage earners and civil servants can get an annual pay rise, why can the lower class or low-income earners who are earning the minimum wage rely only on legislative protection to ensure a pay rise once every two years? Is it justified? The answer is definitely no. By a pay rise once every two years, it means that employees have to rely on their original pay to cope with two years' inflation, but their original pay is simply not enough.

I hope the Secretary can pay more attention to the plights of low-income earners because, as Members should find out just now, the prices of all commodities are rising. For food, the price increase is 10%. As regards transportation, both buses and the Mass Transit Railway have raised their fares by 5% or so close to the inflation rate. Although the rate of wage increase for wage earners this time around is 7%, sorry, I have to say that it has to make up for the losses incurred in the past two years because the overall figures have a three-year

lag. How long should their plights persist before wage earners can see a pay rise once every year? Is it really a luxury to expect a pay rise once every year? I believe if Members ask everyone in the streets, no one will say it is a luxury to expect a pay rise once every year, as it is just a reasonable request.

Furthermore, I would like to discuss the problem of costs here. Besides the 10% increase in the prices of food, let us look at the catering, cleaning and security industries which are struggling very hard, as mentioned by Members just now. Actually, are they having such a hard time? I am talking about proprietors, for wage earners must be having a hard time. Is it true that proprietors must be having a hard time? It is because I have heard a lot of diverse opinions in the local districts and learnt that, once the catering industry effects a pay rise, menus will be changed and prices be raised the following day. As the rate of price increase can catch up directly with the pay rise, proprietors need not incur any losses, and this is directly reflected in the food prices. The same goes for the security services industry. Once the revised SMW rate is implemented, security companies will advance the Minimum Wage Ordinance as an excuse, saying that even though they have signed agreements with their clients, they must cover the shortfall as wages have been pushed up by the SMW rate. The proprietors will be willing to do so, and so will the accounts offices of major shopping malls because, with the introduction of the protection rendered by the legislation, the shortfall arising from the SMW rate will be met by their clients. There is no question of losses or closures because the shortfall can be recouped immediately. I do not understand why they could have advanced this excuse to justify their enormous difficulties in business operation.

Besides, I must say a few words about a motion proposed recently by the Liberal Party to encourage Comprehensive Social Security Assistance (CSSA) recipients to go out to work. One of its most impressive remarks was "able-bodied persons should not be greedy". If the Liberal Party thinks that CSSA recipients should go out to work, can they take the lead to widen the wage gap? If wages are close to CSSA payments, the work incentive will diminish. As pointed out just now, in the past, some people would be willing to work as a toilet cleaner at an hourly wage rate of \$10 or so, whereas people would not be willing to perform obnoxious tasks at residential care homes for the elderly unless the hourly wage rate offered was higher than \$20. Employers should be aware of this, that is, the wage disparity between people doing some types of work and some people earning minimum wage. They should know it very well. Hence, in addition to the protection rendered by the revised SMW rate for some

low-skilled workers, employers should naturally envisage that wages must be further increased for obnoxious tasks. According to past practices, people performing obnoxious tasks had to receive higher wages.

Furthermore, I must emphasize after all that it is better for wages to be increased once a year than once every two years. Moreover, we should really sympathize with the plights of wage earners and refrain from making them struggle to survive two years of inflation before their income can catch up with the inflation rate, as prices will further increase in two years' time. Thank you, Deputy President.

MR POON SIU-PING (in Cantonese): Deputy President, there is only one focus in our deliberations on the item of subsidiary legislation on the SMW today, that is, the endorsement of the Government's recommendation to raise the SMW rate from \$28 per hour to \$30 with effect from 1 May this year. In comparison, the amendment to the subsidiary legislation of the Employment Ordinance, which is aimed at adjusting the monetary cap on keeping records of the number of hours worked by an employee from \$11,500 to \$12,300, is consequential to an adjusted SMW rate, and thus is secondary in terms of importance. Therefore, I will mainly speak on the adjustment of the SMW rate to \$30 today.

Labour groups in the community basically call for the adjustment of the SMW rate to \$33 to \$35 per hour, which is loud and clear. It was also the target that the labour sector fought for when the SMW was implemented in 2011. Taking into account the inflation rate of 10% since the implementation of the SMW, the labour sector's demand now is very restrained.

As regards the implementation of the SMW, employers' associations have all along held a negative attitude. They have advanced various excuses, like rising costs, ripple effect, companies having to lay off staff or even close down, and so on, to balk the enactment of legislation on the SMW. Failing to do so, they did all they could to suppress the SMW rate. The initial SMW rate of \$28 per hour was a product achieved as a result of much heckling by some employers' associations and huge concessions made by the labour sector. However, the reality shows that a SMW rate of \$28 per hour is extremely conservative, and its implications on the job market are negligible. The Minimum Wage Commission (MWC) pointed out in its 2012 report that employment rose 2.9% in 2011, the

largest growth since 2011. As of the third quarter of last year, total employment grew 2.2% further, with the group comprising lower-skilled occupations seeing the most prominent growth of 4%. The various criticisms levelled by employers' associations at the SMW just cannot stand.

This time around, the Government has accepted the MWC recommendation to adjust the SMW rate to \$30 per hour. We find it regrettable. Of course, that the MWC recommendation falls short of the demand of the labour sector is the reason for our disappointment. Yet, a bigger reason is that raising the SMW rate from \$28 per hour to \$30 represents a growth of merely 7.1%, while given the inflation rate of 5.3% in 2011 and 4.7% in 2012, the inflation rate of the two years combined amounts to 10%. Hence, the SMW rate adjustment falls behind inflation by 2.9%. If the rate of SMW adjustment is fully eroded and even outrun by inflation, such an adjustment will not in any way help improve the livelihood of grass-roots workers. At the same time, we need to point out that the claim of some employers' associations that the SMW may push up inflation is just an intentional attempt out of their own interests to stir up social conflict. As a matter of fact, the rate of SMW adjustment fails to catch up with inflation, not to mention pushing it up. The MWC report also pointed out that the impact of the SMW on inflation was negligible.

In the face of the current amendment to the SMW legislation, all labour groups, as well as those who care about the rights of the grassroots, have to make a difficult choice of whether to accept it or not. In this regard, the three Members representing the labour sector and six employee representatives on the LAB have conducted a questionnaire survey on all labour unions in Hong Kong to gauge their position. In the 207 valid responses of the 211 received, 80% of the labour unions agreed to accept the MWC recommendation. This forms the basis of my voting decision.

Nevertheless, whether we endorse the passage of the subsidiary legislation concerned or not today, the same question remains: What if the SMW fails to meet the basic needs of living of the grassroots? Having said that, I have no intention to blame the MWC and further undermine their credibility, since it will not do any good to their operation. Nevertheless, I have to criticize the Government for alienating itself from the SMW issue and refusing to bear the responsibility for failing to secure a basic standard of living for grass-roots workers.

Deputy President, to plug the loophole in the existing SMW, I demand that the Government amend the legislation the soonest possible to allow for yearly review of the SMW, and look into the drawing up of standards on the basic living of individuals. If an individual earns less than what is required for a basic living, the Government will have to provide subsidies to make up for the difference between the two, as a means to protect the livelihood of the grassroots.

I so submit.

MR TANG KA-PIU (in Cantonese): Deputy President, the FTU feels that it can do nothing in respect of the Government's acceptance of the recommendation made by the Minimum Wage Commission (MWC) to raise the hourly rate of the minimum wage from \$28 to \$30. We believe that the minimum wage should be set at \$33 per hour before the level can be considered as relatively reasonable. In addition, all along, the Government has used outdated data to determine the minimum wage level, so this is totally inadequate to help the grassroots cope with the soaring prices of all commodities in their lives.

In recent years, price hikes have been coming one after another, with bus companies raising their fares three times in four years and now, they said that they wanted to raise their fares by 8.5% again. The CLP Power Hong Kong Limited also raised its electricity tariffs every year and on 1 January this year, an increase of 5.9% was made. The prices of all things have increased and it is salaries alone that have not seen any increase, or the increases were relatively small. An increase of 7.1% on this occasion seems to be quite substantial but in fact, this is an accumulated increase for two years, that is, the increase is on average 3.5% or 3.6% for each year. It is difficult for such an increase to catch up with inflation and this has also made the onerous burden on the grassroots even heavier, so this shows that it is practically impossible to provide greater assistance to the grassroots through the negotiations on minimum wage in the past.

At present, the level of \$30 per hour is already out of step with the market. The pay for many elementary workers has already reached the level of \$30 and, depending on the business district, the hourly rates for waiters and takeaway delivery workers of some cafeterias, as well as the salespersons in chain boutique stores, have even reached \$35 to \$60. Therefore, once again, we call on the Administration to adjust the hourly rate upwards to \$33 and review the level of

hourly rate annually, so that the minimum wage can follow the increases in the cost of living closely and elementary employees can meet the basic needs of living.

Deputy President, according to the Minimum Wage Fixing Convention of the International Labour Organization, one of the objectives is to "ensure the satisfaction of the needs of all workers and their families", so the principle for prescribing a minimum wage is spelt out. Therefore, as I said just now, the demand of the FTU for an hourly rate of \$33 is already quite a humble request. Can one buy a lunch with \$33 in Admiralty? No. It may be possible to do so in Wan Chai, but this is the price of a takeaway lunch. Therefore, it is no easy task to support a family with a minimum wage of \$30 per hour.

Of course, it must be ensured that the hourly rate of the minimum wage cannot fall below Comprehensive Social Security Assistance (CSSA) payments. At present, the median monthly personal income in Hong Kong is about \$12,000 and after making reference to other regions and having regard to the situation in Hong Kong, we propose that the minimum wage should be about 60% of the mean salary in Hong Kong, so the result is a salary of not less than \$6,930 monthly, or about \$33 per hour. Therefore, we hope that the minimum wage can reach \$33 per hour.

Deputy President, if you care to do some computations, you will find that taking into account the expenses of Hong Kong people on clothing, food, housing and transport, how much money does a person need before he can lead a decent life with dignity? For people earning a monthly income of \$6,930, given the high expenses for clothing, food, housing and transport, are they still capable of making any savings after deducting various expenses? Not to mention the ability to make savings, they will also have difficulty coping with their retirement or health problems, for example, the need to see a doctor or undergo a surgery. Therefore, it is quite reasonable to set the hourly rate at \$33.

Earlier on, the Hong Kong General Union of Security and Property Management Industry Employees under the FTU pointed out that at present, the hourly rate for quite a number of security guards had reached \$30, so they hope that it can be raised to \$33 according to the principle of truly helping elementary workers, so as to ease their burden of living.

According to a press report, a 50-year-old security guard, Mr CHEUNG, earns a monthly salary of \$6,175 and the average hourly rate is \$29.7. It already costs him \$2,850 to cope with such basic expenses as the monthly rent and water, electricity and gas bills. Adding to this \$200 in transport fares and \$500 for daily expenses — his budget for daily expenses is only \$500 each month, so I really have no idea how he could get by — half of his income is gone. Mr CHEUNG further pointed out that given the soaring prices of goods, he and his wife have to tighten their belts, and as reported by the press, they have to spread the food over several meals and reheat the food several times. Their daily expense on meals amounts to about \$100 and no matter how they scrimp, the daily expense on food still costs them \$100. If they fall ill and need to see a doctor, their financial situation would be even tighter.

However, although the labour-side representatives in the MWC had lobbied very hard, in the end, the level of the minimum wage was only adjusted upwards to \$30, so we feel very much frustrated. From late November 2012 to January 2013, the three of us from the labour sector as well as the six labour-side representatives in the Labour Advisory Board conducted a questionnaire survey on the results of the review of the statutory minimum wage, so as to collect the views of major labour unions. The survey found that about 80% of the labour unions accepted the recommendation of the MWC. Since various labour unions think that they have no alternative but to accept the hourly rate of \$30 — if they do not, it would mean marking time and the rate will remain at \$28 — we as the representatives also have no choice but to accept it. However, Deputy President, I have to state that regarding the 20% of labour unions that do not accept the MWC recommendation, the great majority of them consider it long overdue that the minimum wage should be raised to more than \$30 per hour.

Deputy President, the FTU demands that the minimum wage level be reviewed every year. The review should be conducted once a year rather than at least once every two years, as is the case now, or just once every two years. Regarding the issue of an annual review versus a biennial review, each time, the Government would become very much anxious when it is raised. We really do not understand why the Government should be so anxious. Secretary Matthew CHEUNG once said in the Legislative Council that if necessary, the review would be conducted not just once every two years. However, what does "if necessary" mean? He once disclosed that this meant an economic downturn, that is, when employers think that wages are too high, it would be adjusted. If the Government has this kind of thinking, I would feel very much sorry for it.

For this reason, I hope that this system can become clearer and more transparent and that annual reviews can be introduced.

According to the information of the Hong Kong Council of Social Services, since the implementation of the minimum wage, the average income of low-income people has seen a marked improvement, so this reflects the fact that the minimum wage has positive effects on improving the income of elementary employees. However, these positive effects are waning, that is, the positive effects of minimum wage are waning as they are no match for inflation. For this reason, they also propose that the biennial review be changed to an annual one.

According to estimation, at present, there are about 1.187 million poor people in Hong Kong and the poverty rate is 17.6%, about the same as that for 2009. However, since the first half of last year, the positive effects of minimum wage have been waning, the main reason being the slowdown in the wage growth of low-income people, the widening wealth gap and inflation, particularly that resulting from rents.

The minimum wage has a bearing on the living of hundreds of thousands of wage earners. Moreover, the wages of wage earners are also closely intertwined with the changes in the economic environment. In times of an economic boom, of course, it is necessary to raise the minimum wage, so that elementary employees can share the fruits of economic success to various extents and there is a "baseline" in the market. However, in times of an economic downturn, when there are more people than jobs, the minimum wage can also be a line of defence for wage earners, so that they would not lose the basic protection for their living as a result of worsening economic conditions.

Therefore, it is desirable both to employers and employees to conduct an annual review and it can even be said that this arrangement would even give flexibility to employers. The Government, civil service unions and trade associations all conduct pay reviews annually, so in the same vein, the minimum wage should also be reviewed annually.

Certainly, some government departments pointed out that if the arrangement to review the minimum wage annually was introduced, great difficulty would arise when drawing up outsourcing contracts, since such contracts usually span two years. However, I believe those who advance such arguments are just being lazy because they can make funding requests to the

Treasury for funds to cover the shortfall, so as to eliminate the effects of the minimum wage on outsourcing contracts.

Deputy President, at present, the minimum wage level is only reviewed on a biennial basis, so employers would usually wait for the Government to announce the latest level of minimum wage. Before that, they will not adjust the salaries of their employees of their own accord, so as to avoid making pay rises twice.

The system of biennial review has resulted in low-income people being able to get a pay rise only once every two years, thus reducing the expected effects of the minimum wage. More importantly, if employees want to earn more income, they either have to work longer hours or switch to other jobs by looking for jobs that offer the market rate and better wages. All these effects are not positive for employers either because they cannot retain staff who want to have a stable job. Therefore, it is necessary for the Government to change the present arrangement to that of an annual review.

In addition, when the MWC determines the minimum wage, it mainly makes reference to the Annual Earnings and Hours Survey of the Census and Statistics Department when laying down the criteria. Although the figures referred to are prepared professionally, they lack timeliness, as the present rate of \$28 was set with reference to the figures for 2009. The figures are seriously outdated, so great discrepancies with the reality have arisen and the level of minimum wage cannot reflect the latest situation in society.

Some people may hold that the outdated data may not have too great an effect on the minimum wage because the difference amounts only to several 10 dollars to \$100 monthly. However, frankly speaking, a sum of \$100 or several 10 dollars may be negligible, but it is enough to meet the expenses for a meal or two. Hence, to members of the grassroots who have difficulty making ends meet, this is a large sum of money that will affect their living significantly.

Deputy President, to solve the problem of poverty, the authorities have to adopt a multi-pronged approach. I hope that Secretary Matthew CHEUNG or the Commission on Poverty (CoP) can ascertain the interrelations among the poverty line, minimum wage and the reform of CSSA as soon as possible. At present, some civil groups and political parties have already pointed out that the Work Incentive Transport Subsidy Scheme is effectively a kind of living

supplement for low-income families. We agree with such a direction, so I hope that after the hourly rate of the minimum wage is finally raised to \$30 on 1 May, the CoP can give us an account of the interrelations among the minimum wage, CSSA, low-income family supplement and the poverty line, so that society and the Legislative Council can get a clearer and more comprehensive picture, so as to understand, study, follow up and implement initiatives to help working low-income families now in deep water.

Here, I also wish to point out in particular that according to the data analysis done by Oxfam late last year, at present, there are 190 000 working poor households but among them, only 10 000 are receiving low-income CSSA. It can thus be seen that the spirit of Hong Kong people is a passion for work and a passion for taking on challenges. Therefore, I ask the Chairman of the Liberal Party to rest assured.

However, is the present wage level reasonable? Is it sufficient for poor people to live with dignity? I hope various sectors of society, in particular, friends in the business sector could reflect on this deeply again. In order to prepare for the speech this time around, I have looked up newspaper cuttings dating back to the middle of last year. At that time, when the MWC was determining the minimum wage, what responses did the business sector give in the whole process? They all said that the economy may experience a sudden reversal in 2013, so they would not hire workers on a large scale. This being so, why does the business sector now say that there is a shortage of labour and wants to import foreign labour? They are contradicting themselves.

Deputy President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, just now Mr Tommy CHEUNG said that regarding the increase of the minimum hourly wage rate from \$28 to \$30, it would be futile to oppose such a significant increase because the majority of Members would support it. But in fact, for Members who have been fighting for an increase of the minimum hourly wage rate to \$33 or \$35, it is futile to oppose such a small increase since the majority of Members will support increasing the minimum hourly wage rate to \$30. What is the major problem with the legislation? The answer is: We either accept it or reject it. But can we turn it down?

Deputy President, I think we all know that if it is not accepted, the grassroots will be more miserable. When the minimum hourly wage rate was set at \$28 in the past (one and a half years ago), we already considered it too low. If it is not increased by \$2, the grassroots will find it hard to cope with the heavy pressure of living. Therefore, we have no choice but to accept this increase, as some Honourable colleagues have said.

However, our acceptance does not mean that we agree to it. I think we all understand that the increase cannot enable us to fulfil the legislative intent of the Minimum Wage Ordinance in an effective manner. I wonder whether Members still remember the legislative intent of the Minimum Wage Ordinance. The dual purposes of this Ordinance are: firstly, to enable wage earners to work with dignity; and secondly, to improve the livelihood of the grassroots.

Since the implementation of the minimum wage, the situation has doubtlessly improved in a small measure. We no longer see the shameful hourly wage rate of \$7 or \$11. But does this mean that wage earners can work with dignity? I will talk about this later on.

On the other hand, does the minimum wage improve our living standards? Doubtless, as I mentioned just now, our living standards improved after the hourly wage rate had increased from \$7 or \$11 to \$28. But this happened one and a half years ago. Today, the minimum hourly wage rate will be increased by merely \$2 from \$28 to \$30. How could it improve the livelihood of the grassroots? It is minimal indeed.

Now, the commodity prices have all increased, as we can see. Just now an Honourable colleague asked: How much does a lunch cost in a fast-food restaurant frequently patronized by the grassroots such as Café de Coral and Fairwood? Generally it costs \$35 to \$38 without a cup of milk tea. If milk tea is ordered on top of that, it will cost more than \$40. The minimum hourly wage rate of \$30 is not enough to buy even a lunch. Do you think that a person with an hourly wage rate which is not enough to pay for a lunch has any dignity?

Another point is the improvement of the people's lot. Has the standard of living improved? Imagine how your livelihood can be improved when \$30 cannot buy even a lunch box or a lunch set. Therefore, under such circumstances, it is impossible to achieve the original intent of enabling wage

earners to work with dignity and improve their livelihood by an \$2 increase in the minimum hourly wage rate.

Furthermore, if we adhere to the biennial review as the Secretary does, the traditional practice of salary increase will be prejudiced. What is the traditional practice? Traditionally, in Hong Kong society, a pay rise must come after the Lunar New Year unless the economy is very poor. We have been upholding this practice. However, the minimum wage system runs counter to this tradition. Instead of an annual pay rise, we are forced to increase wages biennially. This has contravened the foregoing tradition.

Secretary, if you insist on a biennial wage increase, why do you not adjust the salaries of civil servants biennially? Why should an adjustment be made annually? Why are they not treated in the same way? I think this is unfair. Is it because they are grass-roots workers and should be discriminated against and treated in an unfair and unreasonable manner? If the answer is in the negative, why is an annual review not allowed? Moreover, as we mentioned before, the purpose of an annual review is to determine the level of adjustment according to the changes in social circumstances. This is the most important foundation.

If a biennial review is adopted and the rate of adjustment is determined according to the changes in the market and economy, the rate of increase in the minimum wage should be commensurate with the economic growth of the two-year period concerned. In that case, the increment should be much bigger and more staggering. "Wow, what a big increase!" Then, they will be more frightened. However, under the mechanism of annual review, the annual adjustment will be milder and more acceptable to us.

We campaigned for setting the minimum hourly wage rate at \$33 two years ago. The minimum hourly wage rate should be \$35 a year later. Now it should be more than \$35. Under the biennial review, the increment should be much bigger and regarded as too big and hardly acceptable then. Because of this concept, an increase of \$2 is acceptable. In my opinion, the original intent of improving the livelihood of the grassroots by implementing the minimum wage cannot be achieved.

Besides, there are lots of complaints about the difficulty in recruiting employees due to high wage levels. Many people prefer jobs in the security

sector to jobs in other industries, especially the catering industry which finds it difficult in hiring dishwashers.

I have also organized some retraining courses and realized that it is hard to attract trainees. It is really difficult. Furthermore, many security service companies have been asking us to refer to them students who would like to work as caretakers and security guards. In fact, not everyone likes to become a caretaker or security guard as many people said. Why? Secretary, we have been telling you repeatedly the reason over the past few years in the hope that you will do something. The Chief Executive, in this year's Policy Address, does not tackle the issue either. What I am talking about is the problem of working hours.

Many people think that the job of a security guard is comparatively easy. Let me assume this correct. But it is not an easy job at all. The problem is the long working hours. A security guard has to be on duty for 12 hours a day, which is the actual working hours. Moreover, he is required to report in 15 minutes earlier and stay behind for 15 minutes after his shift is over. This equals to 12.5 working hours. On top of that, time is used on travelling. Thus, he has less than nine hours at home after spending 14 to 15 hours outside. He has to go to bed after meal and bathing. Under such circumstances, how much time is left for personal life? Many people cannot have any personal life at all. We should not have a misconception that some people are reluctant to work in certain sectors because of the minimum wage. This is not the virtual certainty brought about by the minimum wage. Moreover, we also see that — and I assume the Secretary also knows that — there is also a serious shortage of security guards.

Therefore, we should not say that the minimum wage has caused people to choose some so-called easy jobs instead of some toilsome work. Furthermore, it is doubtful whether the so-called easy jobs are really easy.

But I think there is a problem which is more important and worthy of our consideration. Many people said that the wages of dishwashers have increased. Some even told me that they cannot hire dishwashers even though they are willing to offer a salary of \$12,000. However, can we ever imagine how taxing is the job of washing dishes? Working 11 to 12 hours a day and keeping the body bent, the extent of the physical strain is imaginable. The salary earned is not enough to seek medical treatment. Moreover, there is no easy cure to the strain, swelling and pain suffered by such workers. The older workers are even

more pathetic because the salary is not enough to pay for medication. We should not say that wages paid for this type of job are high. Since obnoxious or toilsome work should be rewarded with low pay No, the wages should be high. I am sorry, Deputy President the pay should be high. In the past, many job seekers were chasing for limited job vacancies. They had no alternative but to work toilsome, obnoxious or low-paying jobs. That was the reality of society. On the contrary, we now have to raise the wage rate by a small amount. I think this should be done, and ought to be done.

However, some people now say that the minimum wage has led to difficulty in a business operation. But we should not forget that an overall increase in the wages of our employees will drive our domestic economy. When the income of a family rises, their spending power will naturally increase. This will boost the domestic economy of Hong Kong. It will also lead to a positive effect. We should not always look at the negative side of an issue. If the bosses think that they can earn nothing from what they have paid I think this possibility does not exist, or else their companies would have been wound up.

But in fact, during this long period (one and a half years), there were very few cases of companies closing down. As many Honourable colleagues mentioned just now, the factor leading to winding up is not the wage levels. Take Lee Yuen Congee Noodles as an example. The operator said that the landlord, who was a person with conscience, had only increased the rent from to \$300,000 to \$600,000. He said the landlord was a person with conscience. Why? Because the rent of the adjacent shop has increased to \$800,000. So, he made such a remark because the landlord had not increased the rent to \$800,000. But he did not point out that it was a 100% increase. How can a business operator manage to earn \$300,000 more all of sudden?

Please consider how rental levels have stifled or posed an obstacle to the development of small and medium enterprises. When people keep saying that the minimum wage has adversely affected your business, is such a statement fair? Undoubtedly, they are protecting the interests of real estate hegemonists in making those remarks. They have done nothing although the real estate hegemonists have adversely affected our economy. We keep arguing for rental control, but you said that it is unnecessary and erroneous. And that is the end of the matter. Well, even if rental control is unnecessary and erroneous, have you put forth any other solutions? No, you have done nothing and allowed the rent to rise continually, leading to a spate of winding up of companies. Under such

circumstances, what benefit will be brought to the Hong Kong economy? You have turned a blind eye to this problem and placed your focus on the others. In my opinion, you have made the wrong diagnosis and prescribed the wrong medicine, so to speak.

Meanwhile, apart from the obnoxious nature of individual job types — we should seize the opportunity to improve the remuneration package and the working environment of wage earners. I also pointed out during Question Time the problems pertaining to the construction industry. I would like to further emphasize the importance of industrial safety. In addition to regulating working hours, we must understand that the safety of individual jobs has deterred many people from joining the trades such as the construction industry. Recently, there have been many industrial accidents — I think the Secretary knows this very well — and there have been a number of fatal cases. They are really very serious and we feel very sad. Apart from work-related injuries, the fatality rate is also very high.

Therefore, in the face of such problems, we really have to put in more efforts to improve industrial safety in order to ensure that workers are protected at work, thus attracting more people into employment. It is because the industrial safety of many trades is much too scaring. For example, in the kitchens of some small restaurants, you will see that the working environment is most terrifying. There is the risk of slipping and scalding, let alone other dangers. If it is not improved, the employees' sense of commitment will certainly be dampened. By then, no one should put blame on the salary level. Hence, I really hope that the Secretary can do a good job about this in a pragmatic manner.

Finally, I would like to point out that the minimum hourly wage rate will increase by only \$2. This is generally unacceptable in the labour sector. However, we cannot do anything with the legislation. Thus reluctantly, we will not oppose the amendment.

Deputy President, I so submit.

MR SIN CHUNG-KAI (in Cantonese): Mr LEUNG Yiu-chung just now told the story of Lee Yuen Congee Noodles. It seems that the shop has eventually been rented to another company at a monthly rent of \$1 million. From this perspective, the property owner is a person with conscience because the final

market rental value of the premises is \$1 million. As Hong Kong economy is undergoing restructuring, the demand for retail premises is enormous, thus resulting in a surge of rental value. As a result, small business operators have found it difficult to run their businesses.

Deputy President, the topic of today's discussion after the reunification so far is to increase the minimum hourly wage rate to \$30. In the opinion of the Democratic Party regarding the amendment of increasing the minimum hourly wage rate to \$30, we can either veto it or not veto it since it is a "negative vetting" procedure for subsidiary legislation. If the amendment is negated, the *status quo* will be maintained and wage earners will not get an increase of even \$2. So, the Democratic Party will not adopt such an approach. Therefore, we have to reluctantly support the increase of the minimum hourly wage rate to \$30. Perhaps I should say that we do not oppose raising it to \$30. But in fact, we share the view of many Honourable Members from the labour sector, that the minimum hourly wage rate at \$33 is a more reasonable level.

Deputy President, in fact, the rules of the game are very clear. A few years ago, in the formulation of the Minimum Wage Ordinance, the committee in charge of the drafting included representatives of the labour sector and employers. The Legislative Council could only either accept or reject the minimum wage after it was determined and presented to the Council. It seems there are confrontations and conflicts that the minimum wage is accepted with regrets. Employers are unhappy because the hourly rate is not \$28, while the wage earners are unhappy because it is not \$33. Now a middle-of-the-road proposal has been adopted, with the result apparently arrived at by taking the average of the two figures. It should be \$30.5 if it is the case. Anyway, the adjustment of the minimum wage is necessary. I hope the Government will seize this opportunity to conduct a review. Although the law stipulates that the adjustment should take place no less than once in every two years, yet in fact, there is only one adjustment in the first two years. Between the implementation of minimum wage in 2011 and the adjustment entering into force on 1 May of this year, the adjustment takes place biennially. I hope in the future there will be an annual adjustment. I hope the Government will co-operate fully with the Minimum Wage Commission (MWC) when preparing data and rendering it support so that we can achieve annual adjustment without the need of amending the law. If the Government fails to do so, I believe many Members from the labour sector will propose amendments through introducing private Member's Bills. The Government should actively give a response instead of forcing the

Legislative Council to implement annual reviews by way of legislative amendment. The Government could take the initiative in a more proactive manner to urge the MWC to conduct reviews annually.

After the implementation of the minimum wage, it has resulted in a "reshuffle effect" in a number of trades and industries. Some job types which had difficulties in staff recruitment in the past can hire workers easier now and *vice versa*. For example, employees in the security services industry are now younger. In the past, security guards in this sector were retirees-to-be or retirees. But now, we can see that younger people would also like to seek employment in this field. Deputy President, I believe this is a "reshuffle effect". In addition, some employers such as Mr Tommy CHEUNG who is nicknamed "20-dollar CHEUNG" should come up with a solution to the problem of difficulties in hiring dishwashers by the relevant sector. In foreign countries, a great deal of dishwashing work has been mechanized, reflecting that certain job types can be replaced by technology. I believe many organizations will soon replace security guards with CCTV.

The merit of the minimum wage is to offer protection to the grassroots' livelihood. Although the current minimum hourly wage rate is set at \$30, wage earners who are making \$28 to \$30 per hour are the minority. Thus, less than 10% of the wage earners are affected. It could be said that the adjustment would benefit the grassroots. The impact felt by those earning an hourly rate between \$28 and \$30 will be minimal. It is believed that after the introduction of the minimum wage, employers will be forced to enhance their management and reduce labour-intensive work since manpower can be replaced by technology. In the long run, this may reduce the employment opportunities of wage earners. Anyway, the Democratic Party does not oppose the current amendment but accept it reluctantly. We also hope that the Government will, as many Members have requested, conduct a review every year.

I so submit.

MISS ALICE MAK (in Cantonese): Deputy President, Mr Tommy CHEUNG just now named and criticized Mr WONG Kwok-hing for leaving the Chamber. But he himself has also left. However, it is unimportant, and I hope he will hear what I am going to say or be told by someone.

Mr Tommy CHEUNG just now said that Mr WONG Kwok-hing has put labels on him arbitrarily by referring to him as "20-dollar CHEUNG". I understand why he is so angry. It is because in 2010, the Liberal Party announced in a press conference that he did not represent the position of the Liberal Party since he supported setting the hourly minimum wage at \$20 when the legislation was enacted. Eventually he had to tender apologies and failed to become the vice-chairman of the Liberal Party. I understand why he was so angry, but I have to be fair. Some of his remarks just now are correct. The catering industry, especially those small-scale eateries excluding those operated by large consortia and restaurant chains, is facing difficulties in operation. Moreover, they had been plagued with difficulties before the legislation on minimum wage was enacted.

Mr Tommy CHEUNG, as a representative of the industry for many years, is duty-bound to help the small and medium enterprises (SMEs) improve the business environment. Even before the minimum wage came into effect, he ought to render assistance. Representatives of the industry should do something when the profit margin of SMEs remained at a single-digit level before the minimum wage legislation was enacted. But today, the SMEs are still facing a great deal of difficulties. I hope that representatives of the SMEs will really help them improve the business environment rather than suppressing the wages of workers in order to build their profits on exploitation of the workers' wages.

Deputy President, having said that, as my colleague Mr KWOK Wai-keung, from the FTU returned by the Labour Functional Constituency mentioned, the name "20-dollar CHEUNG" actually reflects the wage earners' long-standing discontent with the fact that they have been exploited in terms of wages. There may be many "20-dollar CHEUNG" in society. Hence, they have to express their discontent with the current review of the minimum wage legislation. As Honourable colleagues mentioned just now, we request an annual review of the minimum wage and a mechanism which can bring the increase in minimum wage in line with inflation. Such discontent has accumulated amongst the labour groups and wage earners in Hong Kong.

In fact, Hong Kong is a developed place. In a developed place, we cannot rely on exploiting the labour rights and remuneration of wage earners to maintain our competitiveness. This is inhumane. Regarding various fallacies such as the ripple effect and inflation caused by the minimum wage as mentioned by Members from the business sector, our colleagues have made it very clear and I

would not spend time on making any further response. However, please take a closer look and open your eyes as Mr CHEUNG said. Is the minimum wage the only and the greatest problem faced by the business sector? Who is their biggest rival? Who is their greatest enemy? They dare not mention a word. Let me speak out for them, it is the big property developers. The regular annual rental increase by property developers has led to an uncertain future business environment and prospects. But they dare not mention it. I do not know why.

So, I hope Members will not confound right and wrong anymore. Please open your eyes and see the truth. Do not confound right and wrong, and do not confuse the public by attributing inflation to the minimum wage. In fact, our rivals should be those big conglomerates which have been exploiting the grassroots for all along. Moreover, the Government should formulate comprehensive policies to assist the grassroots and SMEs so that they can live in dignity. Please open your eyes and see clearly that the most fundamental objective of the minimum wage is to alleviate poverty in society. Can the newly revised hourly minimum wage of \$30 achieve this end? Please be true to your conscience.

I so submit. Thank you, Deputy President.

MR JAMES TIEN (in Cantonese): Deputy President, the topic of minimum wage has been discussed for many years. The Liberal Party has all along been held the view that in a free market economy, many jobs will be created when the economic conditions are good and when jobs increase, employers will fight for hiring staff. Wages will certainly go up in such circumstances. In the past few years, there have been different voices in society. This may be due to the fact that in 2003, the unemployment rate was as high as 9% or 10%. The result was that many workers had lost their bargaining power and did not enjoy minimum protection in wages. This prompted people to talk about minimum wage.

Deputy President, I wish to clarify before all else that both the business sector and the Liberal Party have never encouraged employers to pay only the minimum wage. We hope that all employers are able to pay their staff a salary higher than minimum wage. This is because as business gets better, the employers will need to hire capable workers and of course they have to offer higher wages. In the case of eating establishments, for example, the hotel Four Seasons in Central has such a good business, how can they just pay their staff a

minimum wage of \$28 or \$30 per hour? Even for enterprises in Sheung Shui and Fan Ling, they cannot hire enough staff recently. So this is the idea behind minimum wage.

The first thing I wish to clarify is that a minimum wage is meant as the minimum wage level. Now all Members from the labour sector are saying that a wage level of \$28 or \$30 per hour makes people hard to make a living. We are not urging employers only to pay a wage at \$28 or \$30 per hour. Just how many employers are really paying their staff at \$28 or \$30 per hour? Many employers are in fact paying a higher wage mainly because they cannot hire enough workers. You may call them good employers with a conscience. Different people may hold a different view on this, but the simplest reason is that staff are paid a higher wage because not enough workers can be found. However, in the case of foreign countries, the implementation of minimum wage results in a high unemployment rate. In countries like Spain and Italy, the unemployment rate is as high as 20% and wage earners have lost their bargaining power. This situation of rampant unemployment enables employers to offer a low wage. But our unemployment rate is only 3.3% and it is often the case that employees quit their jobs instead of employers sacking them.

Should our society engage in endless debates on this issue? The sector which Mr Tommy CHEUNG represents could well be the hardest-hit area because of minimum wage. On this issue, the final decision made by the Liberal Party is to lend our support to the wage level prescribed by the Labour Advisory Board (LAB) with the consent of employer, employee and government representatives. Although from the perspective of workers, they would prefer the minimum wage to be set at a level of \$33 per hour, many employers would think that the level should best be set at \$28 per hour. So it is the view of the Liberal Party that since the wage level of \$30 per hour is agreed after discussions among people from so many groups, we would agree to this level.

Of course, another view is that after the implementation of minimum wage in recent years, there has not been any of the adverse conditions as predicted at the time when minimum wage was first implemented. This I would agree. At that time, we were indeed very worried because the actual hourly wage then was just \$23 or \$24, and if all of a sudden this would be raised to \$28, there might be many companies closing down and many people getting dismissed. The fact is many companies have hired less people. Examples of this include security guards and cleaning workers in the housing estates, where less people were hired.

The employment of some watchmen or security guards was not renewed and the employers switched to using CCTVs in the place of manpower. However, as the economic conditions were good, so even if the staff had lost their jobs, they could find jobs elsewhere. In the past couple of years, the economy was better than expected. But will this trend continue this year? It is hard for me to tell. The Chief Executive for the Hong Kong Monetary Authority, Norman CHAN, made some remarks yesterday and I am sure Members would be scared to death. He described Hong Kong as in the midst of threats and crises and talked about things like we had to prepare for rainy days ahead and that property prices were too high and economic conditions were not so good, and so on. I am not so pessimistic as he is. I believe if only our economy can keep on growing steadily, the unemployment rate will remain not too high and it would not be too difficult to find a job.

Deputy President, with respect to this topic, would the setting of minimum wage lead to problems like inflation in much the same way as creating a vicious cycle? After the minimum wage was set at a level of \$28 per hour, many people in the business sector might have the following view: When the minimum wage is set at such a high level as \$28 per hour, the chain effect is that it will soon rise to \$30 and then \$32, the companies will only be paying more and more in staff costs and this will lead to significant increases in operation costs as a result. Since wages have risen so much and so have the rents, the employers can only raise the prices.

This is a vicious cycle of boiling the fish inside a pond and it would not be too good in the long run. As Hong Kong dollar is linked with US dollar, so if this vicious cycle continues, we cannot imitate certain countries in Europe to devalue our currency to offset the rise in prices. These foreign countries can do that because they have imposed their minimum wage in the local currency. But there is less flexibility in our currency. These foreign countries can raise their minimum wage substantially while devaluing their currency by a great margin. This is just a matter of offsetting one thing with another. But we simply do not have this room of manoeuvre.

Deputy President, I agree very much with a view advanced by many Honourable colleagues from the labour sector. Do we have to argue over this issue every year? We can see that there are very few people in this Council who speak on behalf of the employers, SMEs or the business sector. Most of the Members who are supposed to represent these groups of people do not care about

the issue and simply let other people speak. This is because things will remain the same even if they speak up, and they do not wish to offend other people and give people a handle for exploitation.

Mr Tommy CHEUNG and I wish to try our best to explain the situation to Members today on behalf of the Liberal Party. It is our hope that since such a rate of increase has been set for the minimum wage, should there be inflation in future, and despite the possibility that some employers may not be able to afford it, they should wait for a decision from the LAB to pass an increase in the level of minimum wage which is broadly in line with inflation. Then should there be a review of the minimum wage every year or once every two years? The employers will of course say that it would mean great trouble if a review is conducted every year. That the Government undertakes a review after two years is the arrangement decided by the Minimum Wage Commission two years ago. When a policy has been implemented for only two years and when agreement is obtained from the employees, employers and academics, I would think that there is no reason to make any further change at this moment. So we would lend our support to the arrangement of undertaking a review every two years.

Of course, even if a review is conducted every two years, when an 3% inflation is registered, the minimum wage to be imposed two years later would not only be just an increase by 3%. Members can make a simple calculation with the present rate of increase and see that when the minimum wage is increased from an hourly rate of \$28 to \$30, the rate of increase is more than 7%. This is indeed very close to the actual accumulated inflation rate for the past two years. So the Liberal Party thinks that it is reasonable to increase the minimum wage to \$30 per hour. We will support this amendment proposal. Thank you, Deputy President.

MR WONG YUK-MAN (in Cantonese): Deputy President, about this debate on the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and Employment Ordinance (Amendment of Ninth Schedule) Notice 2012, Members who speak are mainly representatives from the labour sector and a small number of representatives from the business sector. This issue of minimum wage has always been like a constant feud between two sides and each side has its own grounds. Our position on this is crystal clear. Looking up the Second Reading of the Minimum Wage Bill on 14 July 2010, we can find that the records of all

my speeches are there. But I have to repeat what I said today, and this is really annoying.

The enactment of the Minimum Wage Ordinance came as a belated spring and this belated spring is engulfed in fogs. It is outrageous that a wage level of \$28 an hour is imposed. I would think that all those sitting on the Minimum Wage Commission (MWC) should be shot. I have said this for a countless number of times already. Now Members are arguing over this. Those from the labour sector say that they are helpless. If they are helpless, they should oppose it. But they do not dare to do so. This happens every time and in the end, they will say they are helpless. So what can they do besides breathing out a sigh?

There are 70 Members in this Council. Those who belong to the labour sector and defend the rights of the grassroots include those six Members from the FTU, four Members from the Hong Kong Confederation of Trade Unions and the Labour Party, plus the four of us from the People Power and the League of Social Democrats. There are altogether 14 Members already. When these are added to one Member from the Neighbourhood and Worker's Service Centre, there are 15 Members already. And there are some political parties which strike me as simply odd. The *Bible* says a man cannot serve two masters. But there are some Members who have to wait on three masters. They have to watch the faces of the rich people, they have to flatter the middle class and on top of these, they claim they defend the rights of the working class. Are such things possible? They want to be a harlot but they also want to be given an arch of chastity. And one more thing, they want people to build a temple to their honour after their death. Are such things possible? We can just serve one master and no more.

That the hourly wage is raised from \$28 to \$30 can be regarded a great disgrace. I have joined this subcommittee and our position in this issue is consistent and we have never wavered or changed. Last night, I watched again a clip on the Internet about my speech on the subject of minimum wage here back in 2010. The hit rate is 380 000. Most of the comments made agree with my point of view. The reason is simple enough. Hong Kong is a society increasingly infested by problems of disparity between the rich and the poor, collusion between the Government and business, and the hegemony of real estate developers. From the speeches made earlier, it can be seen that this is a society where people just yield to the powerful and fleece the weak.

Buddy, I must say that although increases in rents make you unable to run your business, you can just say that nothing can be done about it and you are powerless to fight back. But you can cut the wages and you do not have to make increases. The implementation of a minimum wage of \$28 an hour will bring an adverse impact on you and you may have to fold your business. But you can do nothing about the rent increases. Is this not yielding to the powerful and fleecing the weak? What kind of reasoning is that? This is simply nonsense. What Mr Tommy CHEUNG and the Liberal Party are saying are like that and what they say are groundless. They talk about how inflation and other factors can be offset, so the adverse impact brought about by prescribing the minimum wage at \$28 would be less. This is a view which certain professors would agree as well, including some of those rightist professors like LUI Ting-ming. Then they say that because of the Individual Visit Scheme and the Government handing out \$6,000 to every citizen, so not much influence is caused after the implementation of the minimum wage, and so on. In making those remarks, please produce some concrete figures.

Of all the developed places in the world, of all those places where the per capita income is lower than that in Hong Kong, their minimum wage is better than that of Hong Kong. May I ask Mr James TIEN, will the shops there close? New Zealand and Australia have a per capita income slightly higher than that of Hong Kong, but do you know how much is their minimum wage? And on top of that, there is a sales tax in these places. But we do not see the people there unable to survive. Perhaps we can leave other places aside and just take Taiwan as an example, it is proposed there recently that the minimum wage be frozen. It almost led to a riot. About the minimum wage in Taiwan, if that is calculated according to per capita income, it is even higher than that of Hong Kong. Do you not feel ashamed?

You people are indecently rich because you only know how to yield to the powerful and fleece the weak. You bully the powerless and trample on the weak. This is a society which oppresses the good and fear the evil. And you people only think that you have no option. Since this is so, then why do you not rise in rebellion? But you do not dare and you come from the pro-establishment camp yourselves. Originally, the solution is simple enough. But every time you will behave in this way. Now a review is undertaken of minimum wage every two years. But at first people were fighting to have a review every year. I support the amendment from Mr WONG Kwok-hing. But the result is again a disappointment. So these policy secretaries with a monthly income of \$280,000

can do whatever they want, but we can do nothing about them. Will you people break out in a tirade of expletives? For me, I always do that. It is because they are accountable Policy Secretaries who get a monthly income of \$280,000.

Even if half of the arguments presented by the business sector is correct, should the Government not deliver some results? Why should the rental allowance for the low-income group not be increased? Why do we fail to make the Government agree to increasing the rental allowance for CSSA recipients? Why are the authorities unwilling to agree to our request of raising slightly the travel allowance for the low-income group and do away with the means test? This is because basically the Government is on the side of the business sector. This can be said to be perpetuating evil and condoning wrongs. The result is that society is deeply divided. Then the Government can reap the benefit of it. It is because if society is not united, the Government can feel at ease.

No one is more shameless than this "689". He went to the lunar new year market for 15 minutes and escaped. But I had been there for three days in a row and I was immensely popular. He went there for some 10 minutes and almost failed to get out from the exit. He bought four sticks of lucky bamboos, each costing \$35 and \$140 in total. But he just put down \$100 and dared to get away not paying the full cost. It can be seen that these officials at the top do not know what the life of the commons is like. For these lucky bamboos which cost \$35 each, he bought four of them but just paid \$100. This is really shameless. I do not know what kind of man he is. The owner of the stall said that he did not pay the full cost and there was \$40 outstanding. It ought to be an honour for him when the Chief Executive visited his stall and he should have been happy and felt honoured. But when the Chief Executive bought lucky bamboos from him, it had reversed his fortune. He was in bad luck, because the Chief Executive bought something worth \$140 but only paid \$100 and there was \$40 outstanding.

Another stall owner said that it was not a nuisance for him to come over there because the very existence of that person was already a nuisance. For our officials and those rich people at the top of our society, how will they know this? When \$2 are to be added to the minimum wage, it seems that a great favour and blessing are bestowed on the people. And this Government has really done a lot of work, claiming that everything is based on data and figures. And the Census and Statistics Department which specializes in fabrication is asked to carry out a year-on-year survey of income and working hours. The Department has been

found tampering with the figures. And even if we believe in it, the figures it has obtained are still on the low side. After the Government has finished doing these studies, it presents some figures and says that it is most justified to raise the minimum wage by \$2.

At first, the FTU was like us, also demanding an hourly rate of \$33. But now it agrees even to an hourly wage of \$30. I am left speechless. If \$2 were to be increased, it should ask for an increase from \$33 to \$35. I fail to see why it is acting like that. If it is agreed that the hourly wage should be \$33 and now an increase of \$2 is made, then I will accept it. But how can we accept it when \$2 are added to \$28? For this kind of unacceptable things, we can only feel helpless. This is because the majority of seats in this Council are taken up by those weird political parties and those parties which are supposed to fight for the rights of the grassroots are simply impotent. The result is that the Government and the rich can bully the weak and fear the strong. They will yield to the strong and fleece the weak.

Just how can one live at this time and age when the hourly wage is raised from \$28 to \$30? How can one live with the minimum wage at \$30 an hour? Matthew CHEUNG, when you get up from your bed and wash your face and brush your teeth and go to work, you do not have to pay a single cent. You can leave your salary in the bank and it is credited to your account by autopay. You can speculate on properties like Paul CHAN who sits behind you. Does the Government have any say when it is proposed that the hourly wage be raised from \$28 to \$30? Of course it has. So please do not say anything fanciful or nonsense or quote things out of context, saying that the MWC is composed of tripartite representatives, that is, employers, employees and academics. This is because representatives of the employees are at a disadvantaged position in the MWC. Those members of the MWC representing the employees should kill themselves. They include people from the FTU. Do they not feel ashamed when they face the workers? Had the three of them dared to slam the table, walk out and leave the MWC together so that the MWC was left with only the businessmen and the rightist academics to study the level of minimum wage, then they would not have to bear any responsibility. But once they have joined the MWC and stayed in it, they will have to carry all its sins. It is a sin to raise the minimum wage from \$28 an hour to \$30.

Since the representatives from the labour sector say that this is acceptable, what more can they say here? Why are so many of them waiting for their turn to

speak? However, I have not had the chance of hearing Miss CHAN Yuen-han speak. I do not know what she will say. She can be said to be an expert in this. She can say things marvellously and tell people that she represents the workers. They are doing this just because of the votes they want to get. They want to talk about all the topics and they wait for their turn to speak. But what is the effect of their speeches on the situation? None at all. It is not just in this issue, but in all issues where the right and wrong are obvious, they will all vote in favour of the motion, on the side of the Government.

There are also Members from the Civic Party and the Democratic Party on our side. They have some 10 people in all. But they have to serve three masters. They serve the labour sector, they do not oppose the business sector and they consider the middle class to be very important. Is this not the most desirable thing to do? There is no such thing in this world. We only have one party line and that is, we stand firm in the position of the proletariat and we consider the people to be the most important of all.

What kind of a parliamentary assembly is this? Everyone is play-acting and they are very happy doing it. This is a problem that can never be solved. They can only come to the defence of the Government and play escort for it. There is one person from the DAB sitting here. The DAB is the largest political party and its chairman is a leader in the trade unions. He may even be a communist and he supports the dictatorship of the proletariat. But where can we find the proletariat now?

It is all because they have become rich now. They ride in limousines. Things are different now. When they have the power and when they are the largest political party in this Council, should they not say something fair for the working class in misery? They should not think like the submission from the DAB which I heard in the subcommittee. People would just feel like to spit out blood after reading it. When I saw CHIANG Lai-wan read out that submission, I felt like could not help spitting out blood. This is because she presented an argument to defend other people after all. She thinks that increasing the minimum wage by \$2 may not be a bad thing because if the increase is too large, it may affect the business of other people. In my opinion, this is even worse than the Liberal Party. The Liberal Party is at least clear in its position. It is willing to take the blame of being called "20-dollar CHEUNG". Whenever we mention this topic, they will be attacked by the FTU. I do not really know why the FTU likes to attack the Liberal Party so much but not other people. Why

should the FTU not direct its attack at the party to which Mr Andrew LEUNG belongs? The FTU only focuses its attack on the Liberal Party. It is really strange to see it always talk about "20-dollar CHEUNG". But that is no news at all. Why does it not attack other parties?

Do you people dare to scold the DAB, Mr KWOK Wai KWOK Wai-keung? I do not wish to say his name wrong. This is because they have got very difficult names. I have once tried to test my students by asking them to tell the names of the six Members from the FTU or the names of Members from the Business and Professionals Alliance. And my students failed to tell me the names. But when I asked them who Long Hair is, they could say it right away.

The Minimum Wage Ordinance has been in effect for more than two years and it is only proposed now that \$2 should be increased with effect from 1 May. Do you not feel ashamed, Matthew CHEUNG? There is something which you are good at particularly, and that is, you have got a thick skin. I think the camera must be zeroed in on him now. This is because every time when I scold him, the camera will zeroed in on him. And he will manage his expressions so well. He has got a very good EQ. And, as I have said, should the Government not do something if by increasing \$2 nothing is done to improve the lot of the working class? Should the rental allowance under CSSA be raised? Should the low-income people be given a rental allowance? Should the travel allowance be increased and the old system of means test be abandoned? Matthew CHEUNG, can these be done?

MR CHUNG KWOK-PAN (in Cantonese): Deputy President, the relevant notices will come into effect on 1 May this year and the minimum wage will be increased from \$28 per hour to \$30. It is expected that 220 000 employees will benefit and get a pay rise. According to government estimates, the additional expenses for the enterprises will be \$2 billion in meeting the requirement of minimum wage after revision. The owners of SMEs said, when they were interviewed by the media, that there was no other alternative for them and they had to accept. They also had to bear the extra burden of running a business.

After the implementation of minimum wage, I have heard many owners of SMEs air their grievances. Most of them said that they were unable to hire workers. And for those who look for a job, they will certainly have more choices. They can choose some jobs which are simpler in nature and do not

require much physical labour. For trades which require greater physical exertion, like cleaning and dishwashing, I think Members must have heard that even if employers raise the wage to some \$10,000, no workers can be found. Most job seekers would switch to easier jobs like security guards, and so on. In such trades as retail, catering, and even driving in the transportation industry, there has been a prolonged situation where job vacancies are not filled.

Many SMEs cannot withstand the impact of minimum wage because their scale is small and they can only cut the number of staff or transfer the rising cost onto customers. Minimum wage leads to greater costs and as we can read from the news, many owners of SMEs say that eventually they may have to transfer the rising cost to customers. This serves to push up prices indirectly and it is the middle class which is most affected.

(THE PRESIDENT resumed the Chair)

Throughout the one year since the implementation of minimum wage, the income of the grassroots has risen obviously. However, those who are the hardest hit are the middle-class people. Actually, not many people have voiced out for the middle class. This applies especially to the nearly 1 million property owners from the middle class. Ever since the minimum wage is implemented, management fees and cleaning service fees have increased. A lunchbox used to cost some \$20 to some \$30, now the price has gone up to some \$40 to \$50. If the minimum wage is increased by 7.1% on 1 May, I am sure there will be increases in management fees, cleaning service fees and meal expenses.

In the future, this will only be an endless cycle. The middle class should have been the group with greater consumption power and now because of the increases in household expenditure, their quality of life will naturally decline. I have said earlier that representatives from the middle class should sit on the Minimum Wage Commission (MWC) for the reason that these people are the ones most affected and they do not have any chance to voice their opinions. So the Secretary should invite them to join the MWC so that they can air their grievances there.

In sum, the Government should learn a lesson from the first year of implementing minimum wage. It should make suggestions on how to assist the

disadvantaged SMEs and it should care more about the needs of the middle class. For example, we in the Liberal Party suggest that salaries tax should be reduced, children's allowance increased and a higher tax concession offered for rent. These are meant to reduce the burden of the middle class and SMEs. But in the policy address just delivered by the Chief Executive, not much is said about support for the middle class and SMEs. We are very disappointed. On the other hand, the Chief Executive proposes to set up a Special Committee on Standard Working Hours to discuss issues related to standard working hours. We are worried that the business environment will worsen and the SMEs in Hong Kong will be burdened more and hard-pressed and they may even cease to be competitive. This is certainly a great harmful to the Hong Kong economy.

President, I wish to mention that both minimum wage and standard working hours will in the final analysis delve into the pockets of the business sector. If we in the business sector can make money, I do not think that it is such a great problem. The greatest problem is, however, the Government only knows to take money from the business sector while not offering any subsidies, that is, to inject funds into our pockets. Despite such abundant reserves hoarded by the Government currently, there is assistance to the SMEs at all. This will only add to their burden. In the end, it will certainly be the greatest harm done to Hong Kong.

I so submit. Thank you, President.

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

MR LEUNG KWOK-HUNG (in Cantonese): President, when I was idling, and reading a book, I spotted an interesting comment made by a well-known figure, Jean-Paul SARTRE, who once gave Frantz FANON, an Algerian scholar opposing the French rule, a helping hand. SARTRE wrote in the Preface to Frantz FANON's "Wretched of the Earth" that, "In the colonies the truth stood naked, but the citizens of the mother country preferred it with clothes on." Why did he say that? SARTRE made such a remark because the Preface was written in French. In colonies under French rule, such as Algeria, the truth in the streets was naked. However, the citizens of the mother country preferred it to wear something like "the emperor's new robe", so that they could not see it. Am I right?

In fact, the same goes for the Legislative Council in Hong Kong. Although the truth in the streets is naked, Members of this Council like to put clothes on it. Why do I say so? Honestly, people outside this Chamber already know that the truth is naked without the need to take to the streets or wander in the streets. President, in this Complex, you will see elderly cleaning workers everywhere. They are very polite and greet everyone, including me, Members and you, President. Buddy, their hourly wage is \$28 only because this Council has outsourced the cleaning work to a company to dispose of the huge amount of rubbish produced by us every day — Certainly, this Chamber is full of rubbish, only that it will not be cleared by cleaning workers.

In this Chamber, Members are making painstaking efforts to put clothes on the truth because it is stark naked — the wages paid for eight hours' work at an hourly rate of \$28 is not enough. Not only are the wages meagre, the workers are unable to plan for their future. In other words, the three pillars mentioned by LEUNG Chun-ying and Donald TSANG, namely savings, the Mandatory Provident Fund (MPF) System, and the Comprehensive Social Security Assistance (CSSA) Scheme — they are destined to apply for CSSA in other words, if you prefer earning an hourly wage of \$28 and saving up some money in your own pockets to applying for CSSA, or prefer contributing to the MPF schemes with an hourly wage of \$28, even though your contribution will be wiped out after being offset once every several years, you will find that you cannot rely solely on the contributions made by your employers as a means of living in your old age. Actually, such sufferings, corruption and unfairness are naked. Nevertheless, we have put clothes on it by setting up the Minimum Wage Commission (MWC) and the Labour Advisory Board and conducting a survey. Buddy, the truth is naked.

Secretary, when you come to the Legislative Council, you must not only care about currying favour with Members and begging for votes. I can see that the Secretary sitting behind you is puzzled. I think he has probably sensed that people living in "sub-divided units" are poor. The Secretary must not only care about bowing and greeting the prominent officials and eminent personages. You should consult those elderly people or workers cleaning the toilets or tidying up the place for us whether an hourly wage of \$28 is enough. You should go and consult them and conduct this kind of survey.

Buddy, I know that you are fond of spending public money on dining in the Yung Kee restaurant. I have told you that when you finish your meals in the

restaurant, you should notice an elderly woman outside the restaurant collecting rubbish at 10.45 pm every evening, though I do not know whether she is still alive. I met her before. Of course, I was dining in the Hong Kong style café opposite the restaurant but not in it. I have told this story many times before. When she greeted me, I asked her what she was doing, and she told me she was collecting rubbish. On the surface, this story seems to have nothing to do with the minimum wage. President, if this elderly woman enjoyed minimum wage protection at that time, if the minimum wage was not so naked, as it is today, that the Legislative Council must put clothes on it in order to conceal its flaws, if she enjoyed appropriate minimum wage protection and the right to collective bargaining, and if employees had a say in minimum wage protection, she would not have to collect rubbish every evening from 10.45 pm to midnight?

President, like LEUNG Chun-ying, the Secretary would immediately leave when he was scolded. Simply put, we are talking about the need for a proven mechanism, or a committee comprising 12 members. If we do a simple calculation, we will find that it is three versus one — only three employee representatives but three unscrupulous academics, three government representatives, and three employer representatives. Although the Government pretends to be neutral, it is actually in favour of the employers. As for the unscrupulous academics, they engage in stock speculation, too. Like KC CHAN, all academics in economics engage in speculation. I know that before joining the Government, he had some properties and stocks, which might still be in his possession now. Certainly, they will find it excessive to increase the SMW rate by \$1, for doing so will add to the price of labour as a cost component. Fairness is out of the question. Buddy, nine versus three. On top of it, we have a "moron" who resembles God if we look up at him from below, 12 angles and 12 disciples. Have you finished your discussion? Is the discussion over? I heed your advice — increasing the SMW rate by \$2 is fine.

Buddy, it has already been provided in law that if the Chief Executive disagrees with the SMW rate set by the MWC, he can prescribe a new rate on his own. No matter what he says, there is nothing this Council can do to monitor him. I have repeatedly said that the Government can definitely turn a man into a woman, a woman into a man, and a living man into a dead person. The Chief Executive is all powerful and almighty. He has told Hong Kong people that he will definitely save them and appeal for their support to prop up Hong Kong. Moreover, he has pledged to do something for the lower class in order to resolve the deep-rooted conflicts. In addition to excessively high rents and property

prices, the deep-rooted conflicts in Hong Kong are caused by exceedingly low wages, too. The Government should extract the public from their dire straits. Buddy, at least hundreds of thousands of low-income workers are in dire straits at the moment. Matthew CHEUNG, being the officer in charge of this Policy Bureau, have you proposed to the Chief Executive and told him that the outsourced workers you met in the Legislative Council were really miserable and they had told you that they could not make ends meet with the hourly wage of \$28? Have you done so? On behalf of all the cleaning workers in this Complex, be they male, female, young or old, I have conveyed their views that an hourly wage of \$28 is not enough. Have you ever done so?

Honourable Members, naked things have to be covered up with clothes. Paul CHAN has left already. Simply put, if you use a theoretical framework for analysis, you can roughly divide the wealth and resources created by society for the first round of distribution into several areas, namely Government rent, profits, interests, dividends and wages, then in our Gross National Product, will wages not take up the smallest share if this method is used? If so, will the wages received by people at the bottom of the distribution hierarchy get lower and lower? Do I need to teach you? This is pretty obvious. If wages are used as a tool to distribute social wealth, the smallest share will go to wages. Hence, the wages distributed to people at the bottom will become even lower. The SMW is supposed to offer them protection so that they can not only meet their basic expenditure on clothing, food, housing and transportation, they should also have the opportunity to improve their lot and enjoy security in their twilight years. When it comes to universal retirement protection, the Government will say that there is no way for it to pay because that will mean another tax increase. Buddy, the wages of the people must be increased before they can take out insurance without the need for elms. If you do not increase the wages distributed in the first round, how can they save up some money and take out insurance, so that they can rely on themselves when they lose their jobs or retire?

Buddy, the proletariat in Hong Kong has already forgotten about all these things and the benefits enjoyed by the proletariat in Europe decades ago. Now, they cannot even make ends meet. Are you not ashamed of mentioning this here? The truths are indeed severely distorted in this world. For instance, I was in the Victoria Park when two of them, including LEUNG Chun-ying, surrounded by 50 to 60 burly fellows, were swaggering around. As a Legislative Council Member, I petitioned him and presented him a soft cushion printed with "You are cheating" and "Don't lie". However, I am fiercely

criticized by colleagues behind my back, though they dare not confront me. They even smile and call me "Brother Long Hair". Buddy, the truths have indeed been distorted too severely. What does the Chief Executive's tour have to do with me? I just bumped into him and presented a gift to him. Should I be considered as engaging in a disruptive act for doing this? In that case, the Chief Executive should not tour around, not to mention bringing with him a pen, a notebook and a stool. Buddy, you are now all alone with just your mouth, are you not?

President, it is no longer possible to argue with reasons in this Council. When proposing in the old Legislative Council Chamber that the hourly minimum wage rate be set at \$33, I suggested that Members should vote against the Government's proposal of setting the minimum wage rate at \$28 and increase it to \$33. Of course, I was advised by many people to accept the Government's proposal, or else we might end up with nothing, not to mention an hourly wage of \$28 — my speaking time is almost used up — we must avoid this mindset in future. We should not think that we will end up with nothing if we refuse to accept the alms. Given that the hourly wage of \$28 is simply too low, the seeds of misfortune have been sown. Now, we are presented with the data showing that the hourly wage can only be increased by \$2 due to inflation and other factors. Buddy, if the proposal put forward by the MWC was not endorsed — the MWC was led by the business sector and the one who put forward the proposal was "\$20-dollar CHEUNG" — and if we could start from \$33, then the minimum wage rate will be increased by more than \$2 to \$36. It will be much better no matter how we look at it. Thinking that we should be contented with the offer, we have indeed handled this matter too casually. My mother often said this to me, "Ah Hung, you must be contented with what you have. We used to take care of hats and coats for foreigners at Christmas. It was not at all bad if a foreigner gave you 10 cents. Why did you scold him because you believed you deserved \$50 cents for standing all night in the cold?" I said to my mother, "The foreigner should not have done so. He is really too mean. What sort of people is he? Even though we have stood here all night, he has given us 10 cents only. He has the money to spend to hire a prostitute but no money for the ordinary people." However, I was advised by my mother to be contented with being able to earn a little money at Christmas. Since my mother was this sort of people, she did not run into any luck throughout her life.

President, the moral of this story is that we should not resign ourselves to adversity. If we have a reason, we must state it clearly; if we have power, we

must exercise it, including the voting power in this Council and the power of civil disobedience and resistance in the streets. This story also teaches us the lesson that the enactment of legislation on standard working hours will be delayed further. By that time, naked things will be clad in beautiful clothes — saying that the working hours of workers in Hong Kong are not very long. With the joint efforts of employees, employers, government officials and academics, even working 54 hours a week would be fine.

President, this is "the emperor's new robe". I think that this proposed amendment should be repealed, and the determination should be made by the Chief Executive.

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

DR KWOK KA-KI (in Cantonese): President, the subsidiary legislation to revise the SMW level, which is being discussed in this Council, can be compared to a "chicken rib" — tasteless to the taste buds, but a bit of a waste to throw away. If it is not endorsed, many people earning the lowest income will have no opportunity at all to see their wages adjusted upward. If this adjustment rate is accepted, however, we will find it hard to face the labour force at the lowest strata of society.

Prior to the implementation of the minimum wage, the business sector made many intimidating remarks, with some claiming that the minimum wage would push up the unemployment rate, and some saying that many socially disadvantaged groups would be excluded from the labour market, including the elderly and people who are barely capable of working. It was also claimed that many enterprises would go out of business as a result. I recall the remark once made by Mr Michael TIEN, that up to tens of thousands of enterprises would go bust. At that time, he was not yet a Legislative Council Member, still operating his garment chain, G2000. Certainly, Mr Tommy CHEUNG, popularly known as "20-dollar CHEUNG", was among those in the business sector who threatened us persistently.

After the implementation of the minimum wage, all those frightening scenarios have not materialized. First, the labour market has not forced more people out of work as a result. On the contrary, more people have been attracted

to the labour market as a result of the upward adjustment of wages. Honestly, President, the situation of people earning the lowest wages I met in the past was really miserable. I recall that I once chatted with an elderly person outside a public toilet. When I asked him how much he earned, he replied that he made \$3,000. This elderly person had to work inside the toilet from morning till night but earned a mere \$3,000 without any provision of meals. Moreover, his working hours might fluctuate between 7 am or 8 am to 5 pm. Yet, he could only make \$3,000.

When I was jogging in the Kowloon Tsai Park recently, I came across an old lady aged over 70 who was working laboriously with a broom and a shovel. I asked her whether she was paid the minimum wage as I wished to find out whether she had been cheated by her employer. She smiled and told me that she was paid an hourly wage of \$30. When I asked her whether she was paid for meal breaks, she said no, as a matter of course. However, I could see that she was quite pleased because she was still being hired. Hence, elderly and able-bodied persons will not refuse to work. They only refuse to work when the minimum wage is not up to a certain level. The wage offered should be enough for them to pay for at least their lunch boxes and travelling expenses. Otherwise, how can they go out to work?

The business sector has always been criticizing the socially disadvantaged groups. I recall the criticism made by Mr James TIEN last week, that although there was no problem for physically handicapped persons not to work, able-bodied persons should not rely on CSSA. The sector has been trying very hard to slander the socially disadvantaged groups. If more labour protection and protection for wages and working hours are in place in society, will not more people be attracted to join the labour market? Is it not said that there is not enough labour? Are we talking about imported labour?

In my opinion, not only is the minimum wage not a demon, it can even guarantee the most reasonable reward for elementary workers. Now, Members all agree that even if a person earning the minimum wage work eight hours a day and 24 days a month, he can only get \$7,000, inclusive of the transport subsidy offered by the Government. As we all know, a dinner at Cafe de Coral or Fairwood now costs \$30 to \$40. For a person who has to travel from Tung Chung or Tin Shui Wai to the urban areas to work, it costs him \$20 and \$40 for a single bus trip and a round trip respectively, meaning that he has to spend \$1,200 a month. With the spending of more than \$2,000 on travelling expenses and

meals, the actual amount of money he can use to meet household expenses is less than \$5,000. Now that we are discussing increasing the SMW rate by \$2, but I can hear the business sector argue how they are being treated unfairly. Are Legislative Council Members from the Commercial Constituency human beings? Do they still have any conscience?

Very often, the Secretary plays the role of a housewife, saying that he is trapped in the middle because of the pressure exerted by the business and labour sectors. Nevertheless, if the Government does not stand on the side of the most socially disadvantaged groups, who will voice out for these people? If the Government does not take the initiative to propose adjusting the SMW rate, how can wage earners in the labour sector and people receiving the minimum wage fight against the business sector?

Some people also describe the present situation as outrageous, saying that a dishwasher has to be paid more than \$10,000 a month. Dishwashing is a dignified and laborious job, for a dishwasher has to soak his or her hands in soap water. Very often, they have to soak their hands in freezing cold water to toil for eight to 10 hours, however cold the weather may be. Why can they not earn more than \$10,000 a month? Some people question why a dishwasher can earn over \$10,000 a month while even university graduates are earning the same amount of money. I bid them to look at this world which has already changed. We should not look at the working class in such a scornful manner.

I recall that I have once read a book written by a Chinese mother living in Finland about the education system there. One of the points made by her was that since they were small children, the Finns learnt that all jobs should enjoy an equal status. When they were small, their parents would bring them to hospitals to take a look, so that they might consider working as nurses or making up their mind to be pharmacists, physiotherapists or medical practitioners in the future. Meanwhile, their parents would also let them join the cleaning workers in the city council to clean the streets, for the labour involvement of all people there was taken seriously. Moreover, unlike the case in Hong Kong, the difference between the incomes earned by cleaning workers and professionals would not be 20 times. This is a distorted society, for so doing will only intensify polarization, thereby further aggravating the wealth gap. Does the Government not have a good reason to adjust wages to a reasonable level? For many employees at the lowest strata who hold great expectations, the Government's proposal to increase the SMW rate by \$2 is by no means good news.

Nevertheless, President, as I said at the beginning of my speech, we can hardly refuse to take this "chicken rib".

What is more, I think the business sector and the Government have all along been doing employees at the most elementary level a disservice. Moreover, the Government's refusal to conduct an annual review is simply untenable. It will be great if property prices and residential rents increase once every two years. It will also be great if the MTRCL raises its fares once every two years, too. Unfortunately, this is not the case in reality. All public utilities, including the MTRCL, in which the Government has a stake of nearly 77%, can arbitrarily raise fares by 5.4% within a year. Such being the case, why can the SMW rate not be increased by 5.4% within a year, too? Why does the Government know how to let the business sector make more money on the one hand but does not know how to protect the workers on the other? Why are there double standards? Why does the Government defend property developers and allow them to maximize their profits? Of course, residential and shop rents are not reviewed once every two years. Instead, they can be reviewed every three or six months. If a sitting tenant does not wish to lease a flat or a shop anymore, there will always be someone who is willing to take his place. Recently, Members can see that a decades-old shop selling wonton noodles has to close down, too. The Government must not tolerate businessmen being unkind despite being rich, for society will definitely be made to pay an enormous price in the end.

The previous leaders of the Central Authorities have often stressed the importance of creating a harmonious society. We cannot just talk without action. To create a harmonious society, there must be reasonable wage levels, labour protection, reward for labour and quality of life protection. Only through doing so can social harmony be achieved. We cannot just talk without action. It is useless regardless of the number of police officers deployed by the Government and the effort made to maintain stability. The deepest conflicts are the source of social stability. In Hong Kong, such conflicts are caused by the disparity between the rich and the poor and uneven wealth distribution. In this regard, the SMW rate can come into full play. Last year, the Hong Kong Council of Social Service pointed out that the disparity between the rich and the poor had not deteriorated in certain aspects, mainly because of the introduction of the SMW rate. Is the Government not aware of this reason?

Although this motion that seeks to increase the SMW rate today will eventually be passed amid voices of regret or dissatisfaction, the Government is still obliged to review the SMW rate once every year and ensure reasonable reward for workers at the most elementary level.

I so submit. Thank you, President.

DR FERNANDO CHEUNG (in Cantonese): President, the revised minimum wage rate is too little, too late. Simply put, the SMW rate is prescribed to set the level of wages payable to workers earning the minimum wage, but yet there are suggestions that the wage adjustment of these people should be reviewed once every two years. On the other hand, the remunerations of the most highly-paid people — including the Bureau Directors and senior government officials who are present — are adjusted annually. I simply do not know what logic it is behind the idea that the wages of those who are at the bottom of society and suffering the most can be adjusted slowly when inflation is now "eating people", with food prices, property prices and rents being pushed up to such an exorbitant level that they are like runaway horses. As mentioned by a number of colleagues just now, compared to the inflation rate and index of living in the past two years, the adjusted SMW rate cannot even catch up with inflation. Hence, Dr KWOK Ka-ki was right in comparing the revised SMW rate to "chicken ribs". If we do not accept it, then the \$2 will be gone. If we accept it, we will have to swallow our anger. The adjustment of the SMW rate is like giving away alms. Although the SMW rate is raised only slightly, we have to make do with everything.

The problem of wealth gap has already emerged in Hong Kong. According to the latest report published by the Hong Kong Council of Social Service (HKCSS) two weeks ago, the data of the first half of 2012 reveals that the poverty rate in Hong Kong is rising again. According to the explanation given by Ms Christine FANG, Chief Executive of the HKCSS, the poverty situation in Hong Kong should be ameliorated with the introduction of the SMW in 2011. In reality, however, the HKCSS has found that 40% of the employed households in the current poverty population of 1.19 million are still trapped in the poverty net, though some of their members are working. The reason is, according to her explanation, the SMW effect has receded. Right, if we compare the first half of 2010 and 2011, the poverty rate has indeed dropped from 17.9% in 2010 to 17.1% in 2011. However, it has risen to 17.6% in the first half of 2012. It is

alarming that the SMW effect has already diminished within a year. I am certain that the problem will become even more serious in 2013. In fact, the latest Gini Coefficient published by the Census and Statistics Department has confirmed this, too. We in the academic sector originally envisaged a considerable fall in the Gini Coefficient, but it turned out to be otherwise — our estimation was wrong. It did not make any sense because the minimum wage was already implemented. Why was the effect so little? Please take a look — our data are simply inadequate, President. At present, nothing has been done to monitor the overall impact of the SMW. Neither are there any data on the impact of wage levels on different groups and social groups as well as the impact of the SMW on people with disabilities. We have absolutely no idea. There is a complete lack of data on the number of people with disabilities who have benefited from the SMW or lost their jobs because of it, or whether there has been improvement to or an adverse impact on their employment rate as a result of the introduction of the SMW. Nor are there any data on the impact of the SMW on the elderly and women. As the Government's knowledge and information is so poor, how can we formulate a policy?

I have once browsed the webpage of the Low Pay Commission in the United Kingdom and found that, besides publishing annual reports on the overall implementation of minimum wage in the past year, including the impacts of the SMW on the various groups I mentioned just now, the Commission would engage some academics — Members may do some counting — at least five or six academics to undertake minimum wage studies in different areas. Let us take a look at the Labour Department. What has it done? It has completed only one task, that is, a study on the impact of the chain reaction of the pay hierarchies in the retail and catering sectors, in two years. This is the only study it has completed. As regards the impact of the SMW on young people in social groups which are a great concern to us, namely, the socially disadvantaged groups, ethnic minorities, and new immigrants, we have absolutely no idea. There is nothing we can say. What we ask for is evidence-based public policy formulation and rational analyses. What should be analysed? What data have been analysed? Please give us a breakdown. The formulation of this policy is absolutely irrational. The original purpose of prescribing the SMW rate is to help the lowest-income earners and such social groups. However, the authorities have failed to review the effect. So, what can we say?

Fine, the Government still insists that the minimum wage should continue to be reviewed once every two years — President, I am talking about two years.

Will our index of living remain unchanged in two years? This is out of the question. Members who care to browse Wikipedia on the Internet will find that the SMW rate in Hong Kong is outrageously low, even if it is increased from \$28 to \$30 per hour. Let us take a look at our neighbouring countries. For instance, the minimum wage rate is \$61.1 in Japan (I have converted Japanese currency into Hong Kong currency), \$84.4 in New Zealand, \$56 in the United States (despite its relatively weak national strength), \$75 in the United Kingdom, and as high as \$98 in France. In Australia, the minimum wage rate is \$120-odd. Even though a week is used as the basis for calculation there, the hourly wage still stands as high as \$120 after being converted into the number of working hours there.

In addition to an hourly wage as high as \$120 in some other places, the per capita Gross Domestic Product (GDP) of Australia is even lower than that of Hong Kong — President, the per capita GDP of the countries I mentioned just now is also lower than that of Hong Kong. If purchasing power parity is used for conversion, Hong Kong has completely surpassed the aforesaid countries in terms of per capita GDP. But why is there a two- to three-fold difference between Hong Kong and the other countries and even a four-fold difference between Hong Kong and Australia in terms of the SMW level? It is because the wage levels in Hong Kong are artificially suppressed. Although we have created abundant wealth and we are very rich, where has all the money gone? It turns out that all the money is in the hands of the people at the very top, representing 1% of the population, whereas people at the bottom have got only very little money.

Now the Government still maintains that we should take it easy and the SMW rate should be reviewed once every two years. As the rate after review is extremely small, how can the grassroots support their living? Moreover, there is no control on everything else, and the large consortia are given a free rein to monopolize public transport, food supply, public utilities, electricity and gas, and impose increases as they wish. As a result, the grassroots are being squeezed at the very bottom. The Government should not cheat us by all those empty talk about seeking employment and achieving self-reliance. How can the grassroots achieve self-reliance? It is impossible for them to do so. Even if they work long hours or even wash dishes on the floor, what will happen? Now that some employers are complaining that they cannot hire dishwashers. It is because dishwashing is obnoxious work. Again, some employers are complaining about

the laziness of workers. They had better do the work themselves. Why are they so mean to Hong Kong people? Why does the Government allow the market to suppress us?

Why can they not treat the people living here, or wage earners who have played a part in contributing to this affluent society, in a more humane manner, or at least examine the needs of different groups for the SMW from a rational perspective and the impact of the SMW on them? If they can do so, the SMW rate can be suitably adjusted and the problem of the wealth gap be ameliorated. Our only wish is to make this society more humane. We are not talking about sharing wealth with the rich. Nor do we want them to divide their fortunes into equal portions and share them with the people. We are not communists. Hong Kong is a capitalistic society, but can we live in a more humane capitalistic society? The SMW is a very simple regime, but still the Government has to make efforts on all fronts to favour employers and accommodate the market.

President, it is with great reluctance that we support this adjustment of the SMW rate. However, we still feel very much aggrieved for the sake of many grass-roots people. I have learnt from today's press reports about a 79-year-old woman who was collecting cartons being hit and killed by a 73-year-old driver. In this accident that occurred in Hong Kong, the 73-year-old driver, who should originally be spending time with his grandchildren and living his twilight years happily, should not have worked so hard and struggled with other people on the streets. On the other hand, the 79-year-old woman, who was collecting cartons, was trapped under the wheels of a car accidentally. What kind of society is this? Why can we not act in a more humane manner? Why can we not distribute wealth in society more evenly — there is no need to distribute wealth very evenly — so that wage earners at the very bottom can live with a bit more dignity?

I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Members have already spoken. I now call upon the Secretary for Labour and Welfare to speak. This debate will come to a close after the Secretary has spoken.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, the Government tabled two pieces of subsidiary legislation relating to the adjustment of the statutory minimum wage (SMW) rate, namely the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2012, to the Legislative Council on 19 December last year. Subsequently, the Legislative Council formed a subcommittee to scrutinize these two Notices.

First of all, may I extend my heartfelt thanks to Mr TAM Yiu-chung, Chairman of the Subcommittee, and its 24 members for the scrutiny work. The Subcommittee has held two meetings to conduct comprehensive and meticulous discussions on the Government's recommendations and receive views from 16 deputations and individuals. I am very glad to note that none of its members proposed any motion in objection to the Notices. Upon completion of the scrutiny of these two Notices by the Legislative Council, the Labour Department (LD) will make preparations and launch extensive publicity expeditiously for the implementation of the new SMW rate on the Labour Day on 1 May this year.

I also wish to thank 18 Members for advancing their valuable views just now and would like to give a concise response here.

First of all, I understand that there are divergent views among Members on the adjustment of the current SMW rate of \$28 to \$30 per hour. As the SMW has far-reaching impacts on the employment and socio-economic conditions, we have to determine the SMW rate through an evidence-based approach, so as to strike an appropriate and reasonable balance between the objectives of forestalling excessively low wages and ensuring that no significant adverse impacts on the employment opportunities of elementary employees and our labour market's flexibility and economic competitiveness will be induced.

During the review, the Minimum Wage Commission (MWC) examined the performance of a host of indicators and evaluated in detail the impact brought about by the implementation of the initial SMW rate. The MWC also conducted comprehensive analyses on the data and empirical evidence of statistical surveys

and research studies, and took into account the views of stakeholders and interested parties collected through consultation and other relevant considerations pertinent to the review of the SMW rate. The MWC also formulated an assessment framework to estimate the possible impact of different SMW test levels on employees, businesses, inflation and unemployment rate. The Government is convinced that the MWC's recommended rate has, to the maximum extent, balanced the interests of employers and employees. The new SMW rate will take effect on 1 May this year, which is a pragmatic and reasonable arrangement to allow time for various sectors in the community to get well-prepared for its implementation.

Regarding some Members' criticisms that the MWC used some outdated data to review the SMW rate, I would like to point out here that this is a serious misunderstanding. In fact, I have clarified this on several occasions before. I wish to reiterate that apart from the data collected in the Annual Earnings and Hours Survey (AEHS) conducted by the Census and Statistics Department in 2011, the MWC also made reference to a large number of other relevant indicators and information which were more frequently released and updated, including labour supply and demand, inflation, Gross Domestic Product and price forecasts and unemployment rate, so as to grasp the latest situation and trends. As there would inevitably be a time lag between the date of making recommendation on the revised SMW rate and the date of its implementation, the MWC took due account of the short-term economic and labour market outlook in conducting scenario testing, so as to achieve a more thorough perspective during the review.

Some Members are concerned about the ripple effect that may be induced by the SMW. In reviewing the SMW rate, the MWC made reference to the results of research studies, such as the AEHS and the Study on Knock-on Effect of Statutory Minimum Wage on Pay Hierarchies in the Retail and Restaurant Sectors commissioned by the Government, so as to estimate the additional payroll cost entailed by the new SMW rate.

Some Members mentioned the labour shortage problem in specific sectors, whilst some were worried that the upward adjustment of the SMW rate would pose difficulties in labour supply and staff recruitment to certain sectors. I understand their concerns in this regard. In reviewing the SMW rate, the MWC had assessed comprehensively the actual impacts that were induced by the

implementation of the SMW on the employment and socio-economic conditions, including labour demand and job vacancies in various sectors. In fact, the SMW can help encourage the workforce to join or re-enter the labour market and boost their incentive to work proactively. According to the latest statistics collected during the period from October to December last year, the total employment population has reached a record high of 3 689 600, representing an increase of 147 300 people, compared to only 3 542 300 prior to the implementation of the SMW. Moreover, the Government has made tremendous efforts in the provision of training and retraining, whilst employers can make use of the free services offered by the LD for staff recruitment.

Regarding the review cycle of the SMW rate, nearly all Members have expressed views on it. According to the Minimum Wage Ordinance, the SMW rate should be reviewed at least once every two years. This is a pragmatic arrangement, which is also a consensus reached during the legislative process. This requirement can comprise three elements: first, establishing a rule for the review; second, protecting employees' interests; and third, providing flexibility. In fact, it is good to the community, employees and employers. The SMW rate is determined on the basis of an evidence-based approach. In case of substantial changes in various statistics showing that there is a need to review the SMW rate, it can give us flexibility to kick-start the review ahead of the two-year cycle, rather than conducting the review once every two years.

If we set a rigid rule requiring the SMW rate to be reviewed annually, employers who want to maintain their flexibility in controlling labour costs may very likely tend to offer short-term employment contracts and replace their permanent staff by recruiting more casual workers. It will give rise to fragmented employment contracts, causing undesirable impact on employment. Moreover, a rigid rule which requires the review to be conducted once every year will greatly hinder the labour market in making self-adjustment, thereby prolonging the time taken by Hong Kong to respond to external forces. Employers will also find it difficult to estimate the emolument costs in preparing service and business contracts, hence causing considerable difficulties to business operation. On the contrary, the arrangement of conducting the review at least once in every two years provides a higher degree of flexibility. For instance, when the economy declines and the SMW rate is subject to downward adjustment, the review can be postponed, thereby allowing more time for the MWC to collect data and make its recommendation after thorough consideration.

Some Members proposed whether the SMW rate can be determined by applying a mathematical formula. We have examined the feasibility of this proposal. Given that the SMW will have impacts on various fronts such as employment, economic situation, productivity and competitiveness, the method of adopting a mathematical formula or a wage index as indicator can hardly take all these factors and their interrelated implications into account. Worse still, not all impacts of the SMW can be reflected merely by the changes in figures. In the course of reviewing the SMW rate, it is also necessary for us to take into account some considerations and impacts that cannot be fully quantified. As a matter of fact, for economies that have adopted the SMW, such as the United Kingdom, Canada (British Columbia), Ireland, Australia, New Zealand, Taiwan, Japan and South Korea, most of them will consider a host of factors in reviewing the SMW rate.

President, the implementation of the SMW is the result of concerted efforts made by various sectors in the community, including the Legislative Council. Since the launch of the SMW, its implementation has been by and large smooth. Low-paid employees have enjoyed substantial improvement in their income. The total employment population has gone up noticeably, whilst the unemployment rate has been standing at a relatively low level. I would like to extend my sincere gratitude to the labour sector, employers in the commercial and business sectors, various political parties and groupings in the Legislative Council, Honourable Members and various sectors in the community for their support to enable the smooth implementation of the SMW.

I also wish to take this opportunity to thank the Chairperson of the MWC and all its members for their efforts and excellent work in reaching a consensus to complete such an important task of reviewing the SMW rate. On this basis, coupled with the support from various sectors and Honourable Members, we manage to bring the new SMW rate into effect on the Labour Day on 1 May this year while witnessing the second anniversary of the launch of the SMW, so as to boost the income of grass-roots employees.

President, I so submit. Thank you.

PRESIDENT (in Cantonese): In accordance with Rule 49E(9) of the Rules of Procedure, I shall not put any question on the motion.

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

Second Member's motion: Developing a new North Lantau.

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

I now call upon Mr CHAN Han-pan to speak and move the motion.

DEVELOPING A NEW NORTH LANTAU

MR CHAN HAN-PAN (in Cantonese): President, whenever we talk about Lantau Island or North Lantau, we will all think of the Chek Lap Kok Airport, Disneyland or Ngong Ping 360. It is always our impression that there are a lot of tourists, that there are places where food and beverages are served, and that there are places for entertainment and fun. It is fine to go there on holiday. However, when it comes to Tung Chung, our impression is that it is very far away and it seems to us that there is not much development there. In short, it is all very fine to go there for entertainment, but we need to think about it if we have to live there.

However, under the planning in the North Lantau Development Study in 1992, the developments of the new airport and Tung Chung should be connected to produce mutual benefits. Tung Chung is a support community for the new airport, whereas the new airport will drive the development of Tung Chung into a gateway town with a population of 210 000. However, after more than a decade of development on Lantau, the Chek Lap Kok Airport has risen to become the world's top international airport, and major tourism projects which were outside the original plan have been completed one after another. But for Tung Chung, a core district on North Lantau which is near the airport as it is situated only on the

other side of the sea, not only does its development seem to have remained stagnant, but it has degenerated into a "city of sadness" as referred to by government officials. Some people have described Tung Chung as a place which is neither fish nor fowl. If it is said to be a tourist destination, there is no adequate support; if it is said to be a dwelling place for the people, the facilities seem to be lacking; if it is said to be a back-up community, it is beset with an imbalanced population structure, and we simply cannot tell what exactly it is. Perhaps the Government may consider it an extension of the Airport Terminals.

President, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) proposes this motion on "Developing a new North Lantau" today not to pursue responsibilities for the stagnant development of Tung Chung, as the opportunity for development has well passed and can hardly be restored. However, from what we can see before our eyes, with the successive completion of a number of major infrastructure projects in the next few years, including the Hong Kong-Zhuhai-Macao Bridge (HZMB), a new control point at HZMB and the Tuen Mun-Chek Lap Kok Link, together with the planned development of a third runway at the airport, the Hong Kong-Shenzhen Western Express Line and the planning of Tung Chung New Town Extension, I believe these many infrastructure projects and commitments will not just bring about a transport belt for Lantau. Rather, it is hoped that they can bring about a second opportunity of development for North Lantau. We have proposed this motion today in the hope that the new-term Government can effectively seize the next opportunity of development, in order for Tung Chung, a core district on North Lantau easily accessible by sea, land and air transport, to be developed into a new community with local characteristics which is good for living, doing business and leisure activities, while also allowing the entire Lantau Island and all other parts of the territory to capitalize on North Lantau's opportunity of development, thereby providing a new impetus to drive the economic development of Hong Kong.

The Chief Executive said after he was elected that an official organization on the development of Lantau would be established, and that made Lantau residents suddenly jump for joy and rekindle their hopes. However, we cannot see the whereabouts of this official organization in the Policy Address. Today, a group of Members and residents from the alliance for the development of Tung Chung have come to the Legislative Council to stage a petition today. They gave me this aeroplane on which it is written "Let no opportunity slip by", because they all think that they cannot afford to lose the opportunity now

presented to Tung Chung. The areoplane also carries another meaning and that is, they hope that the Government, especially the Chief Executive, will not renege on the promise made to Tung Chung residents.

President, in order to develop Tung Chung into a place with good living conditions, we must first understand the current situation of and problems faced by Tung Chung. At present, Tung Chung has a population of about 80 000, with more than half of it living in Yat Tung Estate in the western part of Tung Chung. This has created two communities, one in the east and the other in the west. Although both communities are in Tung Chung, there is a great difference between the development of the community in the east and that of the one in the west. When we exit from the Tung Chung MTR Station, what will appear before our eyes are the Citygate where many shops of prestigious brands can be found, as well as many blocks of private residential buildings overlooking the sea, oozing with a very strong middle-class milieu. But over a small hill there lies Yat Tung Estate in the west, which is described by residents as an estate with "three highs". What does it mean? It means the estate has a high number of Comprehensive Social Security Assistance (CSSA) recipients, a high number of jobless people, and a high number of new arrivals. According to the information of the Social Welfare Department, there are close to 2 500 CSSA households in Yat Tung Estate, accounting for more than 20% of the total number of households in the estate, thus making Yat Tung Estate an estate with the highest concentration of CSSA households. According to a survey conducted by the Hong Kong Council of Social Service, in 2011, the Island District has the highest poverty rate among the 18 districts territory-wide and particularly, the situation in Tung Chung was most serious.

While the symptoms of imbalanced development in Tung Chung are different, the cause is the mistakes in planning. Let us turn the clock back. According to the original plan, Tung Chung should have a population of 210 000 by 2011, and the ratio of public housing to private housing should be 4:6; and in Yat Tung Estate, apart from public rental housing (PRH), over half of the units should be Home Ownership Scheme (HOS) flats. Had the Tenants Purchase Scheme (TPS) continued, over 70% of the households in Yat Tung Estate would have become owners of their flats today, in which case the population distribution and structure would not have been as homogenous as they are now. As the Government wanted to meet the target of PRH allocation in three years and announced the suspension of the sale of HOS flats in 2002, the housing development project originally known as "Yat Tung Court" was thus turned into a

PRH estate in its entirety as it is now, and this is the origin of imbalanced community development in Tung Chung.

In fact, similar cases of converting HOS flats into PRH flats for sale or cases concerning the TPS are very common. Take Tin Shui Wai as an example. The situation in Tin Shui Wai is better because Tin Shui Wai has the support of Yuen Long and it also has a population that can support various community developments. If there are not enough social workers in Tin Shui Wai, Yuen Long can provide support; and if the prices of fresh provisions are expensive in Tin Shui Wai's markets, the residents can go to Yuen Long. But where can Tung Chung residents turn to for support? Could it be that residents in Tung Chung must swim to Tuen Mun to obtain support?

Given that the authorities have wavered in the planning of North Lantau over the past decade or so, the development of Tung Chung has almost come to a standstill. The population has almost stopped to grow and remained at a level of around 80 000 to date, which is only 30% or 40% of the population as planned originally. As the growth of population has come to a halt, all kinds of population-based support facilities, including matching transport facilities such as the Tung Chung West Station, a standard sports ground, markets, restaurants and shopping arcades, have been deleted from the timetable of planning. Had there not been efforts made by Tung Chung residents and Members over the years, the library, swimming pool and hospital would not have come into existence. As a result of the mistakes in planning, no improvement has been made to the environment in the community over a long time, thus affecting the quality of living of Tung Chung residents. But given the geographical limitations of Tung Chung and the expensive transport fares, it is very difficult for residents in Tung Chung to use the services provided in nearby districts, and Yat Tung Estate, which is located even more remotely, has become an isolated island where matching community facilities are lacking, and this has aggravated the problems in the community.

The provision of more employment opportunities is the one and only way to address the poverty problem and improve the people's livelihood. Tung Chung, being a support community for the airport and a gateway town of Hong Kong, should supposedly enjoy advantages geographically and readily benefit from the air service and logistics industries and tourism. But due to an imbalanced population structure, the result is that as shown in a survey, only about 30% of the Tung Chung residents can land a job in the district, whereas

other residents have to pay expensive transport fares to go to work in the urban areas, while a large number of people have to travel a long way to Tung Chung and the airport for work. This phenomenon has pointed to a mismatch of jobs and indicated the mistakes in planning.

In order to achieve the planning vision of self-reliance of new towns, there must be a well-planned transport network to enable residents who have just moved in to continue to work outside the district while ensuring that supporting commercial facilities are also provided in the district. Regrettably, the Tung Chung New Town has only followed the old planning approach for new towns that had long been adopted before. As a result, after the vision of self-reliance has fallen through, the expensive transport fares have become the stumbling block to the development of Tung Chung. Moreover, given the assumption of self-reliance and as the airport is located just on the other side of the sea, the authorities have not provided employment counselling service in the district. Young people who wish to take up courses on practical skills have to travel to other districts, and this has affected the employment opportunities and competitiveness of the young people direct. A Secondary Five student told me today that he was interested in taking some courses but did not apply for any course in the end because he would have to travel a long way to the urban areas. We think that this is most unfair to young people in Tung Chung.

President, given various mistakes made in the past in town planning, the development of the community and the local economy of Tung Chung have remained stagnant, thus giving rise to a myriad of problems in the community. Now that a new round of opportunities for the development of North Lantau has emerged, and as planning and extension work will be carried out afresh for Tung Chung New Town, the past mistakes in planning should now be rectified through the current planning. Given the time constraint, I will only focus on the planning proposals put forward by the DAB for Tung Chung New Town and the adjacent districts. Other proposals, including those relating to developing a "bridgehead economy" and the opening up of the SkyPier, will be further elaborated by other colleagues from the DAB.

First, the DAB considers that in order to develop a sustainable community in Tung Chung, it is necessary to increase the population of Tung Chung in an orderly manner. This can, firstly, alleviate the problem of imbalanced population structure and distribution through the new population and secondly,

the new population can facilitate continued improvement of various community facilities to the benefit of residents in the entire district. Therefore, the DAB supports the Tung Chung New Town Development Extension Study and calls on the authorities to complete the study as soon as possible.

Certainly, to achieve sustainable development, the prerequisite is to strike a balance between development and conservation. In this connection, the DAB disapproves of the Government's plan to carry out reclamation in western Tung Chung Bay to the west of Tung Chung, and we hope that our coastal and marine resources can be conserved. Besides, apart from proposing balanced development of public and private housing on existing land and also new land to be identified in Tung Chung, we have also proposed the setting up of four natural leisure and conservation areas in the district. For example, Ma Wan Chung used to be the most bustling fishing village in Tung Chung and has a rich fishing village culture. In view of this, we have proposed to develop Ma Wan Chung into an old market with characteristics of a fishing village, in order to preserve the original fishing village culture and at the same time appropriately develop products of cultural tourism, thereby creating job opportunities in the district. On the other hand, as Pak Mong is near Tai Ho Wan which is a place with ecological value, we have proposed the establishment of an ecological research centre and a local ecology discovery centre there, in order to enable members of the public to understand the precious natural resources on Lantau.

On the other hand, to increase the provision of cultural, recreational and sports facilities in Tung Chung, I propose that a natural waterfront park be developed in the Tin Sam area. As for Sha Lo Wan which is situated on the western-most part of North Lantau, we propose that an appropriate degree of development should be carried out there to increase the provision of recreational and sports facilities. As regards the Tung Chung town centre, we propose that sites should be identified in the planning blueprint for building a standard sports ground and a cultural and recreational centre to respond to the demands of the residents.

North Lantau has a beautiful shore. The authorities should fully utilize this advantage by providing in North Lantau a cycle track of about 18 km long which starts from the west of Tin Sam area to link up with the cycling network in the town of Tung Chung and further extends to Sunny Bay along the shoreline. We believe the provision of this cycle track can increase the provision of

recreational and sports facilities in the district and better still, enable Tung Chung to develop into a new tourist attraction.

Lastly, in view of the current transport problems in Tung Chung, I propose that the Government should relaunch the development of the Tung Chung West Extension to provide a MTR station in Tung Chung West. In the meantime, the Government should honour the promise that it made before to enable residents in Yat Tung Estate, Tung Chung, to enjoy truly convenient transport services. The Government should also introduce public light buses to Tung Chung to provide more choices for the residents.

President, I have broadly explained in brief the DAB's proposals on the planning of Tung Chung. The details of the proposals and the development parameters are included in our proposal entitled "Developing Tung Chung into a town with good living conditions" which has been submitted to the Government. We hope that the Government can give a positive response later.

Thank you, President.

Mr CHAN Han-pan moved the following motion: (Translation)

"That, as a number of major infrastructure projects in North Lantau, including the Hong Kong-Zhuhai-Macao Bridge ('HZMB'), a new control point at HZMB, the Tuen Mun-Chek Lap Kok Link and a third runway at the airport, are under planning or in progress, and the Administration is conducting a Planning and Engineering Study on the Remaining Development in Tung Chung, this Council urges the Administration to extensively consult various sectors on the development of North Lantau, and under the principle of balancing conservation and development and through holistic planning, improve North Lantau's internal and external transport links, make good use of control point facilities to develop a 'bridgehead economy', develop Tung Chung into a new community with local characteristics which is good for living, doing business and leisure activities, and capitalize on the opportunities arising from the North Lantau development to drive the economic development of Hong Kong."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr CHAN Han-pan be passed.

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

I will first call upon Mr Ronny TONG to speak, to be followed by Mr Tony TSE, Miss Alice MAK, Mr Vincent FANG, Mr James TO, Dr Fernando CHEUNG, Mr YIU Si-wing and Dr KWOK Ka-ki respectively; but they may not move amendments at this stage.

MR RONNY TONG (in Cantonese): President, according to the latest statistics of the Government, the Island District, which mainly refers to Lantau, has replaced Yuen Long as the district with the lowest per capita income in Hong Kong. In its report just published, the Hong Kong Council of Social Service also pointed out that the situation of poverty in areas on Lantau may probably be second to none in Hong Kong.

However, if we take an overview of the facilities in North Lantau, we will find that they seem to be lagging behind quite considerably in matching with the actual situation. It is because in North Lantau, not only can we find exhibition venues of the exhibition industry which has been developing robustly, there are also major tourism facilities such as Ngong Ping 360, the Big Buddha and the Disneyland. Since there are these major tourism facilities and economic activities in the district, why is it that the economy of North Lantau still cannot at least catch up with other districts of the territory, not to mention a takeoff of its economy.

In this connection, what can we do to immediately give a boost to this district to assist its development? The authorities have all along been saying that the completion of that bridge would be helpful, but it will be completed only a couple of years later the earliest. In fact, there is already an existing facility which is absolutely helpful to the local community economy of the district and that is, the SkyPier. I have proposed this amendment today entirely because of the mismatch of resources for this pier, and I hope that the Government of the Hong Kong Special Administrative Region will solemnly examine this problem.

We have discussed this problem with various Directors of Bureau before. During our meeting with Mr LEUNG Chun-ying yesterday, I particularly raised this issue and discussed it with him in detail. I think it is imperative for the Government to address this option squarely, and this option will, in the long run, bring benefits rather than harms to us.

First of all, I would like to go through some basic background information of the SkyPier. The SkyPier actually commenced operation in September 2003, and more than \$1 billion was invested in the second phase of the project. With its development up to the present day, the SkyPier now covers about 16 500 sq m and provides four berths with a passenger handling capacity of as high as 20 million each year. But what is the actual situation of the operation of the SkyPier? The latest figures showed that there were only 2.39 million passengers in 2011. In other words, the actual number of passengers accounts for something more than 10% of the design capacity of the SkyPier. It means that there is still a lot of room for development.

In the meantime, we understand that there are currently eight ferry routes (totalling 86 trips) providing services to and from Nansha in Guangzhou, Shekou, Fuyong, Humen in Dongguan, Zhongshan, Zhuhai and the Macao Maritime Ferry Terminal and Taipa on a daily basis. In other words, this pier does have potentials for development, just that there are currently restrictions on it, in that the SkyPier is used only for transit passengers and no immigration facility is provided for visitors. It means that the SkyPier can only be used for carrying transit passengers to and from the Chek Lap Kok Airport, and visitors cannot depart from or enter Hong Kong right at the SkyPier.

Given such arrangement, some rather strange problems have naturally arisen from a mismatch of resources. For instance, if visitors wish to go to a tourist spot on Lantau, such as the Disneyland, Ngong Ping 360 or Tai O, they must take a flight to Chek Lap Kok and then go to these tourist spots from Chek Lap Kok. If visitors arrive in Hong Kong by ferry, they must disembark in Tsim Sha Tsui or Central, which means that they must first go to the downtown area and then go to North Lantau by car. After finishing the tour, they can leave only via the same route, meaning that they must make a detour before they can leave Hong Kong, rather than returning to the Mainland by ferry at the SkyPier direct.

Likewise, the exhibitors in the Asiaworld-Expo also have to face these transport arrangements which are not at all convenient. If they need to conduct

site visits to factories in the Mainland, they cannot depart from Lantau direct. Instead, after leaving the Asiaworld-Expo, they must first go to the urban areas, in order to take a ferry or a flight to the Mainland. This is also rather inconvenient. Mainlanders who wish to attend to exhibitions in the Asiaworld-Expo certainly have to take the rather tortuous route that I have just mentioned. But even if Lantau residents want to go to Macao or the Pearl River Delta (PRD), they must also travel the same tortuous journey to the urban areas to take a ferry to their destinations.

Over the years, many economic groups on Lantau have consistently called on the authorities to open up the SkyPier in order for the SkyPier to become a small control point. Apart from providing a convenient transport facility for airport passengers in transit, it will also enable the local community economy to enjoy the benefits of a so-called "bridgehead economy", thereby stimulating the development of the local community economy and tourism. Why has the Government refused to do it? After meeting with various government officials for many times, I found that government officials are always trying to pass the buck to other officials. When I raised this issue with the Secretary for Development, he said that it had nothing to do with him and that it had to do with the Security Bureau; and when I talked to the Secretary for Security, he said that it had nothing to do with him and that it had to do with the Secretary for Transport and Housing; and when I turned to the Secretary for Transport and Housing, he said that it had nothing to do with him and suggested that I should raise it with the Chief Executive. But when I talked to the Chief Executive, he said that he must find out what the Economic Development Commission would think. In short, I have been going round and round but after so much has been said, no clear answer has been given to me as to why this cannot be done.

We already have the hardware in place and as I have just pointed out, we now have this area measuring some 16 000 sq m, and even if the space is not enough I met with the Airport Authority (AA) today and made enquiries with Mr HUI of the AA. I asked him whether an expansion of the SkyPier is possible if there is not sufficient space for the pier. He said that it is certainly possible because there is sufficient land for expansion purposes. The only thing that is lacking is software provided by the Government. It means that sufficient space has been reserved there for conducting security checks or baggage checks. All we need to do is to deploy some immigration officers there, and the transit point can immediately be turned into a small control point. This will stimulate the economy of North Lantau to a certain degree.

The strongest argument advanced by the Government is that the Hong Kong-Zhuhai-Macao Bridge will be completed soon, and it is on this ground that the Government argued against the need for doing this. I think there are two very simple answers. First, the bridge will be completed only two or three years later, and during this interim, why do we not enjoy the "first-mover" advantage by seizing this opportunity to make money first. Second, I think drivers and ferry passengers are different. The SkyPier can bring people to Hong Kong from the Pearl River Delta or coastal cities to the east of the territory for spending, sightseeing and business operation, but the bridge will mainly link up with places to the west of the Pearl River Estuary. Therefore, we can see that these are two different sources of visitors, and if some people consider it more convenient to come by ferry, why should they be forced to drive? Moreover, driving is, after all, more polluting than travelling by ferry insofar as Hong Kong's air quality is concerned. I, therefore, consider that travelling by ferry is a better arrangement.

I think the Government's argument cannot justify its view that the opening up of the SkyPier is not a viable option. I hope that the Secretary can put forward more reasons in his response later. I all the more hope that the Secretary will agree to take this step. If so, the Government can immediately give a boost to the local community economy of North Lantau without having to expend a lot of resources. This will be helpful to residents in North Lantau and the tourism industry. Such being the case, why does the Government not do it? Why does the Government not do something and take one step forward? If it is said that there has yet been co-ordination among the departments, should the Chief Executive, Secretaries of Departments or a certain Director of Bureau take the lead to achieve an all-win situation? President, I hope that the Government can think twice over this.

MR TONY TSE (in Cantonese): President, as early as the late 1980s, in the Port and Airport Development Strategy published by the Government, it was already proposed that a new town be developed on North Lantau as the back-up community for the new airport at Chek Lap Kok. In the course of more than two decades, the Government has conducted a number of relevant studies and during this period, the Lantau Development Task Force headed by the Financial Secretary was established and the Concept Plan for Lantau drawn up. However, despite a series of studies and consultations, the development plan for North Lantau has remained at the planning and study stage, so the progress has been far

too slow. After more than two decades, does the Government have any inclination in respect of the development strategy for North Lantau?

The supply of housing in Hong Kong is inadequate and land resources in the urban area are very limited. If we want to increase their supply, one of the ways is to develop the New Territories and the outlying islands to release more new land for development. Lantau is the biggest island in Hong Kong with an area of 147 sq km, but the residents there are relatively speaking not large in number, mainly concentrated in Tung Chung. At present, the population in Tung Chung is about 78 000 and according to planning, Tung Chung can actually be developed into a new town to house 220 000 people, that is, an almost three-fold increase from the present population.

To house so many people, land development must be expedited and at the same time, a good job must be done in respect of such complementary facilities as transport and employment. The development on North Lantau in the past included the new airport at Chek Lap Kok, the Disneyland and the construction of an artificial island east of the Chek Lap Kok airport as the starting point of the Hong Kong-Zhuhai-Macao Bridge (HZMB). The area of reclamation is over 1 000 hectares, so this has caused considerable impacts on the environment and ecology of Lantau as well as the residents and fishermen there. The planning and development of North Lantau in the future must achieve an equilibrium in various areas to reduce the potential impacts on residents and the environment.

President, the railway is adopted as the backbone of transport in Hong Kong and railway networks link up all parts of Hong Kong. With the commissioning of the HZMB in 2016, coupled with the increasingly well-developed transport networks of the Mainland, in the future, North Lantau will play the role of being an important transport hub for Hong Kong and the Pearl River Delta (PRD) Region. In the future, the flow of people and traffic between Hong Kong and the Mainland via Lantau will increase significantly. Therefore, it is necessary for the Government to perfect the existing overall complementary transport facilities on Lantau by building additional vehicular bridges to connect Lantau with the urban area, so as to ease the burden on the Tsing Ma Bridge.

President, the amendment proposed by me today covers mainly three areas: (1) Various Policy Bureaux should be actively involved in drawing up the development planning proposals; (2) valuable features of the local economy and

culture should be preserved and their sustained development should be ensured and (3) a "local professions first" policy to create employment opportunities and raise standards should be actively implemented.

First, I propose that the various Policy Bureaux concerned in the Government must be actively involved at the preliminary stage of formulating the development planning proposals because judging from the experience of developing other districts in the past, I believe that when formulating planning proposals, apart from the Development Bureau, which played a leading role, other Policy Bureaux may have also played a part, but how great was the extent of participation? For example, what role did the Home Affairs Bureau, which is perhaps the most oriented towards the public and the most capable of keeping tabs on public sentiment and public opinion, play in district planning and development in the past? Should other Policy Bureaux, for example, the Transport and Housing Bureau, the Environment Bureau and even the Commerce and Economic Development Bureau, be involved in the preliminary planning, how should they be involved and should they be more proactive?

In the past, some Members criticized the Government for adhering to formulaic criteria in carrying out rigid planning for various districts, as a result, nowadays, one finds planning and buildings that are more or less the same no matter which new development area one goes to. In fact, judging from Tin Shui Wai, Tseung Kwan O, Ma On Shan and the development of the Tung Chung New Town nowadays, the Government's planning has only focused on housing and transport, so how much of the historical appearance and how many of the characteristics of these districts can be preserved and passed on?

Simply put, at the mention of Sha Tin and Ma On Shan, one would think of the quarry and at the mention of Tseung Kwan O, one would think of Tiu Keng Leng, where many members of the Kuomintang used to live together. However, when I asked many young people of the post-80 and post-90 generations, I found that their impression of Ma On Shan consisted of shopping arcades and their impression of Tseung Kwan O consisted of the landfills or the TVB City. Back then, when the Government was drawing up the development plans for these two districts, were other relevant policy departments engaged actively? Did they put forward proposals on promoting local characteristics, culture, employment and development? I really do not wish to see the future planning and development of new development areas repeat past mistakes.

In addition, I also propose in my amendment that in formulating the planning proposals for North Lantau, valuable features of the district economy and culture should be preserved and as a Member said just now, their sustained development should be ensured. The Government once said that Tung Chung had the potential to develop into a "bridgehead economy" but we must bear in mind that the relevant development planning must reinforce and continue to develop existing valuable district economic activities which see participation by the public. Similarly, various districts have different cultural characteristics and many of them have taken root in the hearts of the people. We should preserve these valuable cultures rather than destroying them. Meanwhile, the Government should also preserve both the cultural software, for example, intangible cultural heritage and festive activities, as well as the hardware, that is, buildings with historical and cultural characteristics and through the synergy produced by the combination of the cultural software and hardware with economic activities, more employment opportunities for the district can be created and even as the district economy is stimulated, the characteristics of local cultural life can be passed on and promoted.

Lastly, in my amendment, I demand that the Government actively implement a "local professions first" policy. All along, various professions have respective quality professional teams as well as a sound foundation in education and training. However, the Government did not make use of the opportunities arising from carrying out large-scale projects and development to actively promote the long-term development of local professional services. In the past, many world-class development and engineering projects were launched in Hong Kong but under the influence of the brand-name effect, more often than not, the services of well-known overseas companies were used and overseas professionals recruited, thus affecting the participation of local companies and professionals. Moreover, the Government failed to introduce special measures to assist in technology transfer in various professional fields that would otherwise further enhance the skills of local professionals and give the export of local professional skills an edge. Therefore, I strongly demand that the Government implement the "local professions first" policy to give local professionals the opportunity to gain more experience, so as to upgrade the professional standards and skill levels overall. In this way, greater benefits can be derived when we export these professional skills and provide services to other places.

Thank you, President. With these remarks, I hope Members will support the original motion and my amendment.

MISS ALICE MAK (in Cantonese): President, first, I thank Mr CHAN Han-pan for moving this motion, so that we can discuss the development of North Lantau and speak for the residents in this district. The motion says that North Lantau should be developed into a city that is good for living, doing business and leisure activities. Why does it say that? Because at present, this district is neither good for living, nor good for doing business or leisure activities, so we have to do something for the residents there.

First, on living, at present, what difficulties have residents there encountered? Tung Chung is well-known for its high fares. We have a notice issued by the Housing Department to residents moving into Yat Tung Estate upon flat in-take in 2001 and it was said therein that there would be a railway station for the Lantau line extension there and the location of the railway station is clearly marked therein. However, so far, there is still no sight of this station.

Not only is the transport in this district inconvenient, the fares are also very high. However, residents in Tung Chung have no choice but to take trains or franchised buses that connect with the Tung Chung Line. For many years, we have organized a number of petitions over the issue of transport fares for Tung Chung together with the residents of Tung Chung and Mr TANG Ka-piu, who is a member of the District Council there and our Honourable colleague from the FTU. After all these years, we have become very familiar with a slogan, that is, "Sad are residents of Tung Chung, who daily must value to their Octopus Cards add, and with their income their transport fares cannot even be met.". Please look at this huge Octopus Card of ours here. It is necessary to add value to it and use it numerous times daily. Even so, have the authorities ever listened to our and residents' heartfelt voices?

To turn the district into a city good for living, first of all, it is necessary to solve the transport problems. Transport fare is a very important issue but whether or not the transport is convenient is another matter. No matter if a pier or new residential areas will be developed or not, the Government must first of all do a proper job on transport when carrying out planning. If the transport problem is not dealt with properly, be it people living or doing business in the

district, they would all find the transport inconvenient, thus making it a city not good for living or doing business.

In addition, there are also problems related to the Lantau Link and the Tsing Ma Bridge. Ever since those years, I have been a District Council member of the Kwai Tsing District. I remember that when the construction of the Lantau Link began, we felt very proud and often went there for a look. People also visited that place in droves and voiced their marvel at the magnificent bridge. When the Tsing Ma Bridge was commissioned, we even set off fireworks on the bridge. However, little did we realize that after setting off the fireworks on that occasion, a lot of the banknotes in residents' pockets would also be expended.

Since it is necessary to pay toll to use the bridge, the toll for crossing the bridge have deterred motorists from driving to Tung Chung, so not many Tung Chung residents drive. At present, an entire car park building in Yat Tung Estate is left vacant and The Link is also unwilling to open it, so as to avoid wasting electricity. This is proof that the authorities have blundered in their planning. Since it is necessary to pay for using the Lantau Link, motorists are unwilling to drive because of the high toll. The toll of the Lantau Link is also transferred onto bus fares, so the fares for the bus routes serving Tung Chung and those serving the airport are particularly high.

Another issue of great concern to residents is none other than that of food. The FTU has conducted a survey on the price index of buying food for meals in Tung Chung and will publish the price index for the latest quarter soon. Each time the index was published, we would find that Tung Chung had nothing to boast about, yet the index indicated that food prices in Tung Chung are the highest, often ranking among the top three in Hong Kong, on a par with those in Wan Chai.

Just now, an Honourable colleague said that the number of households receiving CSSA in Tung Chung was almost the highest in Hong Kong and that the concentration was also the highest but ironically, food prices in the district are the highest. The saying that "the poorer the more hell" rings very true there. The less income one has, the greater the expenses incurred and the only alternative is to eat nothing. Why has such a situation arisen? This is also attributable to the problems in planning, which has resulted in the monopolization

by consortia. At present, there are only two markets in Tung Chung, that is, the markets in Fu Tung Estate and Yat Tung Estate, but these two markets are monopolized by The Link. Moreover, through the single contractor system adopted by The Link, the sale of all meat and vegetables is monopolized by a contractor, so how possibly can food prices be low?

Just now, an Honourable colleague also said that according to the Government's planning, Tung Chung should serve as a back-up area for the development of the airport. It is true that many Tung Chung residents work at the airport and as we all know, the work at the airport involves working in round-the-clock shifts, so how can the transport problem be dealt with? We must not think that given Tung Chung's proximity to the airport, transport must be very convenient. In fact, it is by no means convenient and the fares are by no means cheap either. Moreover, when residents finish work and return to their community, they have few choices in terms of food. In view of this, we once proposed that night markets be established in Tung Chung. However, when carrying out planning, the Government has not given consideration to issues relating to a "street economy" or "bazaar economy", so it can be said that it has totally overlooked the local culture and local dual economy advocated by us.

In respect of living, the issue of medical services must also be taken into consideration. At present, the nearest accident and emergency service for Tung Chung is provided by the Princess Margaret Hospital. Although residents there will hopefully be able to use the services provided by the new North Lantau Hospital, the Government has said that this hospital cannot provide 24-hour service. In other words, residents must not fall ill at night, or they would be in a quandary. The only thing they can do is to turn to the Princess Margaret Hospital for assistance again. In addition, since there is a shortage of doctors for the new hospital, specialist services will not be available either. Again, where does the problem lie in? This is also a problem caused by the Government's planning. Moreover, this is not just a problem in land use planning, but also in the planning of healthcare workers.

In that case, is Tung Chung a city good for doing business? Currently, it is not either, because small and medium enterprises (SMEs) have no opportunities to enter the market there at all. Not to mention the fact that the shopping arcades and markets in the two housing estates in Tung Chung are monopolized by The Link, even the Citygate, which is a private development, is also managed

by a large property developer, so the rents of the shops there are high and it is practically impossible for small businesses to enter the market.

Therefore, if the Government wants to develop North Lantau, it should develop it into a community good for living, doing business and leisure activities and in this connection, there are several problems that must be solved. The first is the problem of transport fares, which has been discussed for many years. We demand that the Government give back to the residents of Yat Tung Estate and Tung Chung the railway station that it owes them. This is the promise made by the Government when deceiving residents into moving into the district and now, it is only right to give a railway station back to them, so that the problem of inconvenient transport can be solved as soon as possible.

There is also the issue of monthly tickets for the Tung Chung Line. At present, it can be said that this monthly ticket is useless and that it is only designed to gag criticisms. As I said just now, indeed, many Tung Chung residents have to travel to the airport for work but it is precisely for trips between Tung Chung and the airport that the monthly ticket for the Tung Chung Line cannot be used. Therefore, we demand that the monthly ticket system for the Tung Chung Line be improved. In addition, it is also necessary to abolish the toll for the Lantau Link. Otherwise, no matter if it is a pier or residential areas that will be developed in the future, the toll would only pose obstacles to Tung Chung residents in their travel and to local economic activities.

As regards the issue of the high prices of goods, we have raised it for many years and hope that a market managed by the Food and Environmental Hygiene Department can be built in the district. The Secretary is now present, so may I ask him if it is true that no land is available in Tung Chung? Can the authorities allocate a site for the construction of a public market to solve the problem of residents having practically no choices at present, so that small businesses and SMEs can have an environment to operate their businesses?

All along, the FTU has advocated the development of local dual economy, economic activities with local characteristics and street economic activities. For this reason, we also demand that a bazaar and a night market be set up in Tung Chung. In fact, the Government has now reserved a lot near Yat Tung Estate for other purposes, so is it possible to allocate the lot for the development of a bazaar economy first, so as to take the first step in this direction?

In addition, if we want to develop the district into a city good for leisure activities, as an Honourable colleague said just now, given the low utilization rate of the SkyPier and that even a mismatch has occurred, should the pier not be opened to the public? We can consider the operation of external ferry services, and domestic ferry services can even be launched right away. Will the Government consider opening the SkyPier to the public as soon as possible to attract more people to go to Tung Chung, so as to facilitate both visitors and residents?

We also request that ferry services for bicycles be provided. Under the proposal put forward just now, we hope that a cycling track can be built in the district. Can the authorities let members of the public riding bicycles use the SkyPier at Tung Chung to take ferries to the Tsuen Wan Ferry Pier after making their way through Tung Chung on bicycle, then (*The buzzer sounded*) complete the remaining leg of their journey on bicycle again? I hope the Government

PRESIDENT (in Cantonese): Miss MAK, your speaking time is up.

MISS ALICE MAK (in Cantonese): can consider our views. Thank you.

MR VINCENT FANG (in Cantonese): President, it was reported in the press earlier on that Mr CHAN Han-pan and I happened to have proposed similar motions for today. He proposed the development of Tung Chung and apart from the fact that this would promote the development of his constituency, the aim is certainly to support the proposal of the Chief Executive on a "planning and engineering study on the remaining development in Tung Chung" in the Policy Address, whereas my proposal is to develop the entire Lantau. This is related to the issue of how to promote the sustained development of Hong Kong as a whole, including its economy and society, which has been a concern to the Liberal Party all along. As I said in my amendment, at present, the land available for development in Hong Kong is very limited but the land on Lantau is extensive and the developed area is negligible. Since it has a lot of natural tourism resources and the advantage of well-developed sea, land and air transport, as several Honourable colleagues pointed out just now, why do we not give play to Lantau's advantages by all means?

The Honourary Chairman of the Liberal Party, Mr James TIEN, once moved a motion in 2006 on developing a leisure, gaming and entertainment complex and a holiday resort on Lantau by making reference to the measure taken in Singapore. Although it was negated due to Hong Kong's policy of not supporting the gambling industry, it does not matter. We can just delete the words "gaming and entertainment" and Lantau is still an ideal place for the development of holiday resorts and new towns. This would also serve to resolve two topical issues, namely, housing supply and the length of stay of visitors in Hong Kong.

Last week, in the debate on the Policy Address, Members all demanded that the Government increase its land supply and build more public housing. Many political parties opposed the development of the North East New Territories (NENT) by the Government. Apart from concerns about conservation, some people are also concerned that NENT would become the back yard of Shenzhen, so it would be no easy task to launch the development of NENT. However, if we do not turn our attention to undeveloped areas, may I know where the land can come from?

On another note, judging from the statistics on tourism, half of the visitors to Hong Kong did not stay in Hong Kong overnight, so it is said that they are all parallel goods traders but I do not agree with this inference. However, it is true that the length of stay of visitors in Hong Kong is getting shorter. For this reason, we have to examine how to attract international and Mainland visitors to stay longer in Hong Kong. Unfortunately, there is a lack of large-scale resorts and leisure facilities in Hong Kong. Even Macao was able to attract the internationally renowned Banyan Tree Resort to establish its presence there but in Hong Kong, apart from the Disneyland Hotel, there are no resort facilities with a combination of golf course, beach, spa and recreational activities. Even local people would choose to stay a few days in resorts on the Mainland or overseas to "recharge" themselves, so may I ask how Hong Kong can retain its visitors?

In fact, it is not the case that we are born with deficiencies. Not only is Hong Kong endowed a large number of beautiful natural beaches, it also has a countryside with hills overlooking the sea. Lantau is not a fisheries protection area designated by the Government and it also has beaches that compare favourably with those at San Ya, for example, Cheung Sha. When it comes to the preservation of culture, there is Tai O and there are also many new spots, for example, the Ngong Ping 360, the Disneyland Theme Park and the Big Buddha.

When it comes to dining, there are seafood and Poon Choi (Big Bowl Feast) and when it comes to shopping, there are large shopping arcades. Coupled with its geographical proximity to the Pearl River Delta and its well-developed international and local transport networks, Lantau actually has the potential to be developed into a resort area that is even more attractive than Sentosa in Singapore. In that event, not only can tourism in Hong Kong be enriched, greater momentum can also be added to the sustained development of a diversified economy, thus increasing employment opportunities in the local communities and providing more opportunities for upward mobility.

To develop a new town, the most important elements are land and transport networks and job opportunities in the local community. Basically, all these can be found on Lantau, so even a consultation exercise can be dispensed with. Why? Because as early as 2004, the Chief Executive of the first term, Mr TUNG Chee-hwa, established the Lantau Development Task Force and after a series of consultations, the Concept Plan for Lantau was formulated. The main proposal was to reinforce Lantau's strategic position as a major tourism centre and the proposal at that time had already taken into account such areas as the environment, culture preservation and the sustained development of the economy, so the plan won widespread support. This is completely in line with Mr LEUNG Chun-ying's claim in the Policy Address that Lantau Island, in particular Tung Chung, has a geographical advantage for the development of logistics, tourism and other industries, hence creating new employment opportunities for the local residents. Unfortunately, after Mr TUNG had left office, the previous administration did not follow up the relevant plan and most of the proposals were just shelved. Many Honourable colleagues expressed the concern that the operation of the AsiaWorld-Expo at the airport was more difficult than envisaged after its completion, so what is the main reason for this? In fact, this is because the development plan for Lantau has ground to a halt.

Although the original motion and all amendments focus on the development of Tung Chung, the Liberal Party believes that so long as they can promote the development of Lantau, we will support all of them because the proposals of the two Chief Executives all seek to develop Lantau into a tourism centre. Two Members also propose that the SkyPier reserved for exclusive use by the airport be opened up as a public pier and this is in line with the proposal advocated by the Liberal Party all along. In particular, the SkyPier as a seaport located between China and Hong Kong is located at the estuary of the Pearl River and plays a strategic role in the development of the entire Lantau for there is no

other plan for the development of control point facilities apart from the land border control point at Liantang.

As regards the proposal to abolish the toll for the Lantau Link, will this have any effect on the traffic on Lantau as a whole, particularly on the public modes of transport serving the airport? We believe that this requires further study, so we have reservation about this for the time being. For this reason, we will abstain from voting on Miss Alice MAK's amendment.

However, Dr Fernando CHEUNG's amendment also proposes combating the monopolization by property developers and consortia. Although we agree very much with this and that no matter in what circumstances, there should not be any monopolization, any major development programme has to make good use of the financial power and ability of the business sector in order to succeed. For this reason, the Liberal Party cannot support this amendment.

President, since the proposals in the amendments of various Honourable colleagues reflect the fact that Members do not oppose the development of new towns or finding new bright spots as the momentum for the sustained development of Hong Kong economy, and still less do they oppose making optimal use of Hong Kong's natural tourism resources, historical monuments and culture to promote economic development, Mr LEUNG Chun-ying's proposal to develop Tung Chung has basically won the support of the great majority of the political parties in the legislature. I hope that the Secretary can bring this piece of good news today back with him and launch this development programme at an early date. This would be favourable to the popularity of the Chief Executive, the administration by the Government, the development of Hong Kong economy and society and the living of the public.

I so submit. Thank you, President.

MR JAMES TO (in Cantonese): President, we have to make optimal use of land and we also have to develop Lantau. However, given the prevailing new social atmosphere and the political and economic situations in society, we have to proceed carefully.

In the past few years, I have heard one claim: Why is there often the desire to suppress the development of Lantau or the airport, or the Airport Island? This

is because many influential people do not want to see too much development there, since many people with vested interests already possess a great deal of assets in the urban area, so they do not wish to see too much development there. I have thought over this for a long time. Is this true? I cannot help but suspect that there is really some grain of truth in this. Why? To use the SkyPier as a simple example, we just cannot figure out why it must be used by the airport exclusively. As a number of Honourable colleagues said, it is absolutely possible to expand the SkyPier and its functions and open it up for use by domestic ferries and even China-Hong Kong ferries. There are excellent sites and complementary facilities on the Airport Island and there is no need to carry out any consultation or planning, or wait for development to be carried out. Basically, it can be put to use within a short time. However, all along, it seems that the Government has a lot of land but it does not want to develop it.

Moreover, this is also the case with regard to the AsiaWorld-Expo. Our impression is that the Government has been suppressing its development. Why? It is often said that the Hong Kong Convention and Exhibition Phase 3 Project is necessary, yet there is still a lot of space at the AsiaWorld-Expo that can be utilized and it only takes 10 minutes to get there from the airport. If there are a sufficient number of hotels and other measures and if a proper job is done in respect of publicity and networking, I think the AsiaWorld-Expo actually has great potential as an important strategic development.

As regards Tung Chung, I know that ever since the development of this new town, residents there have had to endure a great deal of miseries and grievances. There is a lack of adequate facilities in this district, so I think that from the angle of building a new town, great wrong has been done to them.

Miss Alice MAK talked about this in great detail when she spoke on her amendment just now and I agree with all her views except one point, that is, the abolition of the toll for the Lantau Link. My view is that of course, in theory, abolishing the toll for the Lantau Link would surely be somewhat beneficial to residents, but I have to look at the extent of such benefit and the issue of compatibility and consistency with other policies. If we really abolish the toll for the Lantau Link, will the toll for the Tai Lam Tunnel also be abolished? If the toll there is abolished, do we have to abolish all the tolls for all other facilities built by the Government?

If residents in Tung Chung use mass transport as their means of external transport, in fact, the charge in this regard only accounts only for a very small proportion of their overall transport expenses. If the toll for the Lantau link is really abolished, will this be really that helpful to residents? Just consider this: If we drive to Tung Chung, the fuel cost is far higher than the toll. Therefore, if the toll for the Lantau Link is abolished, will this really be that helpful? I think this definitely involves the issue of whether or not tolls should be charged for the use of all transport facilities built by the Government as a matter of consistency.

President, as regards the development of Lantau in other areas mentioned by Mr Vincent FANG just now, I think we really have to be very cautious because nowadays, social values have changed and if we develop Lantau on a large scale and develop a lot of facilities on the land there, I believe we have to be very cautious. However, with regard to the Tung Chung New Town and the Airport Island, which have been developed, I think there will certainly be fewer disputes in this regard, and it would also be easier to put in place the complementary facilities and carry out the relevant planning, so I think that in the near future, the projects in this regard should be accorded priority.

President, in the various amendments, we can find some micro and minor measures. For example, Dr KWOK Ka-ki proposes the setting up of flea markets and I think this is a very minor measure. However, what matters the most is that the Government has the determination to put in place complementary facilities properly to develop the Tung Chung New Town and the Airport Island. I think results can be achieved very quickly and since this is a new visionary development with good prospects, I hope the Government can put greater efforts into it.

Recently, I learnt that some consultancies have conducted new studies on Lantau, in particular, on the Airport Island. If in the past, some influential people really wanted to prevent the development of the Airport Island, I believe they would still contrive all sorts of ways to do so now. I hope the Government has the resolve to turn this development project into reality at an early date.

DR FERNANDO CHEUNG (in Cantonese): President, regarding the development in North Lantau, I would not say that I am well-versed in it. Having said that, I had set up an office in Tung Chung in the session before this and I thus have gained some understanding about the community in Tung Chung.

In 1997, I conducted a study and a review on the new mode of integrated social service project implemented by the Hong Kong Sheng Kung Hui in Tung Chung. At that time, I often went to Tung Chung for site interviews. So I have been following the development of Tung Chung from a nearly deserted area into a new town — the residents moved in there between 1997 and 1998.

Today, Tung Chung faces quite many problems. Surely, we notice that the authorities were ambitious and enthusiastic about the development plan of Lantau as a whole in 2004. In February 2004, the Lantau Development Task Force led by the Financial Secretary was set up and some plans and ideas had been put forth. Yet, it was the case in 2004. The plans proposed back then were mere concepts. Many concepts, including the building of a casino, had been put forth, and I still hear the Liberal Party mention these concepts today.

The remarks made by Mr Vincent FANG earlier were quite appalling. He said that since a task force had been set up at the time to put forth certain concept plans, and assessments and consultation had been conducted on those concepts, those proposals could be implemented right away without any consultation. If so, there will be big trouble.

President, we are talking about the development concept plans of Lantau Island in 2004 and 2005. In 2007, the authorities rolled out several so-called revised concept plans, which included at least 16 development plans, and I notice that there were at least four projects involving reclamation of a considerable area. Are these plans still suitable to be carried out now? President, even the plans were introduced in 2007, it has been five to six years since. Should they be implemented right away?

I have thus proposed my amendment to point out that detailed assessments on society, culture, environment and ecology should be conducted. We should not act in a hasty manner. These assessments are extremely important, for we should respect the environment and culture, attach importance to nature conservation, and respect various living things on the land and in the sea. The daily life of residents there, be they indigenous or non-indigenous, will be affected by these plans, so it is unjustified to keep them in the dark. It has been so many years since those concept plans were mooted. If the authorities were to revisit those plans again and adopt a top-down approach to bulldoze through those development plans, I think it is definitely not a civilized practice.

This is exactly the case with the present North East New Territories New Development Areas project. The Government has adopted the top-down approach to bulldoze through the plan. Members should have noticed that after the announcement of the plan by the Government, estate developers have begun buying lands there. In the absence of an effective agricultural policy to protect the agriculture land, the agriculture and fisheries industries in the district will definitely be affected by the works in this respect. Actually, the district has already been affected tremendously. Project Work like the traffic connection work for the Hong Kong-Zhuhai-Macao Bridge and the construction of the third runway of the airport in future will have tremendous impacts on the environment and ecology. It is indisputable that the ecology, the fisheries industry and the residents there will be affected anyway.

We will not allow the Government to implement the projects without conducting consultations. Mr Vincent FANG said earlier that he could not support my amendment, for I mentioned in my amendment the need to combat the monopolization by property developers and consortia. I find his remark quite strange. I wonder if he indeed supports monopolization by property developers and consortia. We are not denying the contribution of the business sector, nor are we denying the functions of the market. However, we should not be heavily biased towards any single side to allow it to push through the plan with a top-down approach via the monopolization it enjoys. We should uphold the diversification of economy, so that by means of democratic planning, we will be geared in the main direction of sustainable development.

As for the development of Tung Chung, the Policy Address has mentioned the Tung Chung New Town Expansion Study. President, in June and July last year, the authorities carried out some consultation work. I have browsed the webpage of the Government, but found little information provided. For the development in the district, it is still at the conceptual stage. But the Government has after all conducted some consultation, and it has indicated that surveys have been done. Honestly, if the consultation or the survey is conducted in the lack of information, it will be simply useless, for the local residents do not know what will happen. No matter how, the consultation did gather some opinions. For example, at the consultation meeting, a social worker compared Tung Chung to an isolated island. According the figures of the Hong Kong Housing Authority, the percentage of family recipients of Comprehensive Social Security Assistance (CSSA) in Yat Tung Estate tops three charts in the territory. First, CSSA family recipients there account for 21.5% of the total number of

households, which means one out of five households is an CSSA recipient. And in this single-parent families account for a quarter, and the remaining recipients are mostly elderly or unemployed persons.

Tung Chung, Yat Tung Estate in particular, is a relatively isolated community, where community facilities are inadequate, and manpower for service provision is in shortage. We identified this problem in the study carried out in the past. The issue is palpable in Yat Tung Estate. Many people spoke at the consultation forum, and they considered that conservation and respect for natural ecology should be adopted, and they pointed out that many reclamation projects were absolutely unnecessary.

I notice that a number of Members have pointed out that despite the availability of many undeveloped lands in Tung Chung or the whole Lantau, the Government has resorted to reclamation but not the development of those lands. It is really baffling. Moreover, according to the previous plan, a MTR station will be built at Yat Tung Estate. Now that the residents have been living in the estate for over 10 years, the authorities have not yet honoured its promise. The availability of sports, recreational, cultural and medical facilities is all behind schedule, some of the construction works of these facilities are still in progress, whereas the North Lantau Hospital is still in preparation. The population projection by the authorities is often incorrect. Is the population of Hong Kong growing so fast that large-scale development in community is required? As proved by the facts in the past, these projections usually involve overestimate.

Monopolization is also found in shopping malls in the district. The two major shopping malls, namely The Link REIT shopping plaza and the Citygate, are monopolized by large consortia. As a result, a large number of chain stores appear in these shopping centres, where small shops can hardly survive. This phenomenon is unfavourable to local employment in the district. The community economy is rather weak, while the wages offered to residents are particularly low. Since employers know full well that local residents have to bear expensive transport fares if they go to work beyond the district, employers thus offer low wages in recruitment. As for wage earners, after calculation, they would rather accept the low-wage offers in order to save transport expenses.

We notice that many green organizations have expressed extreme concern about the ecology there. For instance, The Conservancy Association considers that since Tung Chung River has been designated as one of the rivers with

important ecological value, then it should be protected. The Conservancy Association and seven green organizations have issued a statement advocating the protection and conservation of the estuary of Tung Chung River, the coastal area of Tung Chung Bay and the relevant natural ecology, and they have put forth concrete proposals on various aspects. We hope that the agricultural industry will also be protected.

President, I so submit.

MR YIU SI-WING (in Cantonese): First of all, I would like to declare my interest. Our company provides cross-boundary bus services at the airport and has some indirect investment in the SkyPier.

In the Policy Address delivered last month, the Chief Executive put forth the development plan for Lantau Island. Mr CHAN Han-pan's motion today timely provides an opportunity for government officials to listen to the initial views of various sectors and Members from various political parties and groupings at the meeting, and these views will form a foundation for future studies.

As I understand it, the Government's studies on the new town development at Tung Chung started from the 1990s. However, when we review the progress, I will say that it has proceeding at snail's pace and it is apparently behind schedule. According to the original plan, there would be 200 000 people living in Tung Chung, but now there are only around 90 000 people. Now, I will try to analyse the advantages and disadvantages of Lantau Island, as well as the opportunities available and threats present, and then put forth some proposals on the direction of the development of Lantau Island.

At present, there are a number of landmark large-scale structures on Lantau Island, including the Chek Lap Kok Airport, the Disneyland, the Ngong Ping 360 cable car, the Tian Tan Buddha and the Asia-World Expo, and so on. The total asset value of these structures amounts to \$150 billion approximately. At the same time, there are natural resources and traditional feature spots like Tai O, Cheung Sha, Pui O and Shui Hau, which are rich in local and cultural colours. These are favourable conditions conducive to the development of tourism, highlighting the potential of Lantau Island in developing business, leisure and ecology tourisms together.

Moreover, with the opening of the Hong Kong-Zhuhai-Macao Bridge to traffic in 2016, it will take only 20 minutes to travel between Lantau Island and Qianhai in Shenzhen or Hengqin in Macao. Together with the West Hong Kong-Shenzhen Express Line and the Hong Kong-Shenzhen Western Highway to be built, it will take only 20 minutes to travel between Lantau Island and Central and Sha Tin via the connecting roads. It is evident that with the completion of various cross-boundary and large-scale infrastructure in succession, Lantau Island will become the transport hub in the Pearl River Delta, bringing about opportunities for the development of "bridgehead economy".

With the integrated opportunities presented by the advantages in tourism and "bridgehead economy" of the district, Lantau Island has great potentials to be developed into a tourism island comparable to Sentosa in Singapore, and the development will enhance Hong Kong's image in tourism and improve the living standard of residents in the district. In recent years, the supply of tourist supporting facilities, such as hotels, retail and catering services, is getting tight. Since these supporting facilities are mostly concentrated in both sides of the Victoria Harbour and prime commercial districts, the development of tourism in Hong Kong has come to a bottleneck, so it is necessary to increase the capacity of tourist support in future. If Lantau Island can be developed into an international tourist resort, it will be the new bright spot in Hong Kong tourism, easing the pressure on hospitality in the urban areas.

However, there are many problems with the tourism development in Lantau Island at present. It is pointed out in a survey that over 53% of the respondents consider it necessary to improve the land transport of Lantau Island, and over 42% consider it necessary to improve the transport between Lantau Island and the urban areas in Hong Kong, and 40% consider it necessary to improve its marine transport. If tourism development is to be carried out on Lantau Island, the authorities have to take proactive actions to deal with the inadequacy in transportation. The absence of clear positioning is the main hindrance to the effective development of Lantau Island over the years. Despite the many tourism facilities available on Lantau Island, the Government had focused on the planning on logistics and transport in the past, leading to a palpable inadequacy in municipal and tourism planning. As a result, relevant bureaux, including the Development Bureau, the Transport and Housing Bureau and the Commerce and Economic Development Bureau, lack proper co-ordination, thus directly impeding the examination and implementation of overall policies and measures in respect of Lantau Island.

In the Pearl River Delta (PRD) Region, the annual retail sales reach an average of RMB 130 million yuan at present, and the enormous scale of the market is very attractive. When the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge are open to traffic, it will further realize the concept of "one-hour living circle", which offers great strategic value in the competition for the PRD consumer market. As we see that large-scale infrastructure works are now in full swing in Qianhai, Shenzhen and Hengqin, Macao, the two main exits of the bridge, so if we do not make an effort to catch up in developing Lantau Island, we will be lagging far behind the trend a few years later.

Tourist spots in Lantau Island are only linked in a linear mode, where the plane-scale development is overlooked. In the medium-to-long term, the existing North-South Road Link should be enhanced, and this includes improving the Tung Chung Road and roads in Lantau South, speeding up the progress of the main line of the Hong Kong-Shenzhen Western Express Line, and examining the connection of Urmston Road from south to north as soon as possible and the possibility of establishing a direct link between Northwest New Territories and Qianhai, Shenzhen, so as to reinforce Lantau Island's role as the transport hub.

In the near term, the authorities may examine opening up the SkyPier for the provision of various cross-boundary ferry services for tourists. At present, the pier merely serves as a supporting facility to the Chek Lap Kok Airport for the convenience of transit passengers, which is indeed a waste of resource. If the SkyPier is opened up, it will facilitate the commute of tourists among Hong Kong, Mainland and Macao. It is estimated that such an arrangement will increase the passenger trips by 1.5 million to 3 million a year, which will bring additional job opportunities and other economic benefits to Lantau Island.

Moreover, to cope with the increasing tourist traffic after development, the authorities should promptly strengthen the existing tourist support facilities on Lantau Island. According to a survey conducted by a district organization in the district, which seeks to gauge the views of visitors on improving the tourist facilities on Lantau Island, over 60% of the respondents consider that more shopping facilities should be provided, and over 55% consider that additional catering facilities should be provided. In this connection, the authorities should consider making funding provisions for the construction of large-scale shopping areas to provide both retail and wholesale services. For instance, it may

consider developing the north of the airport into a commercial district, forming this into a famous tourist shopping spot in the district, thereby easing the bottleneck of tourist shopping in the town centre.

At the same time, in view of the frequent traffic congestion and shortage of parking spaces at tourist spots in the urban areas, the authorities should examine the provision of additional parking spaces in North Lantau, covering the boundary crossing area of the Hong Kong-Zhuhai-Macao Bridge, various major tourist spots, shopping spots and the commercial areas surrounding the airport. The arrangement is meant to provide convenience to tourists visiting Lantau Island through various channels and the bridge, so as to attract them to stay in the district to shop and spend, which will then enhance Lantau Island's attractiveness to tourists.

In respect of tourism spots, though the performance of the Disneyland has been improving in recent years, it remains the Disneyland with the smallest area in the world to date. Given the current scale of development, it can hardly cope with the future increase in visitors arriving in Hong Kong, nor can it compete with the Disneyland to be built in Shanghai in future. As such, it must speed up the expansion progress. It has been learnt that the Disney of the United States is now discussing the expansion arrangement with the Hong Kong Government. I hope the works concerned will be launched as soon as possible.

The AsiaWorld-Expo, another landmark structure of Lantau Island, has all along been a catalyst for economic growth. In 2010 alone, it brought about \$13.4 billion income to the local economy and created, directly and indirectly, 26 000 employment places. Since the AsiaWorld-Expo has not reached its full capacity by now, if support for business tourism of Lantau Island is enhanced, it will be conducive to the development of the convention and exhibition industries in Hong Kong.

In recent years, Lantau Island has been facing the problem of hotel shortage, particularly three-star and four-star hotels in the vicinity of the AsiaWorld-Expo. The Government should expeditiously launch the demand assessment on hotel in Lantau Island, formulate long-term land grant arrangement as soon as possible, and draw up comprehensive hotel planning to support the "bridgehead economy".

We hope that the Government will upgrade various tourist support facilities, so as to boost the local economy (*The buzzer sounded*)

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

MR YIU SI-WING (in Cantonese): to improve people's livelihood and promote employment.

I so submit.

DR KWOK KA-KI (in Cantonese): President, Lantau Island covers an area of 147 sq km, which is almost the double of Hong Kong Island, and has a population of only 100 000 people at present. As such, many colleagues call for the development of Lantau Island. They are correct in saying that indigenous residents are relatively small in number in Lantau Island and it is easier for estate developers to obtain the lands there. If the Government is to develop the island, success will easily be attained.

But why have so many amendments been put forth today? Mr James TO said earlier that — he is not in the Chamber now — Dr KWOK Ka-ki had put forth a lot of items for amendment by including every detail in the amendment. President, had the Government achieved those targets, would I have to write them into the amendment? I heard the views of the business sector, like Mr Vincent FANG, whose remarks are pleasing, proposing the construction of a casino here and a shopping mall there. Mr YIU Si-wing said earlier that the development would attract more Mainland visitors.

Nonetheless, the residents there have never been mentioned, as if they do not exist. Since the Disneyland is there, and since "bridgehead economy" can be developed there, it is regarded as a place for making money, a place full of business opportunities.

Yet, Members should bear in mind that 100 000 people are living there, of which 80 000 people live in Tung Chung. In 1997 If Members look up the planning history of the Government, they will find one interesting point. It was stated at the time that the new town in Tung Chung was established to support the

development of the airport. In other words, those people moved there simply for the airport. Therefore, a majority of the first batch of residents moving into Tung Chung were indeed sacrificing themselves for the economy of Hong Kong. There is nothing wrong with this.

This group of people has the least bargaining power in the labour market as a whole. If they are employed for posts in Lantau, their wages will definitely be very low. Actually, the Government holds 77% of the shares of the MRTCL. I wonder, President, if you have ever taken the MTR to Tung Chung from here. A trip from Tung Chung to Central costs \$22.5, and it costs \$25.5 to travel to North Point, and a round trip will cost \$50 in total. Yet, it does not include cases where a resident lives in Yat Tung Estate and has to spend \$3.8 on shuttle bus for every trip. How much does he earn? We have just finished the discussion on minimum wage. I suppose he is earning \$7,000-odd, which means over one third of his wages has to be spent on transport.

Second, two days ago, the Government announced the latest figures on air pollution. I wonder if it was kind of mockery. The air quality of Hong Kong Island was poor, but that of Lantau Island was the poorest of all, whereas Tung Chung was the worst among districts with very high to severe air pollution. If the Government insists on building the third runway in future, residents of Tung Chung are sure to breathe in more exhaust. The pollution will become more severe when thousands of vehicles start using the Hong Kong-Zhuhai-Macao Bridge, if successfully completed.

Alright, what will these residents get in return? They will get a lot, expensive transport fares and expensive food prices. Since they live there, they have no other option but to go to Citygate of Swire Properties or the shopping arcade of The Link REIT. They will not go to other districts to buy food, will they? Definitely not, it will cost them \$10 to \$20 per trip. They do not have any choice, do they?

As for children living in Yat Tung Estate, Tung Chung, President, you must go to there for a look. They are playing with water in the sewer, for limited facilities are provided in the district. There is no sports ground, but only a small library located inside the community hall.

President, a hospital will soon be provided in the district, but the hospital does not provide 24-hour accident and emergency services. Such services will

be provided gradually, starting from eight hours, to 12 hours and then to 16 hours, and eventually, after a year or two, 24-hour services will be provided. This is how the Government treats the residents who have made contribution to the economy of Hong Kong, for the sake of the airport, the Disneyland and the construction of another theme park for the future of Hong Kong. Has anyone ever thought about these residents? No one will obstruct the development by the Government. Hong Kong is a small and densely populated place. LEUNG Chun-ying had visited there before he was elected Today, when Hong Kong people hear this, they may consider it ludicrous He said that Hong Kong had only used 7% of its land to accommodate its large population. He was looking down from Tung Chung when he made that remark, Secretary, do you know that?

However, had he been sincerely concerned about residents in Lantau Island, Tung Chung or Yat Tung Estate, he would not have done so, for none of the arrangements were made to address their needs. The authorities now talk about development, but nothing is said about the density and height of the development. Such development includes the reclamation of the entire Tung Chung River and Tung Chung Bay, which are of the greatest value to Tung Chung. I will not repeat the comments made by activists in ecology conservation.

Members should know that many tourists visiting Hong Kong do not come for the theme parks. Basically, Tung Chung River and Tung Chung Bay are wetlands, where the ecology contains a wide variety of species and the habitats of some relatively rare species. The Government chooses the difficult but not the easy way out. It simply fills up the river and the bay, and then builds the artificial theme park on top it. It is dwarfing itself, running against the global trend of developing conservation tourism. Why would it do so?

Many sites are available east of Tung Chung. Some people say that reclamation can be carried out there, and I think this can be considered. Next to the Tung Chung Line, on the side near the mountain, there are many lands. Given an area of 100-odd hectares, Lantau Island surely has great development potential. But more importantly, the Government should make it a place suitable for living.

Today, only Secretary Paul CHAN is present. But regrettably, he is responsible for neither medical services nor municipal affairs, not to mention transport affairs. That is the mentality of the Government. It will only address

the issue before its eyes, but leaving the other issues to future. As such, it will first carry out the reclamation, and then procrastinate on other issues by leaving it to the future. To put it bluntly, it considers these none of its business.

If the Government continues to act this way, it will aggravate the public's grievance towards the Government. It has moved 200 000 people into the district and let them suffer from the expensive rentals — I mean that they are suffering from expensive food prices resulting from the expensive rentals charged by The Link REIT on shop tenants — and expensive transport fares. They have no prospects. They are not provided with the essential community facilities. Is this place really suitable for living?

In terms of business, the most worthy approach is to make use of the existing historic culture in the district, by developing it into a cluster of ecology tourist spots and facilities attracting local and overseas visitors. But the Government has not done so.

I think the Government has been extremely shortsighted on many issues relating to development, and it has not given any explanation about this. I have participated in the consultation exercises and seminars organized by "United We Build Tung Chung". The Government is very "smart", for it has only presented the magnificent aspects but not the others.

President, the information I have on hand is a case in point. The authorities simply presented some beautiful pictures, and if you fall into the trap, the authorities will kick off the construction spree and a series of reclamation works. But yet, your needs will not be met. The authorities should not, and must not, do so. There is no problem with the idea of developing Lantau Island. In fact, the authorities should do so to develop more lands. It is acceptable. At issue is the lack of a comprehensive plan that will at least protect the ecology in the district and the habitats of various species. Should not the Government make more preparations and provide the supporting facilities before moving the large number of residents into the district?

Is indiscriminate development and reclamation a solution to the problem? Let me cite an example. One of the reclamation projects is proposed for the building of a theme park. It is alright for the Government to build more public housing and Home Ownership Scheme flats out of its concern for the public. It is alright to build additional community facilities or essential facilities. But why

would it give priority to the construction of a theme park? There are already two theme parks in Hong Kong, which have not been fully developed. President, the authorities should set the priorities right, should it not?

I do not know how the Secretary will reply later. However, Mr Vincent FANG will surely say that he has no objection and no reservation — it is fake. All these are the perception of the business sector. If the problem remains unsolved, it will aggravate the grievances of the public. I hope that in taking forward the development of Lantau Island on the one hand, the authorities will also give regard to the local residents on the other. The public will not be a hindrance, yet the authorities must act fairly. If the district is really a place suitable for living and doing business, a community with local colours where people can live in peace and work with contentment, why would we not support the development but have to oppose it?

I so submit. Thank you, President.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I thank Mr CHAN Han-pan for proposing this motion today and the eight Members for their amendments, as they have given us the opportunity to discuss the planning of the development of Lantau and listen to more views from Members over this issue in the Legislative Council.

Lantau has more than half of its land zoned as country parks and the greater part of its coastline still retains its natural form. To ensure the balanced and sustainable development of Lantau, the Government formulated a Concept Plan for Lantau (Concept Plan) in 2004 to provide an overall planning framework. Having considered public opinions and proposals, as well as the findings of a number of relevant studies and progress of some development projects, the Government published the Revised Concept Plan in May 2007. The Concept Plan confirms the role that Lantau can play in providing new impetus to Hong Kong's economic development and its high conservation values. The overall planning approach is to concentrate urban development and major infrastructure facilities in North Lantau, so as to optimize the use of the transport links and infrastructure, whilst protecting the other areas of scenic and high ecological values in Lantau for nature conservation and environmentally sustainable recreational and visitor uses.

The Government is implementing the proposals set out in the Concept Plan in an orderly manner to ensure that the proposals are in line with the direction proposed in the Policy Address of continuously exploring the development potentials of Lantau Island while at the same time achieving the vision of balanced and co-ordinated development of Lantau. Most of the proposals in the Concept Plan are conceptual in nature and require further and detailed studies as well as public consultation to confirm their feasibility and implementation aspects. In this connection, the Government has been extensively consulting the public on the implementation of the development proposals. First, with regard to the future expansion of Tung Chung, the Civil Engineering and Development Department and the Planning Department jointly commissioned the Tung Chung New Town Development Extension Study (Tung Chung Study) in early 2012. Scheduled for completion in 2014, the Tung Chung Study aims to further establish the scope of the remaining development in Tung Chung East and Tung Chung West and ascertain the feasibility of development. The Study will give due consideration to public concerns and planning factors such as those in respect of environmental protection, transport, housing, employment and conservation, with a view to putting forward the most suitable proposals for development. Meanwhile, we hope that through this Study, we can understand the future development potentials and opportunities of Tung Chung and take forward the expansion of Tung Chung New Town to make it a community which is larger in scale and better meets the needs of people in living. The objectives of the Study include:

- Increasing land supply to support the needs for housing and other needs for development;
- Improving community facilities and enhancing district and regional transportation networks;
- Striking a balance between the needs for development and conservation; and
- Providing more job opportunities.

The Tung Chung Study includes a number of rounds of public consultation to collect the views of various stakeholders and the public on the remaining development in Tung Chung, with a view to drawing up specific proposals for development. We have completed Stage 1 Public Engagement and received

about 23 000 views from the public which are now being analysed by our consultant. We expect that Stage 2 Public Engagement will be launched in the first half of this year to consult the public on the initial development proposal. We will fully consult stakeholders, the public and Members in the planning process. We will endeavour to implement as soon as possible projects that are widely supported by the public, in order to give Lantau a facelift and inject new momentum into it more expeditiously.

The direction of the development of a new North Lantau proposed by Mr CHAN Han-pan is in line with the themes and proposals of development proposed in the Concept Plan. In taking forward the proposals in the Concept Plan, we will consider Mr CHAN's proposals in detail. The original motion and the eight amendments have put forward many proposals involving various Policy Bureaux. I believe the relevant Policy Bureaux of the Government will carefully study the proposals made by Members. Here, on behalf of various Policy Bureaux, I will first give a response to some key proposals.

First, concerning transport infrastructure, the improvement of North Lantau's internal and external transport links has been one of our key initiatives. The Government has launched a number of cross-boundary transport infrastructure projects in North Lantau, including the Hong Kong-Zhuhai-Macao Bridge (HZMB) to be completed for commissioning in 2016, the Hong Kong Boundary Crossing Facilities (HKBCF) of the HZMB, the Hong Kong Link Road and the southern section of Tuen Mun-Chek Lap Kok Link (TM-CLKL), as well as the northern section of TM-CLKL which is scheduled for completion in 2018. After the completion of these projects, the external transport links of North Lantau will be significantly improved, and the traffic burden on major roads, including Tuen Mun Road, Ting Kau Bridge, Lantau Link and North Lantau Highway, will also be relieved.

Particularly, the HZMB will be the first cross-boundary transport infrastructure project connecting Guangdong, Hong Kong and Macao. It will enable the western Pearl River Delta (PRD) to fall within a reachable three-hour commuting radius of Hong Kong, showing that the HZMA is of great strategic importance to the future development of Hong Kong. The vast human and land resources in western PRD will provide ample opportunities for Hong Kong businesses to expand their operation in the Mainland. The commissioning of the HZMB will also benefit various sectors in Hong Kong, such as tourism, finance and commerce.

The TM-CLKL will actively complement the HZMB to achieve synergy. It is a strategic route connecting the HZMB and the North West New Territories and helps facilitate cross-boundary traffic. This proposed link road will provide a strategic route connecting the North West New Territories, the HKBCF of the HZMB/the Hong Kong International Airport (HKIA) and North Lantau. Apart from the existing Lantau Link and the North Lantau Highway, the proposed northern section of the TM-CLKL will provide an alternative access connecting the HKIA, which helps reinforce the HKIA as an international and regional aviation hub. Insofar as the PRD is concerned, the TM-CLKL helps improve the regional transport networks in Hong Kong, Macao, Shenzhen and Zhuhai, which is crucial to the promotion of closer economic integration between Hong Kong and the PRD Region. Overall speaking, the development of these transport infrastructure projects will accelerate the economic co-operation of the PRD with its neighbouring provinces and enhance its competitiveness vis-à-vis countries of the Association of Southeast Asian Nations and other economic zones such as the Yangtze Delta region. Hong Kong will stand to benefit in this process.

Second, with regard to the development of a "bridgehead economy", the HKBCF of the HZMB will be located at the northeast of the HKIA. The HKBCF occupies a favourable geographical location and will accommodate road sections connecting traffic to and from Tuen Mun and North Lantau. Therefore, apart from providing immigration, customs and public transport interchanging facilities, the HKBCF will become a strategic multi-modal transportation hub in the west of Hong Kong. Its traffic and economic benefits will radiate to nearby areas and significantly boost the economic development capability of such areas.

To give full play to the benefit of the HZMB and the HKBCF in facilitating the "bridgehead economy" in nearby areas, the Transport and Housing Bureau plans to provide convenient transport services between the HKBCF and the HKIA, Tung Chung, other parts of the Lantau Island and Tuen Mun. These services will encourage travellers coming to Hong Kong through the HZMB to make use of the commercial facilities at these locations, such as the AsiaWorld-Expo, hotels in the vicinity, shopping malls in Tung Chung and tourist attractions on the Lantau Island, which will create business opportunities for these areas.

On the other hand, the Government will endeavour to ensure that the limited land resources on the Airport Island are fully utilized. Preliminary

studies have indicated that there will be about 7 hectares of land in the north of the Airport Island available for commercial development. The Airport Authority (AA) is working on the design on the development of a third runway at the Airport, and the development strategy of the Northern Commercial District will be incorporated into the planning of the three-runway system, in order to meet the operational needs of the Airport and give play to the economic synergies arising from enhanced connectivity between the Airport and the PRD Region as a result of large-scale cross-boundary infrastructure projects. We expect that the work relating to the development strategy of the Northern Commercial District will be completed within this year. In considering the use of the relevant land, the AA will have regard to the operational requirements of the Airport and the market factors for business development, with a view to upgrading the overall value of the Airport and the peripheral areas.

Third, the promotion of tourism and the development of convention and exhibition industries on Lantau. Lantau has great potentials for the development of tourism as well as the convention and exhibition industries. The Government has all along endeavoured to enhance the attraction of Lantau to tourists, and many new tourist facilities have been completed one after another on Lantau in recent years. Particularly, the Hong Kong Disneyland is making good progress in its current expansion. Following the launch of "Grizzly Gulch" in July last year, "Mystic Point" will be opened this year, marking the full completion of phase one of the expansion works. To further enhance its appeal to visitors and meet the demand for hotel rooms, the Hong Kong Disneyland is working on the specific proposal on the next phase of expansion within its existing site.

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

Moreover, in order to seize the opportunity of the commissioning of the HZMB in 2016, we will study the feasibility of developing new tourist attractions on Lantau. We will promote green tourism on the principles of nature conservation and sustainable development, with a view to showcasing the exuberance and beauty of the natural ecology in Hong Kong. We will continue to maintain close liaison with the stakeholders to explore in concert the viable options for tourism development.

The conference and exhibition industries are among the major industries of Hong Kong. The Government, the Hong Kong Tourism Board and the industries have all along been making concerted efforts to promote the MICE (Meetings, Incentive Travels, Conventions and Exhibitions) industry. In this connection, there are two major conference and exhibition venues in Hong Kong, namely, the Hong Kong Convention and Exhibition Centre in Wan Chai and the AsiaWorld-Expo on Lantau. The Government has all along encouraged exhibition organizers and prospective conference organizers to hold their events at various convention and exhibition venues in Hong Kong. I believe the development of North Lantau is conducive to the development of the conference and exhibition industries in Hong Kong as a whole.

Fourth, the SkyPier. A Member has proposed in his amendment the opening up of the SkyPier for use by non-airport passengers. According to the Transport and Housing Bureau, the SkyPier, located in the Restricted Area of the HKIA, provides convenient and speedy ferry services for air-to-sea/sea-to-air transit passengers travelling between Hong Kong and the PRD and Macao. The AA must operate the SkyPier in accordance with the Deed of Security signed with the Administration, in order to meet the security requirements for transit passengers and baggage. Customs and immigration facilities are not provided at the SkyPier currently, and if the SkyPier is to open for use by non-transit passengers, it would require expansion to fit in the necessary facilities and increase the handling capacity of the pier. Judging from the current passenger throughput of the pier, the Administration does not consider its opening up cost-effective. But taking note of the proposals made by a number of Members on this point earlier on, I will convey Members' views to the Transport and Housing Bureau for more in-depth exploration.

At present, the two cross-boundary ferry terminals managed by the Government, namely, the Hong Kong-Macao Ferry Terminal and the China Ferry Terminal, provide cross-boundary ferry services to 11 PRD ports and Macao. As the two terminals have sufficient capacity to meet the projected increase in passenger throughput, the Transport and Housing Bureau does not consider it necessary to plan the development of a third government-managed cross-boundary ferry terminal at this stage. In fact, compared with the two cross-boundary ferry terminals located in the city centre, the SkyPier is relatively remote from the urban areas, thus making it inconvenient for most residents in Hong Kong if they have to take a ferry at the SkyPier. As for inbound visitors, most of them will go sightseeing and shopping on Hong Kong Island and the

Kowloon side apart from visiting scenic spots on Lantau. Therefore, the Government considers that the proposed provision of a cross-boundary ferry terminal at the SkyPier will have only limited effect in boosting visitor flow from the Mainland and Macao, and that the passenger throughput may not be sufficient to support the viable operation of the pier. Together with a further cross-boundary option to be provided by the HZMB in 2016 for travelling between Hong Kong and Macao as well as Hong Kong and cities on the west bank of the Pearl River, we do not have plans to consider opening up the SkyPier for general immigration purposes. However, as I have just said, in view of the proposals made by Members in this respect, I will faithfully convey their views to the Transport and Housing Bureau for more in-depth consideration.

As regards the abolition of the tolls for Lantau Link, at present the Government determines the tolls of tunnels and roads in accordance with the "user pays" principle with the purpose of recovering all the costs incurred in the operation as well as repairs and maintenance of the tunnels and roads concerned. The abolition of the tolls for Lantau Link will violate the "user pays" principle.

Deputy President, the sixth proposal is the development of Tung Chung New Town. In exploring the strategic development of Lantau, we are also concerned about the needs and living environment of the local residents. In planning and developing Tung Chung New Town, the Government is committed to meeting the need for community facilities of Tung Chung residents. In accordance with the Hong Kong Planning Standards and Guidelines, adequate land has been provided or reserved for different types of community facilities, including schools, medical and health facilities, police station, fire station, post office, library, community and recreational facilities as well as open spaces, in order to provide support for the population growth in Tung Chung. Besides, the Leisure and Cultural Services Department (LCSD) and the Housing Department (HD) have provided many recreational facilities in the public estates in Tung Chung. The LCSD has provided a number of cultural and recreational facilities in the district, including swimming pool, sports ground, small library, mobile library service points, Man Tung Road Park, Tat Tung Road Garden, Tung Chung North hard-surface soccer pitch and sitting-out areas. The HD has also provided recreational facilities in the public housing estates in the district, including basketball courts, badminton courts, volley ball courts, hard-surface soccer pitches, children's playgrounds, and so on, for use by residents. In fact, many of the community facilities have been completed and already inaugurated. The remaining facilities as planned will be developed by concerned departments in

due course having regard to the demand, the priorities of the relevant policies and the support of resources. The Tung Chung Study will comprehensively review the planning and development of the remaining areas of Tung Chung New Town to meet future needs.

Seventh, Tung Chung West Station. A number of amendments have proposed the provision of a new Tung Chung West Station for the Tung Chung Line. According to the Transport and Housing Bureau, in March 2011, the Highways Department commissioned a consultancy study on the Review and Update of the Railway Development Strategy 2000, with a view to updating the long-term railway development blueprint of Hong Kong in the light of the latest development of society. The study reviews the railway schemes identified in the Railway Development Strategy 2000 which are not yet implemented, as well as other railway proposals suggested by the Government or the public, including the Tung Chung West Extension. The entire study is expected to be completed within 2013. The Transport and Housing Bureau and the Highways Department conducted the Stage 1 public engagement exercise from April to July 2012 to consult the public on the conceptual plans for three major regional railway corridors, namely, the Hong Kong-Shenzhen Western Express Line, the Northern Link, and the Coastal Railway between Tuen Mun and Tsuen Wan, and are planning to launch the Stage 2 public engagement exercise in the first quarter of this year to discuss proposals on local enhancement schemes. The Transport and Housing Bureau will consider whether or not to include the Tung Chung West Extension as an item for discussion in the Stage 2 public engagement exercise in view of the recommendations made in the consultancy study.

Deputy President, the eighth proposal is the setting up of holiday bazaars. The Government has all along maintained an active and open attitude towards the proposal of setting up holiday bazaars. The community has different views on hawking activities, particularly as residents living in the vicinity will be inevitably affected to a certain degree. In view of this, we consider that specific proposals of setting up bazaars at appropriate locations cannot be made from top down. On the contrary, it is necessary for a consensus to be forged on the proposal in the district concerned, having full regard to the views of residents living nearby, and it is also necessary for the proposal to be discussed and approved by the District Council. If a consensus can be reached in the district, the relevant government departments will carry out necessary follow-up work within their purview to provide support. The planning and management of open-air bazaars by district organizations will offer more room for manoeuvre

and greater flexibility to meet the local needs. On the proposal of setting up cooked food night market, as the sale of cooked food on the street will easily cause nuisance to the environment and hygiene and it is difficult to ensure food safety, under the principles of protecting public health and maintaining public hygiene, it is the current policy of the Government not to issue new cooked food hawker licences.

On the proposal of providing more public markets in Tung Chung, we have considered the fact that with a population of some 80 000, Tung Chung already has two markets under The Link which are located in the two major public housing estates in the district. There are also four shopping arcades, five supermarkets and 29 fresh provisions shops. Besides, there are 57 restaurants and 75 shops in the food industry providing catering and food sale services to the residents. Moreover, the HD is planning to develop public housing in Area 56 of Tung Chung, which will include the provision of a market, and the entire development plan is scheduled for completion in 2016. After assessing various factors, the Food and Environmental Hygiene Department does not have any plan to provide a new market or cooked food centre in Tung Chung. In fact, as pointed out by the Audit Commission, the Government, when planning new public market facilities, should consider carefully the viability and cost-effectiveness of markets to ensure the appropriate and effective use of resources.

Deputy President, the tenth proposal is the development of the North Lantau Hospital. Regarding medical and healthcare facilities, in order to cope with the development of the North Lantau New Town and the population growth in the district, and considering that the HKIA and some major tourist facilities are situated in North Lantau, the Government sought funding from the Finance Committee of the Legislative Council in January 2010 and a provision of \$2.482 billion was approved for developing the North Lantau Hospital with 160 beds under phase one of the project, which was already completed at the end of 2012. Arrangements are now being made for the take-over of the hospital building and commencement of service. A dedicated team has been formed by the Hospital Authority (HA) to co-ordinate the arrangements for the opening of the hospital. The HA is actively conducting recruitment and providing additional manpower to ensure that phase one of the North Lantau Hospital can commence operation in stages in the third quarter of 2013. Where manpower resources and the relevant support facilities permit, the HA will provide, in stages, accident and emergency service round the clock, as well as specialist

out-patient and in-patient services. The HA will continue to liaise closely with the Islands District Council and the Tung Chung community to listen to the views of residents while keeping a close watch on the situation. We will report to the Legislative Council Panel on Health Services in the second quarter of this year.

Deputy President, the 11th proposal concerns the development of South Lantau. A Member has proposed an amendment calling for the development of South Lantau, which is endowed with natural tourism resources, into a tourism resort area to create employment opportunities, so as to promote the development of new towns. At the level of regional and district planning, in order to capitalize on the natural, cultural and heritage resources of Lantau and complement the major tourist attractions and enhance the local economy, the Concept Plan has proposed ecologically-oriented conservation, recreation and special-featured tourism initiatives, such as setting up eco-tour centres, providing a mountain bike trail in South Lantau, undertaking renovation projects in Mui Wo and Tai O, and so on.

With regard to the development of South Lantau, the Government endeavours to enhance the countryside recreational potential of rural Lantau in accordance with the overall planning concept of balanced development and conservation. Village improvement schemes are being implemented in Tai O and Mui Wo by the Government. Improvement works in Mui Wo include providing amenity areas and facilities in some villages in Mui Wo, rearranging visitor information and signage, and making improvements to the north-south waterfront promenade, the pier plaza and town square in Mui Wo. These improvement works will be carried out in phases, and phase one of the works may start in 2013. The improvement works in Tai O have been carried out in phases, and phase one of the works is expected to be completed in the first quarter of this year. Upon completion of the improvement works, Wing On Street and Tai Ping Street in Tai O can be protected against flooding caused by inundation of seawater during high tides in average meteorological conditions. The detailed design of the remaining works under the improvement schemes in Mui Wo and Tai O is underway. We will consult various stakeholders on the design of the works which will be carried out in phases according to their priorities.

Lastly, the impact on the environment. Some Members are concerned about the environmental impact brought by infrastructure facilities. They are also worried that the building density in Tung Chung New Town will affect the health of residents. I would like to briefly respond to this point to allay

Members' concern. In planning infrastructure facilities, we will certainly consult the public and the relevant industries and stakeholders. Various technical assessments will also be conducted to ensure that the facilities are in line with the principle of sustainable development. For example, with regard to the concern raised by some Members over the development of the three-runway system, the AA is carrying out planning work for the three-runway system, which includes conducting a comprehensive environmental impact assessment (EIA) in response to the Study Brief issued by the Director of Environmental Protection in August 2012. The EIA is expected to be completed in about two years. In the process, the Government and the AA will maintain communication with the stakeholders and consult their views. The AA will explore all feasible ways to minimize by all means the potential environmental impact of the project and conduct the EIA with transparency and in a professional and stringent manner. The EIA will cover air quality, noise, water pollution, marine and terrestrial conservation, Chinese white dolphins, and so on. The Tung Chung Study will also give full consideration to urban planning and environmental factors, in order to put forward suitable proposals on the development of the remaining areas in Tung Chung East and Tung Chung West.

Deputy President, I so submit. I will further give a response to provide supplementary information as appropriate after listening to the speeches of Members. Thank you, Deputy President.

DR PRISCILLA LEUNG (in Cantonese): Deputy President, many years ago, a young girl lived with her parents in a cubicle in Man Ming Lane, Yau Ma Tei. Then they were lucky to have been allocated a public rental housing unit, and so they moved to Tsuen Wan. At that time Tsuen Wan was a very remote place. But because the family wanted to improve on their living conditions, the girl moved with her family to Tsuen Wan. She studied in a primary school in Tsuen Wan. And after finishing her primary education, she was allocated to a secondary school in Central. Every day she had to ride on the ferry and bus to and from school. The trips took two hours and 30 minutes in total. The same pattern of travelling went on for seven years. It was because of the fact that the living conditions of that young girl in Tsuen Wan were somewhat better than at the time when she was in Yau Ma Tei that she managed to get grades good enough to be admitted into a university.

I am telling this story because it is my personal experience. We can see many problems nowadays and they have emerged because the Government is trying very hard to find many pieces of land in the urban areas. I saw this morning in the Legislative Council that the Government was fighting for a piece of land with the Hong Kong Baptist University. Both parties said that the land would be used for development. Some time ago, I heard on the radio that a representative of the firemen said that it would not be proper to convert industrial buildings into residential buildings and there were also problems in fire safety.

On 24 January this year Chief Secretary Carrie LAM admitted that considering the safety issue, the proposal made by the Government to convert factory buildings into residential buildings might not be taken forward smoothly. On the question of converting factory buildings, many views put forward are to change these factory buildings into temporary housing blocks. There are 1 400 factory buildings in Hong Kong, but if we were to convert these factory buildings into residential properties, I believe many people would be worried. For me, I often go to the factory buildings and I can see that they are not really suitable for living.

In many places in the urban areas, from Sham Shui Po to Kwun Tong, the Government has to wrestle with the local communities. This is because there may be plans to build blocks of public housing in these communities packed with high rises. For these residents of the local communities, they have been waiting for a long time in the hope that planning can be undertaken in their respective communities and that more public facilities can be put in place to improve their living conditions. But these expectations may come into conflict with the plans in the mind of the Government. So it is against this background of many difficulties that the Government is trying to find land and I am sure this is really not an easy task as some people might think.

Now Hong Kong has got such a huge demand for housing and the scale and extent of this demand is, in my opinion, even greater than that generated by the influx of refugees from the Mainland in 1949. We must consider how best more new towns can be developed, and there must be demographic planning to match such efforts. On the question of developing new towns, many people are not willing to move to these new towns. Even in Kowloon West, I can hear many people say that they want *in-situ* relocation. I have told my own story in the hope that both the Government and the citizens can realize the point that when people are at the end of their tether, they should think of change and change will give them a way out. I hope that the Government would have this mindset as

well. For as the saying goes, "Every cloud has a silver lining". I hope that Lantau Island is a way out which can be found today.

Mr James TO talked about a conspiracy theory earlier, alleging that it might be the case that the Government deliberately avoids developing Lantau Island. I will not think this way. I would think that irrespective of happened in the past, it is inevitable that Hong Kong needs to develop Lantau Island and it should be developed not just for tourism purposes.

Figures show that Lantau Island is 84% larger than Hong Kong Island. As pointed out by the Secretary just now, in 2007 there was already information showing that a population of 220 000 could be housed on Lantau Island. We know that roads come from mountain trails and mountain trails are the result of people walking on them. We need to build more homes. However, I do not think we can afford to miss any one of the facilities mentioned earlier if we want to attract people and families to move from the urban areas to Lantau. Tsuen Wan and Sha Tin are very successful stories. These places used to be very desolate before development. I remember I could see farming fields from my home in those days. The primary school where I studied was situated in a field. But now the place is full of high rises. I am sure if the Government has got the will, as mentioned earlier, it can build a transport network and develop tourism there — given the excellent natural environment there — as well as providing other amenities, shopping malls, hospitals, schools, and so on. Some government facilities may have to be relocated there as well. All these can attract more families to move into the district. If the Government has got relocation plans, they should be able to find their own communities there.

I am sure we have only one way out, and that is, to develop new towns. This is because as we develop new towns, we will not be constrained by the many planning problems encountered in the urban areas. In terms of planning, the Government says it will build many single-block buildings. I understand this and I hope that consent from the local communities can be obtained smoothly. But I also understand that the authorities do have difficulties, too. They have to try to avoid the appearance of screen-like buildings and for many locations, the building of many community facilities may have already been granted approval.

The information from CY which I can see today says that it is only after great efforts made that public housing units can be increased during the five years starting from 2013 from 75 000 units to 79 000 units. But such figures are really

nothing when compared to the enormous potentials that Lantau can offer. So with respect to the development of Lantau Island, I hope that the Government can have the will and the citizens can have the flexibility. I would think that it is only in this way that there can be any hope of finding a way out in solving the housing problem in Hong Kong. As we share our thoughts in developing Lantau Island, I hope that a consensus can be reached soon among the political parties and groupings in this regard. We should never mention things like conspiracy theory, and we should set our eyes on the future and our next generation.

Deputy President, I so submit.

MR FRANKIE YICK (in Cantonese): Deputy President, ever since the commissioning of the airport at Chek Lap Kok and the Hong Kong Airport Core Project, the external road transport network of Lantau Island has been much improved. Ferries are no longer the only public means of transport to Lantau Island as there are other fast and convenient links available. They have facilitated the development of the island.

In the Policy Address of 2003, the then Chief Executive announced his plan to build a modern logistics park in North Lantau to strengthen Hong Kong's position as a prime transport and logistic hub. Then in 2004, a dedicated committee on the development of Lantau headed by the Financial Secretary was set up. An area of 600 000 sq ft was planned in line with the proposed logistics park which was scheduled to complete in 2010. But 10 years down the line, the logistics park in North Lantau is still nowhere to be seen. Last November, Mr Vincent FANG raised a supplementary question on the logistics park. At that time, the Secretary for Transport and Housing said that efforts would be made to provide existing land to meet the needs of development in the industry. Does it mean that the logistics park plan is aborted?

It is sensible to build a modern logistics park in North Lantau because of the geographical advantage of the location. It is close to the Hong Kong International Airport and the Kwai Chung container terminals. This is especially an advantage because after the year 2016, a number of road networks will be completed. These include the Hong Kong-Zhuhai-Macao Bridge, the Tuen Mun West Bypass which links up New Territories West and the Tuen Mun-Chek Lap Kok Link. Moreover, the third runway is planned for completion in 2023. North Lantau is hence endowed with a strategic position

and an excellent transport network. This will facilitate speedy shipment of goods and reduce the need of various types of goods vehicles to use roads in the urban areas. Moreover, it is in line with the target set in the National 12th Five-Year Plan that Hong Kong should develop into a high value-added cargo inventory management and regional distribution centre. Therefore, the logistics industry hopes the plan to build a logistics park in Lantau can be finalized soon.

The Chief Executive has in his first Policy Address mentioned the developments of the Pearl River Delta Metro Area and this encompasses the three development areas of Hengqin in Zhuhai, Nansha in Guangzhou and Qianhai in Shenzhen. The Chief Executive said that the key to our development will lie in the northwestern direction. Lantau, especially Tung Chung, is located in an excellent position which is conducive to the development of industries like logistics and tourism. At the same time, more jobs can be created for residents in the district. The Government is undertaking the Tung Chung New Town Extension Study and the Liberal Party welcomes this.

The Hong Kong International Airport is the third busiest international passenger airport in the world and the busiest international cargo airport. However, the air cargo service in Hong Kong currently faces the problem of a serious shortage of manpower. This is due to the remote location of the Chek Lap Kok airport and job seekers unwilling to travel such a long distance for work. Now there are more than 5 000 jobs available in the entire airport community. At present, many airport staff come from the Tung Chung New Town. But the development of Tung Chung is restrained by a number of limitations. Now there are only some 80 000 people in Tung Chung and the population is only one third of the size found in the original planning. In order for this problem of shortage of manpower in the airport community to be solved, the sector hopes that efforts can be made to speed up the development of the Tung Chung New Town and by increasing the population there, more labour can be provided to tie in with the development of the airport.

In fact, the existing matching transport facilities for Lantau are still not sound enough. This has imposed constraints on the link between North and South Lantau. Moreover, the matching transport facilities in North Lantau also face a bottleneck. An example is Yat Tung Estate which houses more than half of the population of Tung Chung, but the estate is remote from the Tung Chung MTR Station and this causes inconvenience to the residents. Therefore, consideration should be given to building an extension of the Tung Chung Line to

Yat Tung Estate and introducing minibus services to the MTR station and other places in Tung Chung. This can provide better transport links for the residents of Yat Tung Estate and Tung Chung North.

Deputy President, apart from transport problems, the community facilities in North Lantau Island are seriously lacking. Many community problems, especially those related to the young people, including the so-called "young night drifters" are gradually becoming noticeable. I hope that the relevant government departments can face up to these problems and make recommendations on solving the youth problem.

On the suggestion of opening up the SkyPier, as Mr Ronny TONG has given a detailed account of that topic, I will not repeat it here.

As we review past information, we can see that in a meeting of the Panel on Economic Services in 2007, when discussion was conducted on the 2025 Planning Study of the Hong Kong International Airport, the then CEO of the Airport Authority, Dr David PANG, said that some floor area had been reserved in the SkyPier for the provision of customs, immigration and quarantine facilities and this would enable non-boundary-crossing passengers to visit the AsiaWorld-Expo near the airport as well as other tourist spots. I once went with other Members to the site and found that basic facilities were already in place there. Since there will be new customs clearance facilities after the commissioning of the Hong Kong-Zhuhai-Macao Bridge in 2016, why do we not make use of the facilities, increase the staff and make the best use of the resources so that Hong Kong residents and tourists travelling to and from the Pearl River Delta (PRD) can enjoy greater convenience?

If the SkyPier can be opened to cross-boundary passengers not using the airport, residents from the PRD can go to Lantau Island and Tung Chung direct. This will shorten the journey taken by these passengers while also serving the purpose of diverting the crowd, preventing people from over-concentrating in the urban areas and hence reducing the pressure on the roads and easing the traffic congestion downtown.

Deputy President, when Mr Vincent FANG spoke earlier, he already responded to the original motion and all the amendments. So I will make no repetition now.

Lastly, I have heard the speeches made by Dr Fernando CHEUNG and Dr KWOK Ka-ki earlier. I have an impression that they think that it is problematic for the business sector to take part in the development of Lantau. I do not quite understand this point. Although Dr KWOK Ka-ki has criticized the contents of the speech made by Mr Vincent FANG, the Liberal Party will support his amendment all the same. Thank you, Deputy President.

MR TANG KA-PIU (in Cantonese): Mr Frankie YICK of the Liberal Party just now said something which sounds agreeable to the ear — Yat Tung Estate needs an MTR station. Miss Alice MAK made the point very clear. The Housing Department had indicated that there would be an MTR station when the residents started moving into Yat Tung Estate in 2001. The Department also displayed a housing model showing the location of the MTR station. What difference does it make comparing to the way a property developer misleading the public? The Government should, therefore, repay what it owes the residents as soon as possible. I have mixed feelings about Tung Chung as I have been serving this area for quite some time. There are many things I wish to say. Two Honorable Members from different political parties spoke on the amendment earlier. They have either indicated disagreement or reservation about the proposal of Miss Alice MAK from the FTU to abolish the tolls for Lantau Link. I would like to talk a bit more about the proposal here.

Let us put aside whether the "user pays" principle mentioned by the Secretary is right or not. Not every tunnel or bridge built by the Government is a tollway. I wish Mr James TO of the Democratic Party to pay attention: some small-scale facilities like Kai Tak Tunnel and Tai Wai Tunnel are toll free. The large-scale Ting Kao Bridge and the 1.6 km Cheung Tsing Tunnel are toll free as well. The 1.6 km Stonecutters Bridge completed in 2009 is also free of charge. Why are tolls levied on Lantau Link? We are not discussing the transport policy. I understand why it is a tollway. Firstly, it was a world-class project then, which is still very amazing. The reason for the tolls is very simple — you need it to go to the airport.

Those who go to the airport for overseas travel do not mind paying a bit higher, one-way or round journey. People working in the airport are subsidized by their entrepreneurial employers, which mean that a higher toll charge is unimportant to the airport staff. What did the Government have in mind? The planners initially only had tourists and airport staff in their mind. The

Government did not see the needs of those who live in the Tung Chung New Town not far away from the airport. This is a planning mistake. Did the Government think that everyone who moved in could actually find a job at the airport? After all these years, only one third of the residents work in the airport. For career development, can a person who earns \$10,000-odd a month as a chef outside Tung Chung find the same kind of work at the airport? Can a young person who wants to engage in the information technology field find a job in Tung Chung? There is something wrong with the fare structure. The Lantau Link is wholly owned by the Government who has the authority to adjust toll rates. Furthermore, the 2004 securitization of its "five tunnels and one bridge" has enabled the Government to fully repay its debt. In other words, the Government no longer has any financial constraint. Can it do something for the residents of Tung Chung right away?

Based on the "user pays" principle mentioned earlier, the Government has been unwilling to lower the tolls. How about the Stonecutters Bridge? It is toll free for users. I now get it. Even as the obvious majority shareholder of the Mass Transit Railway Corporation Limited (MTRCL), the Government still says that it is a very difficult issue to discuss. Not a consensus is reached as of today. In order to "muddle through", the MTRCL launched the "Tung Chung-Hong Kong Monthly Pass" (the Pass), making users of the Pass who go to work in Kowloon pay more than they would normally have to using an Octopus card. Since the Government finds it so difficult to deal with matters beyond its ability to control or decide, can you immediately do something about which you can make decisions right away?

Go and ask the business operators in Lantau how they look at the Lantau Link. Forget the residents because the Government cares more about the business sector. The business operators also consider the tolls too high. Why does the Government not take their views into account right now? I have spent too much time on this aspect. I should have spent more time on the poverty problem. But I wish to convey the fact that not every bridge or tunnel is tollable. I hope that any political party which has reservation about this proposal can take a clear look at the fact. I hope that the Democratic Party and the Liberal Party can re-consider and support our amendment.

Why are the people living in Tung Chung so poor? It is not like Tin Shui Wai where poverty is caused by insufficient job opportunities. The reason is very simple. Some Honorable Members have mentioned that it is hard to find a

job in Tung Chung, but it is not difficult to find one in Tung Chung actually. In the past couple of years, many residents over the age of 60 were still able to get a job at the airport and earn a monthly salary of \$7,000 to \$8,000, except those who are physically handicapped or have a criminal record. A worker in his or her 60s with a low level of education may not be able to find such a monthly income elsewhere. But why are the people living in Tung Chung still in poverty? That is the question.

Secretary Matthew CHEUNG took the initiative last November to express his concern for the poverty situation in Tung Chung. Even a district full of employment opportunities and economic development projects is in poverty. What is wrong with Tung Chung? It has a lot to do with planning. Let me cite a simple example. Why is a group of Cantonese opera enthusiasts or a bunch of married women who want to sing Cantonese opera songs unable to find a venue to sing? The large consortia developed the whole district in an integrated pattern. Where do these people find a single-block building where they can rent a flat five stories up from the ground with each one paying \$1,000 so that they can gather together and practise singing on Saturdays and Sundays? The answer is in the negative. So, there is no community life in the district. How about the night market? There is no night market either. Workers generally go off duty at 10.30 pm and the peak hour is 1 am. For the old Kai Tak Airport, there was Kowloon City in the vicinity. What is Tung Chung? It is a dead town. That is why I call it a planning problem.

Planning is something which you can improve only 10 years after new measures are implemented. Can the Government do something immediately like I said, such as abolishing the tolls for the Lantau Link? Can the Government utilize the existing large piece of land and take the initiative to organize a night market? The Government may ask the Islands District Council whether there is a consensus on opening up the SkyPier. If a consensus is forged, will the Government comply? Instead, the Government passes its responsibility to the Security Bureau, the Airport Authority and even the Transport and Housing Bureau. Will the Government organize any night market, bazaar or wet market? The whole District Council has indicated support, but will the Government do it? The answer is still in the negative. What kind of attitude is that? Basically, the Government treats the poverty problem in a district as if it is merely a need which can be resolved through more fund allocations and the help of social workers. It should not be like that.

Miss Alice MAK proposed today's amendment on behalf of the FTU. However, the Government really makes people very angry. Having served the district for years, I have never seen the Government thoroughly review the problem. Owing to the planning blunder, there are people suffering from extreme poverty amid employment opportunities in the district. This poverty problem has nothing to do with income. It has to do with the soaring prices of staple food. It is a matter of development opportunity. Since the transportation cost is expensive, the young man dares not go to learn cooking at the Chinese Cuisine Training Institute in Pokfulam. This is a realistic problem impeding their development. What the Government needs to consider is: Can it take some remedial actions right away? Instead of just bragging about how wonderful the planning will be 10 years from now, it is now time to do something.

Thank you, Deputy President.

MR WONG TING-KWONG (in Cantonese): Deputy President, a number of major infrastructure projects in North Lantau will be completed one after another. Moreover, with a vast reserve of unexplored land in North Lantau, opportunities abound. The DAB hopes that we can seize the opportunities, make good planning and forge a consensus to develop Tung Chung into a new community with local characteristics which is good for living, doing business and leisure activities. In the meantime, it is hoped that the development opportunities of Lantau Island can radiate to other communities. Here I will focus my speech on "doing business" and put forth relevant views.

There are lots of facilities for tourism, business and retail, convention and exhibition services in North Lantau. Moreover, other major transport infrastructure like the airport and the Hong Kong-Zhuhai-Macao Bridge (HZMB) will be conducive to the development of the tourism industry and convention and exhibition services. As I pointed out many years ago, given the existence of abundant tourist attractions, the development of Lantau should not be regarded as one single project. Rather, it should be developed from a macro perspective. By making good use of various tourist resources in the vicinity, tours can be packaged as well-planned and wonderful "one-stop, multiple-trip" journeys, thus resulting in synergy effect among various tourism facilities. Apart from visiting the Hong Kong Disneyland, tourists can also go to Ngong Ping 360, the Tian Tan Buddha on Lantau Island, Tai O fishing village and Noah's Ark.

Besides, the SkyPier located at the Hong Kong International Airport only provides cross-boundary ferry services to seven ports in the Pearl River Delta including Zhongshan, Shekou and Macao. It is estimated that an additional 1.5 million to 3 million passenger trips per annum will be brought by opening up the SkyPier. Thus, I suggest that additional exit and entry points be set up in the SkyPier so that tourists, regardless of whether they are on transit or not, can make use of such facilities for their convenience. They can go directly to the Disneyland or other nearby tourist facilities such as restaurants, hotels and shopping malls after going through immigration clearance so that relevant enterprises will benefit. In the meantime, it will also be convenient for tourists to visit the AsiaWorld-Expo near the airport where they can engage in procurement when exhibitions are held or spending as consumers. If arrangements can be made to tie in with the completion of other cross-boundary infrastructure such as the HZMB and the Hong Kong-Shenzhen Airport Rail Link in future, it will be more conducive to the development of Lantau Island as a whole.

In response to the aforesaid proposals and the completion of the HZMB, we recommend the development of a "bridgehead economy". The authorities may consider the development of a large-scale tourist duty-free zone in which major shopping facilities can be developed into factory outlets to attract tourists and corporate buyers. The direct-sale shopping district may be divided up into a number of pedestrian boulevards with each one focused on the distinctive colours of a country and where quality brand products from abroad and direct-sale goods from local manufacturers are on offer. Food corners may be set up to provide all sorts of exotic delicacies. This will enable shoppers to savour cuisines from around the world and Hong Kong's image as a vibrant business city of the world can be given a boost.

The DAB has made a lot of suggestions on the economic development of Lantau Island over the years. We and the Lantau Economic Development Alliance, which places its focus on the development of Lantau Island, agree that one of the major problems of the tourism industry in Hong Kong is the bottleneck encountered in development opportunities, particularly the excessive concentration on both sides of the Victoria Harbour and the central business districts, thus resulting in overcrowdedness in those districts. Our tourist capacity should be expanded for the sake of long-term development. In view of the excellent tourist facilities and rich tourism resources on Lantau, the authorities may consider further expanding the support facilities in surrounding areas and

upgrading the local and external transport links so that it can be developed into a tourist area, thereby alleviating the pressure on the central business districts in the urban area.

Although the tourism industry can drive our economy and create employment, the expensive transportation cost from Lantau Island to other parts of Hong Kong is another obstacle to its development. Both local residents and those working in Lantau will complain that expensive fares are a heavy burden on them. The DAB opines that concessionary fares offered by the MTRCL are not at all helpful to the public in a substantive manner. Therefore, we hope that the tolls charged by Tsing Ma Bridge can be abolished and the MTRCL should also consider offering lower-priced monthly tickets and implementing sectional fares, apart from other effective measures to facilitate people in travelling to or from Lantau for work.

All in all, while Lantau has immense development potentials, the Government should also consider the development of tourism, business and retail, convention and exhibition services as well as other sectors when providing housing and community facilities. It has to improve the local and external transport networks, and strike a balance among environmental, conservation and development needs with a view to developing Lantau into a community which is good for living, doing business and leisure activities.

Deputy President, I so submit.

MR WONG YUK-MAN (in Cantonese): Deputy President, I am very interested in today's motion. My draft speech is entitled "Start with the \$10 billion runway, a high-stake bet". I am particularly interested in the third runway.

In the Port and Airport Development Strategy formulated by the Government in 1989, it was first proposed that the Tung Chung New Town in North Lantau would be developed into the support community of the Hong Kong International Airport. In the Government's planning vision, the Tung Chung New Town will serve the purpose of providing logistical services for the airport and cater for different industrial and commercial developments. Furthermore, it will also serve as the gateway to Hong Kong for arriving passengers. From this, we can see that the development of Tung Chung has all along been closely related to the airport.

Members all said that Tung Chung should be "打造" (meaning forged, made) — this is a term used on the Mainland. In fact, the term "建設" (meaning built, constructed) should be used — developed into a new community with local characteristics which is good for living, doing business and leisure activities. However, the Government is acting like an "ill-informed" person in policymaking, thus leading Tung Chung to a dead end.

In the Hong Kong International Airport Master Plan 2030 published by the Airport Authority Hong Kong (AA) in 2010, it was proposed that a third runway at the airport be constructed. As the construction cost will exceed \$130 billion, which is almost equal to the total budget of the 10 major projects, the third runway will become the most expensive single infrastructure project, involving the biggest scope of reclamation in history. During the consultation period, some environmental groups severely criticized the project profile submitted by the AA as slipshod on the ground that information relating to the marine ecology, air quality and noise impact is incomplete with an intention of playing down the adverse effects. They also pointed out that the assessment on the third runway by the consultancy commissioned by the AA was partial and unprofessional. Those environmental groups requested that Strategic Environmental Assessment, social return on investment assessment and carbon audit be conducted. However, the AA and the Government deliberately concealed the information and refused to disclose the study on air pollution caused by the airport. Furthermore, the opposition voices in the community were labelled as acts by a group of environmental activists who opposed economic development and wanted to "mess things up."

According to the opinion poll published by the AA in December 2011, more than 70% of the 24 000 respondents indicated support for the construction of a third runway. Subsequently, the World Wide Fund for Nature and Green Peace commissioned the same body to conduct another opinion poll and published the findings in February 2012. According to the latter findings, 73% of the public were dissatisfied with the AA on the ground that it had failed to provide sufficient information on the socio-environmental impact of the third runway.

Secretary Paul CHAN, what did LEUNG Chun-ying say in response to a question on the expansion of the new airport in March last year at an environmental forum for candidates of the Chief Executive Election? I quote, to this effect, "While our level of economic development is high, our level of social

development is low Therefore, in the future, all infrastructure projects and other economic development projects will pursue overall social benefits instead of economic benefits alone In the future, we will also conduct an assessment of social costs apart from environmental assessment." (End of quote) This is what "689"¹ said in his election manifesto. He really is utterly incompetent. In fact, the Government and the AA have not considered in a pragmatic manner whether those assessments should be implemented. Recently, Prof Anthony CHEUNG, Secretary for Transport and Housing, pointed out at a meeting of the Legislative Council Panel on Economic Development that the authorities felt an urgency to build the third runway and hoped that the project could be launched expeditiously. What "689" said is poles apart from what Bureau Directors mentioned. What integrity is left of this Government?

This article written by me is long enough for me to speak for 20 minutes. So, I will only read out the summary and the original text has been provided to the Secretary and the President for reference. The AA pointed out that the new runway system to be constructed will bring \$912 billion worth of net economic benefits to us during the 50 years from 2012 to 2061. This is a figure after deducting only the direct costs of construction without factoring the social costs and health costs into it.

The life expectancy of Hong Kong people will certainly be shortened by many years if the third runway project at the airport is implemented, not to mention the air pollutants produced by incinerators, the logistics park, the expansion plan of Tung Chung, as well as the phase II project of Disneyland and the Hong Kong-Zhuhai-Macao Bridge. That's all, right?

According to the 2011 survey by Friends of the Earth, 64% of the respondents living in Tung Chung opined that the air quality in the district would worsen when the aforesaid infrastructure was implemented. Why do I only mention the third runway in my speech on this motion? Because I need not discuss other issues since many respectable Members have proposed a lot of irrelevant amendments. Right?

In his amendment, Dr Fernando CHEUNG has proposed that "establish a platform for democratic planning; on the premises of respecting environmental

¹ The nickname of LEUNG Chun-ying.

and cultural conservation, combating the monopoly of property developers and consortia, establishing a mode of diversified economy and implementing democratic planning, develop North Lantau and Tung Chung into a new community good for living and with genuine local characteristics and sustainable development." He really is innocent and cute. Sometimes, we propose amendments for enabling ourselves to speak for another three minutes or putting it down on record that we have proposed many amendments. What is the purpose of this amendment? I seldom propose any amendment. But my speech is usually solid.

The *Analects of Confucius* says: "Inequity is more worrying than insufficiency." Everyone emphasizes that economic development is important or else Hong Kong will lag behind other cities. However, the problem of not well-developed has never been the problem of Hong Kong.

Finally, I would like to end my speech by quoting a proverb of the Cree Indians in North America:

"Only when the last tree has been cut down;
Only when the last river has been poisoned;
Only when the last fish has been caught;
Only then will you find that money cannot be eaten. "

Amazingly, the saying "Many people are so poor that the only thing they have is money" applies to China and the rest of the world alike. It is true in other places as it is in the Mainland where some of the nouveau riche said, "I have nothing except money. I have plenty of money. I will suspend your water supply if you cut off our milk supply. (*in Putonghua*)" Hong Kong will reach an impasse if our way of thinking and our institution do not change. (*The buzzer sounded*)

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

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, LEUNG Chun-ying stated in paragraph 80 of the Policy Address that Lantau Island is to be

developed. The reasons are the rapid development of the Pearl River Delta and such like areas, coupled with the coming on stream of the Hong Kong-Zhuhai-Macao Bridge and other infrastructure. Lantau is chosen because Tung Chung has a geographical advantage for the development of the logistics, tourism and other industries. The motion by Mr CHAN Han-pan states from the outset that control point facilities should be made good use of to develop a "bridgehead economy" to drive the economic development of Hong Kong. This really echoes LEUNG Chun-ying's idea. It is obviously an attempt to make use of the advantages offered by the proximity to the Mainland and develop real estate and tourism. These are all done in the name of commercial interest and they are meant to make use of the so-called trickle-down effect to improve people's lot.

This policy of giving priority to economy before people's livelihood or even attaching more importance to economic matters than people's livelihood is an old road which stresses leveraging on the Mainland as taken by Donald TSANG during his seven-year rule of Hong Kong. As proved in practice, this so-called trickle-down effect is totally ineffective in improving the life of the grassroots. On the contrary, this results in our income-to-mortgage payment ratio the highest in the world and our Gini Coefficient the number one in Asia. The issue of infant formula has become an international laughing stock. As a matter of fact, when we are so eager to leverage on our Motherland, we might as well take a look at the latest trend in urban planning as practised on the Mainland.

Prof Kongjian YU, Dean of the College of Architecture and Landscape Architecture in Peking University, is the first Chinese who was granted Honour Awards from the American Society of Landscape Architecture. In 1997, he finished his Ph D degree in Harvard University and returned to China. He was dismayed to see this blind pursuit of urbanization in China and so he began to promote his planning philosophy. During the past decade or so, urban development in China has led to serious ecological disasters, and we have all heard or seen them. From the recent news reports, we know that in Beijing, the pollution caused by PM2.5 particulates has shattered the records, and the incidence of lung cancer during the past 10 years has surged by 60%. All these bear testimony to the terrifying nature of the problem.

In the view of Prof YU, planning should be seen as anti-planning. He thinks we are relying too much on concrete infrastructure and resorting to

artificial systems to regulate ecology and meet our daily needs in transport and sewage disposal, and so on. These will not only consume huge amounts of energy but also do harms to the ability of nature to make adjustments itself. Water, for example, can purify itself; plants will grow by themselves and they do not need to be watered. He also says that if rivers, mudflats and wetlands are preserved, it would obviate the need for flood control projects. These flood control projects entail huge expenses on construction and maintenance. And a more important point is that they destroy the innate power of nature to make adjustments. Hence society will have to pay a heavy price. On the development of land, Prof YU also points out that our present understanding of land is wrong. We only regard land as economic resources and there are no other uses than that. The most important function of land is that it is a carrier of mankind and culture, as well as our own life system. But land is simplistically understood now as the means which facilitates the development of real estate and property. It follows that our values concerning land should be totally changed. As of this year, there are some 200 cities on the Mainland which advocate the planning theory of Prof YU. This is an attempt to rectify wrongs but the price to be paid is heavy.

Deputy President, this view is a wake-up call for the kind of land use and planning concept held by the Hong Kong Government at present. It is the essence of conservation. And as we discuss the development of Lantau Island, the North East New Territories, the Sha Tau Kok closed area and Lamma Island, we must never forget that economic development should not take precedence before all other concerns.

Deputy President, as we talk about the development of North Lantau, we cannot just look at a heap of figures, nor do we think that it would be alright if we just point our fingers at a town plan. In the case of Tung Chung in North Lantau, all along problems like transport, employment, air pollution, community facilities, and so on, have not been properly dealt with. And neither conclusion has ever been drawn nor review conducted before rose garden projects commence in other districts. The fact is in the end, all the consequences of the blunders will be borne by the citizens.

A few months ago, some social worker colleagues conducted a number of surveys in Tung Chung and they are particularly noteworthy. The Tung Chung

Community Development Alliance and the Concern for Low-income CSSA Recipients Alliance interviewed some 200 residents of Yat Tung Estate. Nearly 90% of these interviewees said that the item which affected their life most was the expensive food they bought from the market. The main reason for that is the high rents in the market operated by The Link REIT. Sixty per cent of the interviewees said that the high consumer prices had increased the pressure on them. Fifteen per cent of the interviewees said that the husband-wife relationship was affected by prices. In addition, the YWCA and the Department of Social Work and Social Administration at the University of Hong Kong interviewed young people in Tung Chung on the streets and it was found that 34% of the interviewees have people of triad background among their circle of friends. Nearly 20% of the interviewees have taken part in some sort of illegal activity. The academics in charge of that survey pointed out that since Tung Chung is a remote district and when parents have long working hours, they do not have enough care and attention for their children. The result is that young people just loiter on the streets. Another survey is done by the SKH Tung Chung Integrated Service and the findings show that 52% of the residents interviewed do not have any income; 45% of the families spend an average of more than \$400 each week on food, that is, an average of \$57 daily. And 71% of the interviewees are not satisfied with the market operated by The Link REIT in Yat Tung Estate.

Deputy President, it is not known whether the Hong Kong-Zhuhai-Macao Bridge, the new control point and the third runway in the airport, and so on, will bring fortune or disaster to Hong Kong. We have to look into the issue in detail. However, the known facts are that the Tung Chung New Town faces problems like expensive food sold in its market, high transport fees, people having long working hours and parents lack time to care for their children, and so on. I urge that as the Government seeks to develop new towns, it must seriously consider preserving the ecology and accord priority to giving direct protection to the life of the grassroots.

Deputy President, I so submit.

MR LEUNG CHE-CHEUNG (in Cantonese): Deputy President, some time ago, I chatted with some friends on the rural committee of Tung Chung. They said that a large number of infrastructure works had been carried out in Lantau Island in recent years, but more often than not, the works could only benefit the tourism

and transport industries, but not the indigenous residents of Lantau. They said that the Hong Kong-Zhuhai-Macao Bridge was built right next to their residence, disturbing the living environment they used to enjoy, and since the exit of the Bridge was far away, neither could they benefit from the transport convenience thus brought forth. As for the Hong Kong Disneyland now undergoing expansion, the SkyPier or the third runway of the airport planned, they are all targeted at tourists. After all, they cannot benefit from the development of Lantau at all.

Deputy President, it seems that a lot of development is going on in North Lantau and opportunities are in abundance, but is the situation so promising in reality? According to the information of the Hong Kong Council of Social Service for 2012, the outlying islands are the poorest district in Hong Kong, where the population living in poverty is concentrated in Tung Chung. Tung Chung is the new town of North Lantau, but it has become one of the poorest districts. What is wrong with it?

A number of years ago, the Government implemented the plan to establish a new town in Tung Chung in North Lantau. Public rental housing was built to accommodate a dense population, but since industrial and commercial development had not been carried out in the district, residents encountered great difficulties in finding employment locally. At the same time, despite the visitors brought in by the tourist facilities and convention and exhibition venues, the retail industries in Tung Chung remained weak. As such, indigenous residents could hardly gain any economic benefits from the development.

As for the people's livelihood, I will only talk about medical services but not the others. In 1997, when the Government developed the new town in Tung Chung, it did not set up a hospital on the grounds that the size of the population was too small. Since Tung Chung is far away from the urban area, people suffering from various diseases, such as dizziness, or dying in any disasters, such as building collapse, will have to make a long way to the urban area to seek consultation. After a fight for 10 years, funds were eventually granted for the construction of the North Lantau Hospital in 2009, which has yet to come into operation to date. Even though the hospital will soon come into operation, it will not provide 24-hour accident and emergency services and in-patient services on the grounds of inadequate resource. The Government did not consider building a hospital in developing a densely populated new town and a place with a large number of large-scale tourist spots; it is really inconceivable.

The various problems mentioned reflect that the planning and support provided by the Government in respect of Tung Chung was incomprehensive. In my view, for all kinds of structure and development, the benefits for local residents should be accorded the highest priority in consideration. If the many structures and development projects fail to change the life of the existing residents of North Lantau, it will not be a desirable move.

Deputy President, to promote the development of North Lantau and alleviate the problem of mismatch in employment in Tung Chung, enterprises and district organizations, such as the Hong Kong Disneyland, Ngong Ping 360 and the AsiaWorld-Expo, have formed an alliance on the development of Lantau (大嶼山發展聯盟). The alliance has pointed out that the rate of in-district employment for Tung Chung residents is estimated to be less than 30%. These enterprises had planned a number of recruitment fairs designated for Tung Chung residents, and they are planning to set up a district vocational training school to provide vocational training to residents in Tung Chung. It will also recruit people of various age groups via the Tung Chung Community Employment Assistance Scheme (東涌社區就業輔助計劃), and then match and place them at jobs of various nature, like security, cleaning, floor management, catering and customer services, and so on. The alliance has also proposed to the Government the establishment of a development committee on the development of Lantau Island, and representations relating to the issue have been submitted to the Chief Executive. Now that enterprises and district organizations have taken the initiative to make proposals on the development of Lantau Island and take positive actions, I hope the Government will be more enthusiastic in promoting the development of Lantau Island and improving the existing supporting facilities in Tung Chung, with a view to improving people's livelihood.

With the Hong Kong-Zhuhai-Macao Bridge, the Tuen Mun Western Bypass, and the Tuen Mun-Chek Lap Kok Link linking Tung Chung, which are all under construction at present, it is hoped that Tung Chung will have the potential to develop "bridgehead economy" and become the logistics hub in Hong Kong connecting the Pearl River Delta. Coupled with famous tourist attractions like the Ngong Ping 360 and the Tian Tan Buddha, Tung Chung may be developed into a tourist resort in Hong Kong. The Government must formulate more concrete plans. It should not think that the provision of hardware alone will bring numerous business opportunities to Tung Chung and North Lantau.

The DAB published the proposal on "Developing Tung Chung into a City Good for Living" (打造東涌宜居城市) in June last year, setting out our detailed proposals on the development of Tung Chung. As for the original motion of Mr CHAN Han-pan and the amendments of various Members, I think they are all very desirable, and I hope the Secretary will consider all of these proposals seriously.

I so submit. Thank you.

IR DR LO WAI-KWOK (in Cantonese): Deputy President, in paragraph 80 of the Policy Address 2013, the authorities mentioned the development of Lantau Island, stating that they are conducting the Tung Chung New Town Extension Study and will explore the development potential of Lantau Island and areas along the trunk routes in New Territories West. Regrettably, the topics which have been discussed for a long time still remain at the conceptual stage, and the Government has yet to come up with any concrete plan and measure.

Actually, the development of Lantau Island has straddled several eras. During the British-Hong Kong Government era, the former Governor, David WILSON, launched the Port and Airport Development Strategy in 1989, which included the Airport Core Programme that was dubbed the "Rose Garden Project". The programme included the construction of the new airport at Chek Lap Kok and its supporting infrastructure, and the development of Tung Chung into a new town. Upon the establishment of the SAR, TUNG Chee-hwa, the former Chief Executive, set up the Lantau Development Task Force in 2004. The Task Force, chaired by the Financial Secretary to provide high-level policy steer on the economic and infrastructure development on Lantau, drew up a Concept Plan for Lantau accordingly. After public consultation, the Task Force released the Revised Concept Plan for Lantau in 2007, proposing the construction of the Lantau Logistics Park and resort facilities in South Lantau. However, it was emphasized that most of these proposals were just preliminary concepts. As for Donald TSANG, the Chief Executive of the previous term, he put forth the 10 Major Infrastructure Projects, including projects relating to the development of Lantau Island, like the Hong Kong-Zhuhai-Macao Bridge, the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link. He also proposed the establishment of the 24th country park in North Lantau; and then in his Policy Address in 2009, he proposed the construction of a treatment centre in Siu Ho Wan for the handling of industrial and commercial food waste.

As indicated in the brief review above, the development planning of Lantau Island has undergone repeated studies and revisions over the years. As three years were spent on this and another three on that, the authorities have yet to come up with comprehensive planning which various sectors in society consider relatively satisfactory. It is evident that the authorities do not have a holistic concept, clear positioning and overall plan on the relevant development. As a result, the many proposals put forth have only been transient. In the face of the present shortage of land reserve and the serious pressure exerted by the housing problem in society, I urge the Government to expeditiously formulate a Lantau development plan that keeps abreast of the times, so that Hong Kong will attain sustainable development in the long run and people's livelihood see some improvement.

Deputy President, given the vast expanse of Lantau Island, there are many sites suitable for development, and the island has potentials for the development of large-scale projects. More importantly, the Hong Kong-Zhuhai-Macao Bridge will be completed in 2016, and certain large-scale infrastructure works projects have already commenced at the two exits of the Bridge, one at Hengqin and the other at Qianhai. There is obviously an urgency to take forward the development planning of Lantau Island, which is the third exit of the Bridge. Moreover, since the Tuen Mun-Chek Lap Kok Link will be opened to traffic in 2018 and the construction works of the third runway of the airport is under planning, the planning and supporting development on Lantau must be speeded up, so as to cope with and drive the economic development in the surrounding areas and to provide new sites for housing development.

Deputy President, in planning the development of Lantau Island, what factors should be considered? In my view, first, there must be clear concepts on planning and positioning. The authorities should not only consider capitalizing on the favourable conditions on Lantau, but also ensure that requirements for the development of the economy and industries in Hong Kong can be met. Any development meeting the criteria of high added value and diversity, be it development of the tourism industry, convention and exhibition industry or green industry, should be considered, so that opportunities of employment and business venture at various levels will be created. Second, the authorities should fully capitalize on the new opportunities arising from the integration of the Great Pearl River Delta. With the successive completion of cross-boundary infrastructure projects on the periphery of Lantau, the "one-hour living circle" among Guangdong, Hong Kong and Macao will soon become a reality. It will bring forth a significant increase in cross-boundary visitor flow and logistic activities.

For this reason, Lantau has infinite potentials for development. Third, the authorities should enhance the matching transport network on land and at sea, so as to connect the various facilities and tourist spots in the district and bring forth synergy.

Fourth, the authorities should strike a balance between development and environment conservation. Lantau Island has an abundance of nature scenery, a lot of rural and traditional custom and cultures, as well as community characteristics, which are good selling points. Therefore, the authorities should attach importance to the independent features of the local culture and environment conservation, which will not conflict with the new development plan and should be regarded as an important factor in planning. Fifth, the planning should cover the support on the demand for human resource. The authorities should properly analyse and make corresponding resource deployment on the distribution of the future population, economic activities and the labour force, as well as the manpower demand for various professionals in different areas, like construction works, involved in the various development projects, so that the progress of implementation of these projects will not be delayed by manpower shortage. Sixth, the authorities should conduct environmental impact assessments and public consultation in a proper manner. It should learn a lesson from the valuable experience in the Express Rail Link incident and the Hong Kong-Zhuhai-Macao Bridge incident, and so on.

Deputy President, at present, there are voices in the community calling for the Government to establish a Lantau Island Development Committee, so as to make long-term planning for Lantau early. I very much agree with this. The committee may be chaired by the Financial Secretary. It should ensure cross-sectoral representation on the committee. In addition to the relevant Directors of Bureaux, like those of the Development Bureau, Transport and Housing Bureau, Commerce and Economic Development Bureau, Environment Bureau, Home Affairs Bureau and relevant government departments, the committee should also include representatives from the professional sectors, like planning, construction and engineering, and representatives from the tourism, logistics and green industries, as well as people from Lantau Island and the surrounding areas, in order to gauge the views of the community and to formulate practicable proposals.

Deputy President, I so submit.

MS STARRY LEE (in Cantonese): Deputy President, as a number of development projects will be undertaken and various infrastructure works completed in Lantau Island in the next few years, facilities in the district will be in heavy demand. Therefore, consultation, co-ordination and planning on the overall development and conservation of North Lantau, as well as Lantau Island as a whole, have to be carried out, and it can brook no delay.

Next, I will present six major reasons in support of speeding up the development of Lantau Island:

First, the development of Lantau should be speeded up to cope with the infrastructure works. With the completion of various infrastructure works, Lantau will become the hub of the "one-hour living circle" in the Pearl River Delta. It will only take one hour to travel from Lantau to Hengqin in Zhuhai, Qianhai in Shenzhen and Nansha in Guangzhou. After the several vital trunk routes are opened to traffic, it will definitely bring about a significant volume of traffic and visitor flow. In view of the significant increase in business opportunities and visitors, Hong Kong should make planning early. Otherwise, the shortage of support and retail facilities will drive visitors to Macao or Singapore, by then, it will be too late to regret. Visitors lost may not necessarily be attracted to Hong Kong even several folds of resources are spent.

We should grasp the opportunity to promptly cope with the development of peripheral regions and develop North Lantau into the "bridgehead" for "bridgehead economy. If we can do so, the surplus demand projected will be effectively turn into a new engine providing impetus to Hong Kong economy. If the development of North Lantau remains stagnant, it will fail to support the development of the peripheral regions. This driving force for the development of Hong Kong economy will fuel the conflicts between Hong Kong and the Mainland, causing surges in rental and prices in the district, and thus exerting additional pressure on the daily life of the residents of the district and even Hong Kong people as a whole.

I would like to mention in particular that multi-storey car parks must be built in the "bridgehead economic zone" to provide a large number of parking spaces, so that visitors may do shopping directly in the district or use the services provided by the various industries in Hong Kong, or take other means of transport to the urban area.

The second reason for developing Lantau Island is to cope with the projected increase in visitors. Tourism support facilities in Hong Kong are inadequate and it has come to a bottleneck. The authorities should brook no delay in increasing the tourism support facilities, including tourist attractions, hotels and floor area of retail business. The development of Lantau will help to significantly increase the tourism support facilities in Hong Kong.

In recent years, the number of Mainland visitors has been increasing rapidly, and we can hear people talking in Putonghua everywhere. The Government must conduct a comprehensive review of the tourism policy of the Individual Visit Scheme (IVS), which includes examining the arrangement of tourism facilities in Hong Kong and establishing a communication mechanism with the Mainland, so that Hong Kong can play a dominant role in deciding the number of visitors arriving under the IVS, thereby minimizing the impact of the IVS on the daily life of Hong Kong people.

Apart from these policy measures, the authorities should simultaneously enhance the relevant tourism support measures to make proper support arrangements for the projected growth in visitor arrivals. In respect of tourism support, I would like to point out particularly that retail facilities are lagging far behind the current increase in visitors, where a lot of business opportunities have been lost. By looking at the following figures, Members will know clearly the impact of the increase in visitors on the retail industry and the bottleneck now faced by it.

The total retail sales in Hong Kong were \$200 billion in 2005, which doubled to \$400 billion last year. However, the gross floor area of the retail industry has only increased from 95.2 sq m to 107.9 sq m, a year-on-year increase of 2%. In view of the excessive demand, shop rental increases continuously. According to an international study report, rentals in Causeway Bay have surpassed those of the Fifth Avenue in New York. It has knocked New York off the top of the list for the first time in 11 years to become the world's most expensive shopping district. The drastic increase in rent is not limited to individual districts. According to the information of the Rating and Valuation Department, the overall rental index of retail premises has risen from 113.6 in October 2009 to 154.3 for the same period this year, an increase of nearly 35.8%.

At present, facilities like hotels, retail and catering industries have almost reached their full capacity, resulting in a drop in service quality. This is

particularly the case for bustling districts on both sides of the Victoria Harbour, where long queues are found outside brand name shops. The problem is serious. As such, the further development of support facilities in the surrounding areas of Lantau Island and enhancement of local and external transport links will drive economic growth in Hong Kong, relieving the crowdedness found in downtown facilities, alleviating the pressure on rent increase and inflation and easing the tension between the residents of Mainland and Hong Kong resulting from the competition for resources.

Third, to bring the synergy of the infrastructure in the district into full display, the development of Lantau must be speeded up. There are now a few clusters of large-scale infrastructure on Lantau, including the airport, the Hong Kong Disneyland, AsiaWorld-Expo and Ngong Ping 360, and so on, which have provided tens of thousands of job opportunities for residents in the district and Hong Kong people as well. However, the connection and ancillary support facilities of such large-scale infrastructure have failed to take into account opportunities arising in future. We can imagine that with the successful establishment of the "one-hour living circle", it will definitely bring additional and more buoyant economic activities to Hong Kong and the region.

In retrospect, we notice that apart from the problem mentioned by me earlier on the rental surge resulting from the shortage of retail floor area, support facilities for commercial activities were in acute shortage in the past, where the shortage of hotels and office premises had been particularly serious. Hence, the "bridgehead economy zone" should be positioned as a "satellite commercial district". It should provide diversified and convenient consumer services to business visitors, so that Lantau Island can capitalize on the opportunities brought forth by the Hong Kong-Zhuhai-Macao Bridge and the peripheral economy, realizing the governance vision of "local people capitalizing on local opportunities". However, we must bear in mind that apart from increasing the capacity on various fronts, the "bridgehead economy" of Lantau should also give regard to the important consideration of increasing local employment and developing Lantau into an integrated city good for living, doing business and leisure activities.

The forth reason for development is that it is a promise made by the Chief Executive, and the development will implement the proposals set out in the Policy Address.

Fifth, as I pointed out earlier, society has reached an initial consensus and alliances have been formed in the community to urge the Government to speed up the development work.

Deputy President, I so submit.

MR CHAN KAM-LAM (in Cantonese): Deputy President, development of Lantau Island was kick-started by the decision made by the authorities to build the Chep Lap Kok Airport in 1989. After some 20 years, Lantau has become a community with a population of over 200 000. Actually, the community — we always called Lantau a community — has developed into a well-structured town. Undeniably, we have overlooked this new town.

Residents of Lantau have all along been complaining about the lack of choices in shopping and expensive goods prices in the district, where few shopping arcades and wet markets are available, and the acute shortage of community facilities, where a hospital is not even provided. Members may think of the scenario where residents of Tung Chung fall sick and need to consult a doctor. In that event, they would need to go to the Kwai Chung Hospital or Princess Margaret Hospital. Fortunately, after striving for 10 years, the North Lantau Hospital will eventually come into operation in phases starting from next year.

Needless to say, transport is inconvenient there. The long distance and expensive transport fares have imposed a heavy burden on residents in Lantau Island, and it may even be the obstacle preventing them from working in the urban area. Employment opportunities available in the district are very limited. No wonder, Yat Tung Estate is ranked one of the public housing estates with the highest unemployed population and the greatest number of household recipients of Comprehensive Social Security Assistance. As such, in the next stage of discussion on the development of Lantau, we should focus on the development of the local economy to enhance employment in the district. We should bring forth development to improve the people's livelihood on the whole, and develop Lantau into a new town with more potential and development opportunities.

For the better living of residents on Lantau Island, I think the improvement of the external links of Lantau is of the utmost importance. Apart from the proposals advocated by the DAB over the years on lowering the price of the MTR

monthly passes, offering choices of different types of monthly passes and providing half-price concessionary monthly passes for students, I think the toll of the Lantau Link which has a great bearing should also be reviewed. Since the Lantau Link is the primary distributor road for external connection of Lantau Island, the cancellation of the tolls will promote passenger flow, goods flow and vehicle flow between Lantau and the urban area, and it will indirectly lower the burden of transport expenses on residents of Lantau.

Initially, the toll of the Lantau Link was set at \$60 for a round trip, but since we noticed that the total project cost was more than \$7 billion, we re-calculated the toll with the Government at the time and finally set it at \$30 for a round trip. In general, we agree with the "user pays principle". The Government has set the toll at this level with a view to maintaining the return as a percentage of the average fixed assets at 13.28%.

Come to think about this. Since the completion of the Lantau Link in 1997, the average daily traffic throughput has doubled. With the tourism development of Lantau Island in the past two years, I believe the traffic throughput will increase continuously. The return rate set by the Government may have far exceeded the target it set back then. It is true that the Government will review the toll level every year and has undertaken to consider the impact of the toll on the traffic throughput and economy during the review, but since the opening of the Lantau Link to traffic in 1997, no toll adjustment has ever been made. If the toll return of the Government for the past few years has already exceeded the projected return, why does the Government not consider abolishing the toll? I think even if the toll is abolished, the Government will not incur any excessive loss.

Since the authorities have expressed the desire to develop new towns, it needs to formulate a holistic plan. In future, additional public rental housing flats, Home Ownership Scheme flats and private properties will be provided on Lantau Island, which means the resident population will grow continuously. However, without the development of local economy, the problem of cross-district employment will persist and the unemployment rate may be driven up further. The only solution to the problem of finding employment within the district is to develop the local economy, particularly the service industries. Mr CHEUNG Kwok-che criticized the development of Lantau Island for putting emphasis on the economy but overlooking the people's livelihood. It is evident that Mr CHEUNG does not understand the inseparable relationship between

economy and people's livelihood. Without economic development, how can we talk about people's livelihood?

We agree that the development of Lantau Island requires careful planning and the striking of a balance between environmental protection and development, but the two aspects should never be put in a dichotomy. The Hong Kong-Zhuhai-Macao Bridge (HZMB) will be completed in 2015-2016, but the authorities seem to have reservations about the development of Lantau, and this makes us anxious. By the time the HZMB is opened to traffic, North Lantau should be well provided with community, tourist and commercial facilities. Only with such development will overseas visitors be retained and local residents convinced to work within the district, thereby improving their livelihood. Otherwise, Lantau Island will let slip the golden business opportunities.

I hope the SAR Government will reconsider speeding up the planning of North Lantau, so that the district will be expeditiously developed into a community with development potentials.

Deputy President, I so submit.

MR TAM YIU-CHUNG (in Cantonese): Deputy President, as a Legislative Council Member representing New Territories West, I have witnessed all the developments in the Tung Chung New Town and have a deep understanding of the problems that arose in relation to the planning of the district.

I think that Tung Chung residents generally face four major problems and in sum, they are "problems in finding employment", "problems in transport", "problems in seeking medical consultation" and "problems in buying food", and it can be said that there are two types of difficulties and two expensive areas. On these problems, my colleagues have also voiced a lot of views just now.

We think that the motion moved by Mr CHAN Han-pan on "Developing a new North Lantau" is most meaningful, but the reason for our proposing this motion is not just to look at the past mistakes made by the Government, rather, it is hoped that the Government can seize the opportunity arising from the successive commissioning from 2016 onwards of such large-scale cross-boundary transport infrastructure as the Hong Kong-Macao-Zhuhai Bridge and the link road between Tuen Mun and Chek Lap Kok, which will turn Tung Chung into a new

cross-boundary transport hub, to complete the "planning and engineering study on the remaining development in Tung Chung" as soon as possible, in order that the problems faced by Tung Chung residents currently can be ameliorated.

There is no doubt that in order to relieve Tung Chung residents of the plight faced by them currently, it is necessary to approach this matter three angles, namely, increasing employment opportunities in the district, improving external transport links and lowering transport expenses.

(THE PRESIDENT resumed the Chair)

On the question of increasing job opportunities in the district, apart from seizing the opportunities presented by the completion and commissioning of large-scale cross-boundary transport infrastructure to give play to our advantages in control point economic activities by providing more land in Tung Chung for the development of commercial, retail, catering and tourism facilities, holiday bazaars with local characteristics and markets and cooked food centres managed by the Food and Environmental Hygiene Department (FEHD) should also be established.

First, not only can these holiday bazaars with local characteristics and markets and cooked food centres managed by the FEHD enable tourists from all over the world and the Mainland to enjoy and experience retail and catering services with local characteristics that are not offered by chain stores, they can also provide ample and suitable employment opportunities to low-skill workers in the district, thus reducing the pressure on local residents to look for work elsewhere. They can also provide inexpensive but quality retail and catering services to local residents, so this is arguably a proposal that kills three birds with one stone.

Of course, no matter how the authorities increase the job opportunities and community facilities in Tung Chung, residents still need to venture out of the district to work, shop, make use of cultural and recreational services and get in touch with friends and relatives in the urban area. Therefore, the authorities also have to find ways to improve the transport facilities for Tung Chung and ease the burden of transport fares borne by residents there, so as to bring about changes to

the plight of Tung Chung residents being apparently cut off from the rest of the world.

On the issue of improving the transport facilities in Tung Chung, the first and foremost task for the authorities is to honour the promise made to the residents of Yat Tung Estate in Tung Chung when developing the Tung Chung New Town by restarting the planning on the Tung Chung West Extension and putting in place the Tung Chung West Station, thus removing the obstacles that prevent residents of Yat Tung Estate from getting in touch with the outside world. An additional public transport interchange should also be put in place in Area 1 of Tung Chung and maxicab services should be introduced into the district, so as to strengthen the links among various areas in Tung Chung.

Meanwhile, although the Mass Transit Railway (MTR) is the major means of external transport for residents of Tung Chung, the fares for the Tung Chung Line of the MTR are much higher than those of the West Rail and East Rail, so this has all along been criticized by Tung Chung residents. Although the MTR Corporation Limited (MTRCL) introduced a monthly pass system for the Tung Chung Line in response to the demands of Tung Chung residents, greater fare discount is only offered to Tung Chung residents travelling from Tung Chung to Hong Kong Station, whereas those travelling to the New Territories or other areas of Kowloon are not offered significant fare concessions. Moreover, residents using monthly passes are not entitled to fare concessions for interchanging to the buses of the New Lantau Bus Company.

In view of this, the DAB believes that the MTRCL should put in place a district monthly pass system and offer interchange concessions to monthly pass users, as well as setting up an "MTR special concession station" at Yat Tung Estate, so as to ease the burden of transport expenses borne by Tung Chung residents.

Finally, I wish to focus my discussion on the issue of "difficulties in seeking medical consultation" faced by Tung Chung residents. In the past, since the population of Tung Chung had not reached the required number, for more than a decade, there was only a general out-patient clinic in Tung Chung to cater to the medical needs of more than 80 000 residents in Tung Chung. Although with the lobbying efforts made by Tung Chung residents together with us, the authorities commenced the construction of the North Lantau Hospital in 2010 and it is expected that the first phase of service will be provided in the third quarter of

this year, in the first phase of service, only eight hours of accident and emergency service can be provided and 24-hour accident and emergency service will not be provided until 2014. It is not until 2016-2017 that full accident and emergency service, in-patient service and specialist services will be provided.

We understand that due to the difficulties in recruitment experienced by the Hospital Authority (HA), at the initial stage of operation of the North Lantau Hospital, there will not be a sufficient number of healthcare workers to provide full medical services. However, due to the urgent needs in the district, we hope that the HA can expedite its recruitment process and, so long as the medical services of other hospitals are not affected, redeploy its manpower as far as possible, so as to meet the needs of Tung Chung residents.

Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, today we are discussing the development of Lantau here, but the Chief Executive has already gone to Guangdong for negotiations on co-operation between Guangdong and Hong Kong.

Actually, looking back at the development of Lantau or the Rose Garden Project, one would know that such planning and development relates to politics and economics. I have said in the Council many times before that when this Council holds discussions on economic issues, very often the focus is on how we can raise the gross domestic product. However, the meaning of economics does not merely lay emphasis on how to make the "pie" bigger. Rather, it is about how to distribute the "pie".

Let me first read out the part in the Policy Address of "big liar 689" (that means LEUNG Chun-ying) concerning how to develop Lantau Island. As he pointed out, "With the rapid development of the west bank of the Pearl River Delta, Qianhai, Nansha and Hengqin, coupled with the availability of the Hong Kong-Zhuhai-Macao Bridge (HZMB) and other infrastructure, the northwest of Hong Kong will become a focal point of development. Lantau Island, in particular Tung Chung, has a geographical advantage for the development of logistics, tourism and other industries, hence creating new employment opportunities for the local residents. We are now conducting the Tung Chung New Town Extension Study to explore the potential of developing Tung Chung

into a new town with more comprehensive and better developed community facilities. We will also continue to explore in earnest the development potential of Lantau Island and areas along the trunk routes in New Territories West." What he said is no different from empty talk.

I really do not know why those Members who spoke so passionately here today support the Chief Executive. Whatever he said, he was merely repeating the message that we will have development opportunities as long as there is development on the Mainland, so we — especially when Tung Chung is already on course for development — should capitalize on such a good opportunity.

He did not mention the construction of the third runway, which is the grandest project incurring the highest cost since the inception of Hong Kong. Neither did he mention the forecast situation upon the commissioning of the HZMB in the future. Why were they not mentioned? Why was no planning conducted on the basis of what the officials had said, that means the figures projected by them? Back then, Eva CHENG pledged in all sincerity and seriousness at the Legislative Council, stating how many job opportunities would be brought forth upon the completion of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). I asked them if those were the actual figures, but it turned out that they were deduced by Thomas CHAN, a supervisor in the business-oriented Polytechnic University. At that time, I said I knew Thomas CHAN, too. He is a businessman.

I objected to the construction of the HZMB, in particular, to our need to meet more than half of the construction costs. Nevertheless, despite my objection, now I have to accept the reality. What I wish to say is, how did the plan under our present discussion come about? The answer is that the Mainland had planned the development of Guangdong Province, including the establishment of a "one-hour living sphere", the construction of the XRL and other projects, so we followed its plan in carrying out planning for Hong Kong. This is exactly the crux of the problem. This is the issue we should study now.

For instance, what actually are Hengqin and Qianhai? We have no idea, but we have to build the HZMB beforehand to welcome these places. As for Nansha, we need not talk about it either, President. Henry FOK said that a Party Secretary in Nansha had put him through hell, adding that he would complain to the Central Authorities.

Let us then look at the exorbitant investment in the airport. Is the construction of the third runway necessary? Though this question has not yet been settled, now it has forced its way through. Since the freight volume of the two main cargo terminals at the airport did not meet the estimated — that means projected — target, the two existing runways do not have to bear too much pressure. We also anticipated that as the passenger throughput of the airport increased, the patronage of the Airport Railway would increase as well, but that is now also proven wrong.

Why did I say that? It is because all these assumptions have caused the infrastructure to be built in advance by Hong Kong people with blood and sweat, and there is no return now. Yet our Honourable colleagues said, since the works have already started, just keep them going. Buddy, Tung Chung, on which we speak with dismay here today, was developed in such a manner. Anyone who is well-versed in town planning will know that we cannot simply build a town. Instead, we have to build a satellite town. Just now they talked about "self-sufficiency". That represents the "small and all-inclusive" town mentioned by "old MAO". How will it end up? Have you ever thought about that?

The explanation given by those who support such an approach relates to the trickle-down effect, that is, given the large sum of money expended by the Mainland and by us, and after so much money has been expended, the scale of economy thus achieved will help out people with the trickle-down effect. Buddy, never have I heard of such a theory.

I would like to ask Mr CHAN Han-pan a very simple question. If Tung Chung suffers from underemployment, what should be done? He does not support demanding the rich who have made a fortune by taking advantage of our infrastructure to pay progressive profits tax so that we can use such tax revenue to help out people. Then what should be done, buddy? Every time the same thing happens. Tycoons in the Mainland and Hong Kong take advantage of us and make a fortune from our infrastructure, whereas the poor people continue to suffer poverty. Hence, I think this is merely another "big white elephant" after Tuen Mun, Tin Shui Wai and Tung Chung. It will not come true because of the exquisite fantasies of Honourable colleagues.

However, I do not have too much speaking time today. I hereby state for the record that I absolutely object to the third runway and the so-called planning currently espoused by LEUNG Chun-ying.

MR ALBERT CHAN (in Cantonese): President, today I speak on behalf of the People Power to object to the original motion and all the amendments. The reason is very simple. It is because all of their contents cover the third runway, and we are resolutely opposed to the construction of the third runway.

Besides, the original motion has used the expression "good for living", giving us a strong impression that Hong Kong needs to integrate with the Mainland so that it will become a city which is "good for living". This kind of Mainland jargons should be avoided by all means in Hong Kong's town planning, since every time we talk about integration between China and Hong Kong, people are given the feeling that Hong Kong is an appendage to the Mainland and Hong Kong's economic development relies on the spending or shopping activities of the people of strong China. Hence, in town planning and economic development, Hong Kong must maintain its own characteristics with Hong Kong's core values and land suitable for Hong Kong people to live, rather than simply yielding to the enslavement and occupation by the people of strong China.

President, Tung Chung can be regarded as one of the biggest failures of new town development in Hong Kong. Many people do not quite understand the plight of Tung Chung residents currently. Of course, a number of people have talked about the transport issue. As a matter of fact, Tung Chung has three of the most serious shortcomings in Hong Kong. First, as many people are clearly aware, the transport cost in Tung Chung is the highest in the territory. For residents in Tung Chung, no matter whether they travel to the urban areas by the MTR or by bus, their transport cost is the highest in the territory compared to all the new towns.

Second, compared with all the major districts in Hong Kong, Tung Chung suffers the most serious air pollution. According to a survey on suspended particulates in 2011, with the calculation based on the air quality objectives PM10 or PM2.5, Tung Chung is the worst in Hong Kong with its hourly mean PM10 as high as 250 and that for PM2.5 at 174. This is a grave problem. If people who have respiratory problems stay in Tung Chung from 11 am to 2 pm in the sultry summer, they may suffocate at any moment. On the other hand, air pollution in Tung Chung is so serious that people suffering from asthma should be advised against moving to Tung Chung. For all of you who suffer from asthma or have a respiratory problem, please consider carefully not moving to Tung Chung. Otherwise you will face the threat of death.

In fact, no homes for the aged should be built in Tung Chung. If any home for the aged is set up in Tung Chung, I will feel worried for the elderly. In the sultry summer weather, they may develop a breathing problem anytime even if they are only strolling indoors. For this reason, the future Tung Chung Hospital should focus on the respiratory specialty because people living in Tung Chung may seek help for such conditions in any minute.

The third problem is noise pollution. The problem of noise pollution is exactly caused by the airport. This is due to a serious blunder made by the consultancy appointed by the Government in making its airport noise assessment report back then. President, I participated in scrutinizing this noise assessment report at that time because I was a member of the Advisory Council on the Environment then. Having read the whole report, I know its contents very well. Actually, the gravity of noise pollution in Tung Chung upon the commissioning of the Chek Lap Kok airport is vastly different from the result of the consultancy study back then. Hence, this is a professional error, but now members of the public have to bear its consequences.

After Secretary Paul CHAN assumed office as the Secretary for Development, he valiantly said that Siu Ho Wan would be developed into a residential area. Back then, there was a plan to designate Siu Ho Wan as a community with 30 000 to 50 000 residents, but after the commissioning of the airport in Tung Chung, the Government cancelled the development plan of Siu Ho Wan. One of the main reasons was if you know how to read diagrams, you will know this one relates to planning for the NEF 25 contour of the airport. As we know, according to the report, noise pollution in Ma Wan is the most serious. Of course, if we count in Sha Lo Wan, the noise pollution there is even worse, since Sha Lo Wan is within the NEF 25 contour. At present, places in Tung Chung where the Government has planned continued development as new towns or construction of public rental housing (PRH), including Siu Ho Wan and new sites for PRH development in Tung Chung, are not within the NEF 25 contour for the time being, but they are in the vicinity. In terms of distance, they are closer to the NEF 25 contour than the present residents in Ma Wan. That is to say, the noise pollution problem in places where new PRH will be built and the Siu Ho Wan reclamation area which will be used for future housing development will be even more serious than the noise pollution problem currently faced by the Ma Wan residents. Following the continuous increase in aircraft noise and the number of flights, the noise contour will change. The noise contour will shift from time to time.

Over the past decade, I have kept requesting the Government to make public the new noise contour, but the Government refused to do so. To date, the Government is still unwilling to disclose the current NEF 25 contour resulted from the actual aircraft noise. All along, the Government has refused to make it public. If the Government continues to adopt an ostrich policy, members of the public will only continue to suffer.

Hong Kong needs to develop its economy. Many people talk about the economy there are two principal landlords in Tung Chung. One is The Link REIT and the other, the MTR Corporation Limited. As the two principal landlords control all the land titles, small shop tenants have been bullied by the two of them. Thus, if there is going to be any economic development in Tung Chung, it is necessary to open up the titles so that other people will enjoy opportunities of competition. We cannot allow the two principal landlords to manipulate the rents of the major shopping malls, thereby forcing Tung Chung residents to buy expensive goods and depriving them of development opportunities.

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

MR PAUL TSE (in Cantonese): President, I would like to add three points to the development plan mentioned by Members earlier.

However, before speaking on those points, I wish to first relay the views of Mr Jeff LAM Yuet, a District Council member from Tung Chung, upon his request. Mr Albert CHAN has already mentioned these views earlier; and there were motions and questions on relevant matters in the past. The first view of Mr LAM is that a monthly pass should be introduced for the MTR Tung Chung Line to allow unlimited travel since the existing \$550 Tung Chung-Hong Kong Monthly Pass can hardly help local residents relieve their burden of travelling expenses. It will be best to provide a monthly pass of \$400 which charges sectional fares for trips to Kowloon. Secondly, on hospital services, the accident and emergency services should be extended from eight hours to 24 hours a day to cope with local needs. In particular, it must be noted that Tung Chung is close to the airport, where there are many travellers and contingencies or major incidents may happen. Thirdly, he hopes that the North Lantau Hospital can provide dental services.

President, coming back to the three points I wish to add as mentioned just now, firstly, I hope that the planning can take a "one-stop" approach. I have mentioned in this Council on many occasions that there are lots of "points" on Lantau Island but many of them are not connected to each other because of the designation of numerous prohibited zones and the lack of overall complementarity. As a result, these "points" are unlike the well-connected attractions on Sentosa Island in Singapore. Yet, they must be linked up if synergy is to be created among their activities and operation. The exhibition of "The Riverside Scene at Qingming Festival" held before is a good example to demonstrate such synergy. The response to it was simply overwhelming.

President, my second point is about the SkyPier. Just now, I heard the Secretary say that it was unlikely for the Customs and Excise Department to introduce customs clearance service and the Immigration Department (ImmD) immigration clearance service at the SkyPier because of its low patronage. Nevertheless, the ImmD often performs immigration clearance in a flexible manner by sending its officers to board gambling boats, however small they are. Therefore, I do not understand why the Government cannot take some simple and relatively efficient measures to turn the SkyPier into a clearance point so as to ease the heavy load on clearance at Shenzhen Bay, a land boundary control point.

In my view, the stance of the authorities on this issue is more or less affected by the somewhat negative findings of the feasibility study conducted by the Airport Authority (AA) in 2008-2009. However, I must remind the authorities that the position of the AA is something they have to consider carefully since its views may not always accord with the overall interests of Hong Kong. On the contrary, the AA may be more concerned about its own development and performance. Therefore, the Government must be very careful about this.

Besides, the authorities may worry that the opening of the Hong Kong-Zhuhai-Macao Bridge (HZMB) in 2016 will lead to a decline in the demand for the SkyPier, as well as its patronage. However, as stated by Mr Ronny TONG just now, it is something that will not happen until a few years later. The most-pressing issue right now is to enhance the synergy of the various "points" on Lantau, including the Hong Kong Disneyland and the AsiaWorld-Expo. We should do this without hesitation unless it is too costly and will make the Government suffer a loss. I think the authorities should study this proposal as soon as possible.

My worry is that different departments may have their own considerations and approaches. In particular, some officials may be afraid that if the patronage of the HZMB is low in 2016, the opening up of the SkyPier, which draws away travellers, will further play up the "white elephant" image of the HZMB. Will they have to take the blame by then? It may be a point that we should note. However, for the sake of local development, I think it is something that must be done as quickly as possible.

Thirdly, I would like to point out that a giant international consortium had previously expressed its interest in opening an outlet in Tung Chung. One should not overlook this outlet. If it is well developed, it can help achieve the goal of developing airport tourism, making Tung Chung an attraction of airport tourism. Regrettably, the administration of Donald TSANG had put off this proposal repeatedly. Ever since 2008, this consortium has kept advising Hong Kong to grab this opportunity as the proposed outlet will become an important establishment with excellent potential after the completion of the HZMB. In those days, they were considering whether to establish an outlet in Hong Kong, Macao or Zhuhai. This outlet will be their flagship venue in Asia, and they have keenly sought to open it in Tung Chung of Hong Kong — at a site in Tung Chung which is now used as a temporary car park and golf course. As far as I know, the then Secretary for Development strongly supported this proposal but the conflicts among different bureaux and their dissent over this proposal had caused it to remain up in the air. Also, the AA wanted to make use of this site for its own development. Consequently, this proposal is left in suspense.

However, I am afraid that if we miss this opportunity, we will feel dreadfully sorry later. According to the initial projection, this proposed outlet, if built, can at least create 3 000 job opportunities. It will also attract 10 million or more tourists every year. To a certain extent, it can also ease the Mainland-Hong Kong conflicts, such as those in the baby formula incident, because sufficient commercial facilities will allow us to capitalize on the opportunities before us to stimulate our economy and assist people in the Mainland and Hong Kong, just like the border areas between the United States and Canada or Mexico. Unfortunately, Hong Kong often turns something good into conflicts and burdens. It is really a pity. I hope that, this time around, the authorities can act decisively before it is too late to avoid missing this golden opportunity. If so, Hong Kong can then stand to reap the huge benefits brought by the completion of the HZMB.

President, while we often champion for things like lower fares, we can indeed solve old problems with a new mindset by increasing job opportunities in the district. For example, we do not have to seek a fare reduction; instead, we can help locals by improving their life. As long as sufficient good jobs are created in the district, local residents will not have to spend much time on travelling to the urban areas for work. President, on this issue, I hope the authorities can step up their efforts. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr CHAN Han-pan, you may now speak on the eight amendments. The speaking time limit is five minutes.

MR CHAN HAN-PAN (in Cantonese): President, this time, I have proposed the motion on "Developing a new North Lantau" on behalf of the DAB mainly to make use of the platform of a debate in the Legislative Council to draw back the attention of the public, the authorities and the Council to focus anew on the future development of North Lantau. We hope that all these parties can reach a consensus and work together to grasp the fleeting opportunity of developing Tung Chung, the core community in North Lantau, into a new community with local characteristics which is good for living, doing business and leisure activities, and capitalize on the opportunities arising from the North Lantau development to drive the development of Tung Chung's neighbouring communities, the entire Lantau Island and the whole of Hong Kong.

With this idea in mind, I decided to use principled terms to give directions and avoid making concrete or exhaustive requests when I drafted the motion. My original intention was to prevent this motion, which is about the development of North Lantau, from being negated simply because some Members object to certain individual requests. Yet, I understand that Members are very much concerned about the development of Tung Chung and North Lantau. Therefore, I consider it good for there to be as many as eight amendments, with a number of them listing concrete requests.

The DAB welcomes and supports most of the amendments since the suggestions therein are consistent with ours and can enrich our original motion. For example, the amendment of Miss Alice MAK has added eight concrete suggestions which include setting up the Tung Chung West MTR Station, lowering the fare of the Tung Chung Line's monthly pass and introducing a monthly pass for short trips, setting up a bazaar and public markets in Tung Chung, opening up the SkyPier, and building cycle tracks. As stated in my main speech earlier, the DAB has also put forth such suggestions before. I believe they are the heartfelt wishes of Tung Chung residents.

The DAB also supports Members like Mr Vincent FANG and Mr YIU Si-wing in suggesting that new elements should be injected into the tourism and economy of Lantau Island by, say, developing South Lantau, expanding the Disneyland and perfecting the support facilities of the AsiaWorld-Expo, since these suggestions can make Tung Chung a better place for living and leisure activities. Meanwhile, they can facilitate the development of North Lantau which will hence radiate out to other areas.

However, we do not agree to Dr Fernando CHEUNG's amendment because of three reasons. First of all, his amendment considers infrastructural development as destructing North Lantau. This view contradicts with the general public consensus that development and conservation should be balanced. Secondly, the amendment advocates establishing a so-called "platform for democratic planning" before making development plans. This suggestion is indeed meant to negate all the development directions and planning concepts determined after a long period of consultation, forcing the development to start from scratch again. We are afraid that it will slow down the pace of planning and development of North Lantau, or even politicize the whole project.

Lastly, Dr CHEUNG's amendment has deleted most of the suggestions in the original motion, including the principle of striking a balance between conservation and development, the development of a "bridgehead economy", and the points related to "doing business" and "leisure activities". We trust that if the employment problem is well tackled, a sound foundation can be laid for developing a community into a place which is good for living. Yet, employment relies on economic development driven by business and leisure activities. If the points of "doing business" and "leisure activities" are deleted, it will be questionable whether Tung Chung can be developed into a community "good for

living". Such development may just become empty talk that will not do any good to the residents of North Lantau.

In conclusion, the DAB welcomes the amendments proposed by other Members but we will vote against Dr Fernando CHEUNG's amendment. We would like to thank Members for their speeches today as their views have enriched our motion and drawn the attention of the Government and different sectors to the development of North Lantau.

President, I so submit.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I would like to thank Mr CHAN Han-pan for his motion, the other eight Members for their amendments and 13 other Members for their speeches. I have listened to them carefully and jotted down their views.

President, at the beginning of the debate, I already gave my elaboration on and responses to the 12 areas of concern, namely, transport infrastructure, the development of a "bridgehead economy" and the Airport Island, the enhancement of tourism development and convention and exhibition industries on Lantau Island, the SkyPier, the toll for Lantau Link, the Tung Chung New Town, the Tung Chung West MTR Station, holiday bazaars, public markets, the North Lantau Hospital, the development of South Lantau, and environmental impacts. Therefore, I will not repeat all that but will just add a few points in response to the views raised by Members just now.

Firstly, as Mr Tony TSE has requested the Government to first protect local professions, I would like to tell Mr TSE that we will do this as far as possible. However, we must note that as Hong Kong is a member of the World Trade Organization, the Government must be cautious about certain specific requirements in our procurement contracts to avoid being criticized for non-compliance.

Secondly, regarding development of the slope along the left side of the Lantau Link Lantau-bound as mentioned by Dr KWOK Ka-ki just now, I would like to point out that the slope along the Lantau Link is indeed rather steep. While our technology allows us to overcome the gradient problem, this problem, coupled with the complicated conditions, will cause the development cost to

become rather high. In addition, the conduct of development there is likely to involve country parks, making it comparatively difficult.

Thirdly, as stated by Mr Albert CHAN just now, we are fully aware of the restrictions on air quality and noise. Yet, we will seek to explore room for development within such restrictions.

Fourthly, a number of Members have talked about issues related to the SkyPier. Here, I would like to reiterate once again that I will relay Members' opinions to the Transport and Housing Bureau for their careful consideration.

As for the concern over the development of the northern part of the Airport Island raised by Mr Paul TSE and Mr James TO, I can tell Members that it is also one of the Government's key concerns to which we attach great importance. Therefore, we have asked the Airport Authority to speed up its relevant studies and tasks so that the 7 hectares of commercial land in the northern part of the Airport Island can be well utilized early to bring good jobs to the district.

Lastly, I would like to assure Members that when we study the development projects in Lantau and the expansion of the Tung Chung New Town, we will carefully consider their impacts on the ecology, environment, local characteristics, cultural conservation, transportation, air quality, air circulation, landscape, urban design, infrastructural support, employment, and so on, and give weight to such impacts. I am grateful to Members for their time and valuable opinions today.

Thank you, President.

PRESIDENT (in Cantonese): It is now 8.50 pm. The Secretariat, after consulting Members, has noted the consensus that we should seek to finish our discussion on all items on the Agenda tonight. Therefore, I will continue with the meeting until all of the items are disposed of.

PRESIDENT (in Cantonese): Mr Ronny TONG, you may now move your amendment to the motion.

MR RONNY TONG (in Cantonese): President, I move that Mr CHAN Han-pan's motion be amended.

Mr Ronny TONG moved the following amendment: (Translation)

"To delete "as" after "That," and substitute with "Hong Kong develops rapidly, with North Lantau having been developed into an area with considerable development potential in tourism as well as convention and exhibition industries; as further planning for North Lantau is underway and"; to delete "under planning or" after "at the airport, are"; to add "which should include studying the opening up of the SkyPier inside Chek Lap Kok Airport for use by non-airport passengers to enable tourists and local residents to travel by water to tourist attractions in Lantau Island and Tung Chung to promote district economy, so as to" after "'bridgehead economy','"; and to add "a key area of tourism as well as convention and exhibition services, and" after "develop Tung Chung into"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Ronny TONG to Mr CHAN Han-pan's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Members have already been informed, as Mr Ronny TONG's amendment has been passed, Mr Vincent FANG has withdrawn his amendment.

PRESIDENT (in Cantonese): Mr Tony TSE, as Mr Ronny TONG's amendment has been passed, you may now move your revised amendment.

MR TONY TSE (in Cantonese): President, I move that Mr CHAN Han-pan's motion, as amended by Mr Ronny TONG, be further amended by my revised amendment

In addition to some textual changes, my revised amendment has retained my three suggestions in the original amendment: (a) Policy Bureaux should be involved actively in the advance works of planning for the development of North Lantau; (b) the planning should preserve valuable features of the district economy and culture and ensure their sustainable development; (c) actively implement a "local professions first" policy.

I hope Members can support my revised amendment. Thank you, President.

Mr Tony TSE moved the following further amendment to the motion as amended by Mr Ronny TONG: (Translation)

"To delete "new" after "exhibition services, and a" and substitute with "vibrant"; to add "actively implement a 'local professions first' policy and create employment opportunities, so as to" after "North Lantau development to"; and to add "; this Council also urges the Administration, when formulating planning proposals on the development of North Lantau, to involve actively not only the Development Bureau but also other relevant Policy Bureaux, including the Transport and Housing Bureau, the Home Affairs Bureau and the Environment Bureau, and to preserve valuable features of the district economy and culture and ensure their sustainable development" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Tony TSE's amendment to Mr CHAN Han-pan's motion as amended by Mr Ronny TONG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Miss Alice MAK, as the amendments of Mr Ronny TONG and Mr Tony TSE have been passed, you may now move your revised amendment.

MISS ALICE MAK (in Cantonese): President, I move that Mr CHAN Han-pan's motion, as amended by Mr Ronny TONG and Mr Tony TSE, be further amended by my revised amendment.

I know some Honourable colleagues have reservations about the amendment proposed by me on abolishing the toll for the Lantau Link. However, I hope Members will support it because this is the heartfelt wish of Tung Chung residents. I hope they can heed their wish and support my amendment. Thank you.

Miss Alice MAK moved the following further amendment to the motion as amended by Mr Ronny TONG and Mr Tony TSE: (Translation)

"To add "; specific measures should include: (1) to expeditiously develop Tung Chung West, including constructing an extension of Tung Chung Line, setting up an MTR station for Yat Tung Estate, conducting a study on lowering the fares of the Tung Chung Line, and launching reasonably-priced monthly tickets on a zonal basis for the Tung Chung Line; (2) to study the development of 'on-street economy', including setting up a Tung Chung bazaar or night market and implementing a local dual economy, so as to provide small business operators with development opportunities and residents with more diversified shopping choices; (3) to avoid monopoly by large consortia, and build more public markets managed by the Food and Environmental Hygiene Department to provide local small business operators with stalls at relatively low rents, and provide residents with inexpensive consumption choices to alleviate their burdens of the costs of living; (4) to abolish the toll for Lantau Link to increase residents' outbound mobility; (5) to set up training colleges and educational institutions which match the mode of local economic development; (6) to build coastal cycle tracks in North Lantau and provide bicycle ferry services to facilitate residents go by bicycle to and fro Sunny Bay, Park Island and Tsuen Wan, and develop green and low-carbon transport; and (7) to ensure sufficient healthcare personnel, so that the North Lantau Hospital due for completion soon can offer comprehensive healthcare services and come into operation as early as possible" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Miss Alice MAK's amendment to Mr CHAN Han-pan's motion as amended by Mr Ronny TONG and Mr Tony TSE, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai has claimed a division. The division bell will ring for five minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr YIU Si-wing, Mr MA Fung-kwok, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr POON Siu-ping, Mr TANG Ka-piu, Ir Dr LO Wai-kwok and Mr Tony TSE voted for the amendment.

Mr James TO, Dr Joseph LEE, Mr Charles Peter MOK, Mr Kenneth LEUNG and Mr IP Kin-yuen voted against the amendment.

Mr Vincent FANG, Mr Frankie YICK, Mr Martin LIAO and Mr CHUNG Kwok-pan abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Ms Claudia MO, Mr Gary FAN, Mr CHAN Han-pan, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Dr Elizabeth QUAT and Dr CHIANG Lai-wan voted for the amendment.

Ms Emily LAU, Mr Albert CHAN, Mr WU Chi-wai, Mr SIN Chung-kai and Dr Helena WONG voted against the amendment.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, 15 were in favour of the amendment, five against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 20 were in favour of the amendment and five against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

MR ANDREW LEUNG (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Developing a new North Lantau" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Developing a new North Lantau" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Members have already been informed, as Miss Alice MAK's amendment has been passed, Mr James TO has withdrawn his amendment.

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, as the amendments of Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK have been passed, you may now move your revised amendment.

DR FERNANDO CHEUNG (in Cantonese): President, I move that Mr CHAN Han-pan's motion, as amended by Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK, be further amended by my revised amendment.

Dr Fernando CHEUNG moved the following further amendment to the motion as amended by Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK: (Translation)

"To add "; this Council also urges the Administration to, before formulating planning for the development of North Lantau (including Tung Chung and Sha Lo Wan), first complete the environmental, cultural and social impact assessments and a review of the planning mode of new town development, improve the existing community support facilities and establish a platform for democratic planning; develop North Lantau on the premises of respecting environmental and cultural conservation, combating the monopoly of property developers and consortia, establishing a mode of diversified economy and implementing democratic planning" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr Fernando CHEUNG's amendment to Mr CHAN Han-pan's motion as amended by Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr CHAN Kam-lam rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Dr Joseph LEE, Mr CHEUNG Kwok-che, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen and Mr TANG Ka-piu voted for the amendment.

Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Frankie YICK, Mr YIU Si-wing, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the amendment.

Mr MA Fung-kwok and Mr POON Siu-ping abstained.

Geographical Constituencies:

Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr WONG Kwok-kin, Mr Alan LEONG, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, Dr Kenneth CHAN, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr Paul TSE, Mr Albert CHAN, Mr CHAN Han-pan, Mr LEUNG

Che-cheung, Dr Elizabeth QUAT and Dr CHIANG Lai-wan voted against the amendment.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, nine were in favour of the amendment, 13 against it and two abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 16 were in favour of the amendment and 10 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr YIU Si-wing, as the amendments of Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK have been passed, you may now move your revised amendment.

MR YIU SI-WING (in Cantonese): President, I move that Mr CHAN Han-pan's motion as, amended by Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK, be further amended by my revised amendment.

President, what I would like to say to Members is that my amendment mainly seeks to supplement tourism development, including allocating land for constructing large shopping areas with retail and wholesale functions, building more hotels, expediting the expansion of the Hong Kong Disneyland, perfecting the support facilities of AsiaWorld-Expo, and providing adequate parking spaces. I hope Members will support this amendment.

Mr YIU Si-wing moved the following further amendment to the motion as amended by Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK:
(Translation)

"To add "; this Council also urges the Administration to allocate land for constructing large shopping areas with retail and wholesale functions,

build more hotels, expedite the expansion of the Hong Kong Disneyland, perfect the support facilities of AsiaWorld-Expo and provide adequate parking spaces" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr YIU Si-wing's amendment to Mr CHAN Han-pan's motion as amended by Mr Ronny TONG, Mr Tony TSE and Miss Alice MAK, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, as the amendments of Mr Ronny TONG, Mr Tony TSE, Miss Alice MAK and Mr YIU Si-wing have been passed, you may now move your revised amendment.

DR KWOK KA-KI (in Cantonese): President, I move that Mr CHAN Han-pan's motion, as amended by Mr Ronny TONG, Mr Tony TSE, Miss Alice MAK and Mr YIU Si-wing, be further amended by my revised amendment.

As I already said earlier what I have got to say, now I have nothing to add. Thank you, President.

Dr KWOK Ka-ki moved the following further amendment to the motion as amended by Mr Ronny TONG, Mr Tony TSE, Miss Alice MAK and Mr YIU Si-wing: (Translation)

"To add "; besides, before developing new communities in Tung Chung and implementing concrete planning for increasing the population in North Lantau, the Administration must fully consult the residents to forge consensus, and implement the following measures: (8) to strictly restrict the building height and density in Tung Chung new development areas to avoid the emergence of screen-like buildings and the heat island effect, which affect Tung Chung residents' health; (9) to ensure that when the North Lantau Hospital commences service, its accident and emergency department can immediately operate round the clock, and it can provide comprehensive specialist out-patient and in-patient services; (10) to study the development of eco-tourism, opening-up of monuments and heritage trails, establishment of berths, and building of water sports centres and relevant commercial support facilities in North Lantau; and (11) to build a new standard outdoor sports ground in the Tung Chung area to provide residents with a sports venue" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr KWOK Ka-ki's amendment to Mr CHAN Han-pan's motion as amended by Mr Ronny TONG, Mr Tony TSE, Miss Alice MAK and Mr YIU Si-wing, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr CHAN Han-pan, you have two seconds left in your speaking time. Are you going to use it for your reply?

(Mr CHAN Han-pan shook his head to indicate that he did not wish to reply)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHAN Han-pan, as amended by Mr Ronny TONG, Mr Tony TSE, Miss Alice MAK, Mr YIU Si-wing and Dr KWOK Ka-ki, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr Vincent FANG, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen, Mr Martin LIAO, Mr POON Siu-ping, Mr TANG Ka-piu, Mr Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted for the motion as amended.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Han-pan, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Dr Elizabeth QUAT and Dr CHIANG Lai-wan voted for the motion as amended.

Mr Albert CHAN, voted against the motion as amended.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present and 25 were in favour of the motion as amended; while among the Members returned by geographical constituencies through direct elections, 27 were present, 25 were in favour of the motion as amended and one against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the motion as amended was passed.

PRESIDENT (in Cantonese): Third Member's motion: Increasing the business floor areas of the retail industry

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

I now call upon Mr Vincent FANG to speak and move the motion.

INCREASING THE BUSINESS FLOOR AREAS OF THE RETAIL INDUSTRY

MR VINCENT FANG (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

Hong Kong is renowned internationally for many citations, such as international entrepot; Asia's trade fair capital; regional trade and logistics centre; aviation hub as well as food and shopping paradise. Although both the former British Hong Kong Government and the current SAR Government have all along adopted the positive non-intervention policy for economic development, and refrained from directly granting aid or subsidy to any industry, our success by and large owes much to the support of the Government. In software, the Government has provided a simple and low tax regime. In hardware, Hong Kong has emerged as the world's busiest international air freight centre and regional logistics hub because our Government was forward-looking and built the Chek Lap Kok airport which has enormous room for expansion. While the Hong Kong Exhibition and Convention Centre in Wan Chai, the centre of the city, has enabled Hong Kong to become the trade fair capital, the development of our trade and logistics industries owes much to the support of the container port and logistics centre in Kwai Chung.

Having said that, I fail to find any government measure which enhances our world-renowned selling point as shopping and food paradise. Perhaps one may say that the Hong Kong Tourism Board (HKTB) has persistently launched overseas promotions, and during the outbreak of SARS, the SAR Government requested the Central Government to implement the Individual Visit Scheme (IVS). While it is right that these are software measures, regrettably, the Government so far has not formulated any matching measures to leverage on the opportunities brought to the local tourism, business and retail as well as catering

industries. As a result, Hong Kong has a shortage of hotels, an overcrowded shopping environment and skyrocketing shop rentals. It even gives people an impression that there is an insufficient supply of commodities in the local market. Therefore, over the past year or so, more and more local people have become aware of the need to compete with Mainland visitors for a patch of the pavement, food, supplies and infant formulas, which has aggravated the conflicts between Hong Kong and China.

The Government anticipated that if re-export trade increases, it will advance the granting of land for the business sector to develop a container terminal. Although the size of Taiwan is bigger than that of Hong Kong, it had assessed its capability to receive visitors before opening to Mainland visitors. What about Hong Kong? I did not see any such assessment carried out. It should be expected that the implementation of the IVS would attract flocks of Mainland visitors to Hong Kong for shopping, fun and fine food, and the entire retail industry, including the catering sector, would definitely expand. And yet, the Government has turned a blind eye to all these and failed to monitor, review or cope with the development to meet the needs thus arisen.

I joined the Legislative Council nine years ago, and since then, I have reflected time and again in the previous and current terms that the retail industry is facing problems such as a serious shortage of shops, over-concentration of business and retail centres in certain districts, polarized development of the retail sector and weak domestic demand. Government support is therefore desperately needed. I do not wish to mention the reaction of the last-term Government. LEUNG Chun-ying, however, has expressed his understanding of the problems and promised to do better. He has even undertaken in front of some 40 to 50 representatives from various associations of the wholesale and retail industries to formulate plans and measures to appropriately increase the business floor areas of the retail industry. He also added that an announcement would be made in the Policy Address to be delivered. Yet, in the Policy Address, I fail to see any measure to increase the business floor areas of the retail industry.

President, statistics also showed that the business floor areas of the retail industry have lagged far behind its development. Last year, the value of total retail sales stood at \$454.4 billion, representing an increase of 1.3 times of that of a decade ago (that is, 2003). While the employment size has also risen by 45%, the retail floor area has only increased by 33%. As the "pie" of the retail industry grows bigger, it is only natural that more people would want to get a

share of it. Thus, if the retail floor area does not increase accordingly, members of the trade will have to compete for the existing shops. Why would shop rentals not soar as a result?

There have been many media reports about certain world-renowned brands or major chain-store operators having rented shops by doubling or even tripling the rentals. Apart from the Lee Yuen Congee Noodles, which has recently hit the newspaper headlines, I wonder how many small and medium enterprises (SMEs), old and traditional shops or eateries have closed down without being noticed due to the failure to afford the shop rentals. Another shop called the Sam Kee Food Shop in Percival Street, Causeway Bay, has also closed down after the monthly rental surged from some \$100,000 to \$400,000. Can the price of a bowl of wonton noodle increase from \$20 to \$80? How many people can afford it then? Even if there is good business, the profit will certainly not be as good as before. This may also bring serious implications in inflation. Therefore, the frantic spiral in shop rentals does not only affect business operators, but may also bring about chain effects on people's spending power and inflation.

What can we do then? Shall we just sit and let shop rentals rise endlessly? Do we want to have only world-renowned brands left behind in our retail market? Do we want to see those famous and unique shops or SMEs which have been in business for a long time closed down one after another? Do we want to turn the retail industry, which supposedly has the lowest entry threshold into one with the tallest entry threshold, and deprive Hong Kong of opportunities of upward movement? Or, should we call a halt to the IVS and stop Mainland visitors from coming to Hong Kong for shopping and consumption? This is the last thing we would wish to see. What is the solution then? Secondary students were taught in economics lessons that limited supply would definitely drive up prices. When the price of flour goes up, bread will also become more expensive. In order to lower the price, the Government could either take administrative measures to control prices or increase supply. And yet, the increase should be made in a systematic and planned manner to avoid attracting counter-effects.

I therefore propose to conduct a comprehensive study of the changes in the retail industry over the next 10 years, including changes in business floor areas, manpower demand, locations of businesses and future development trends, so as to work out the future development scale of retail floor areas and appropriately

increase their supply year by year to ease rental increases. Even if locations of businesses can be identified, we cannot operate without labour force. It is an indisputable fact that the retail industry faces a serious shortage of manpower and the business districts are over-centralized, which has caused inconveniences to local residents and pushed up commodity prices. Therefore, while increasing the business floor areas, more business and retail centres should be planned so as to separate visitors from consumers. We have two successful examples, and they are the Festival Walk in Kowloon Tong and the Citygate in Tung Chung.

Apart from the retail industry which serves the visitors, we should not neglect people's daily needs for clothing, food, housing and transport, as well as the need to provide a lower entry threshold for people who want to start up businesses. Wet markets, open-air bazaars and hawking trades also play a very important role in the retail industry. In Hong Kong, there are currently 43 street bazaars, nearly 4 300 stalls, some 14 000 public market stalls and cooked food stalls, and nearly 1 700 itinerant hawkers. In addition, there are the "Morning Bazaars", which support some 20 000 to 30 000 families and involve an employment size of 100 000 to 200 000 people. And yet, the number of itinerant hawkers has been frozen. Yesterday, the Government even introduced a surrender scheme for itinerant hawkers. Although there are vacant stalls in the markets, the business environment is poor in some of them and the application procedures are complicated. I have therefore requested the Secretary for Food and Health to offer the licences surrendered by hawkers for application by the people, therefore an additional opportunity can be provided for business start-up.

Over the years, I have been urging the Government to provide support to grass-roots business operators. It finally introduced this benevolent measure and announced to provide a \$40,000 subsidy for market hawkers to improve the fire-safety facilities and materials of their stalls. On the other hand, it has also approved the establishment of bazaars in Tin Shui Wai. And yet, given that there is still a serious shortage of retail floor areas, the Government should examine how best the vacant areas in public markets can be launched onto the market. In Causeway Bay, for example, the most expensive business district in Hong Kong, there is a Tang Lung Chau Market, in which the entire second floor is vacant. Even though they are governed by certain laws, can the Government not launch these long-vacated areas onto the market in the form of short-term leases for the operation of bazaars or "Tai Pai Dongs" on a discretionary basis, which is much better than breeding rats?

Turning to the exorbitant rentals, The Link, Hong Kong's largest retail shop owner, has forced numerous small shop tenants into closure. Given that it is impossible to buy back The Link, we must explore ways to increase the business floor areas in the vicinity of shopping malls managed by The Link, so as to give small shop tenants one more option. While it is unrealistic to increase supply by building new shopping malls overnight, are there any other options? For example, can vacant Government land or properties in the area be turned into temporary market places? Noting that there are vacant shops at the ground level of many public housing blocks, can the Government put them on the market for application by small shop tenants to open stores, stationery shops or small dispensaries?

Furthermore, given that both the Hong Kong Housing Authority (HA) and Hong Kong Housing Society (HKHS) own certain retail properties, and many housing estates have numerous indoor car parks with low occupancy rates, can the Government amend the law to allow the HA to convert some of the car parks into temporary shopping malls or bazaars, so as to support the development of grass-roots, individual or specialty retail businesses, or assist business start-ups? President, I understand that this would involve plenty of procedures and responsibilities. It all depends on whether the Government and the entire Civil Service adhere to the principle of "refraining from working to refrain from making mistakes, working less to make fewer mistakes" or the "people-based" principle in administration.

The retail industry and the entire economy are inextricably intertwined. Be it the port or logistics, manufacturing industry or creative industry, they are inseparable components of Hong Kong's world-renowned reputation mentioned by me right at the beginning. Also, they are the edges of Hong Kong. If we can rationalize the needs of various industries and enable them to maintain further development, Hong Kong will benefit as a whole. What is more, this may help alleviate the disparity between the rich and the poor. I therefore eagerly hope that the Chief Executive can examine the needs of the retail industry and appropriately increase the business floor areas of the retail industry of all level. After spending nearly 13 to 14 minutes to brief colleagues on the latest developments of the industry, I eagerly hope that they will support me.

I beg to move. Thank you, President.

Mr Vincent FANG moved the following motion: (Translation)

"That, as Hong Kong's retail industry develops rapidly but the urban development planning in Hong Kong does not dovetail with the expansion, development direction and demand for business floor areas of the retail industry, resulting in a severe shortage of retail floor areas in Hong Kong in recent years, which leads to retail shop rents going out of control and spiralling upwards, directly and indirectly causing operating difficulties to the extent of closure of small and medium enterprises and the rise in prices of goods, and rendering people plagued by shopping difficulties and expensive pricing of goods; the Chief Executive, after taking office, has promised the wholesale and retail industries that measures would be taken to increase commercial floor areas, but this has not been mentioned in the Policy Address; in this connection, this Council urges the Government to:

- (1) conduct a comprehensive review of the changes in the retail industry over the next 10 years, including the future development trends of the retail industry in respect of business floor areas, manpower, locations of businesses and business operators (including size and number), so as to work out the future development scale of retail floor areas and appropriately increase their supply year by year to ease rental increases;
- (2) conduct a comprehensive review of grass-root retail businesses, including the number, business floor areas and manpower of wet markets, open-air bazaars and hawking trades, so as to assess what support should be rendered to grass-root retail businesses, and adjust the government policy on vacant shops in public markets and relax the application restrictions, and so on, so as to put vacant retail floor areas on the market; and
- (3) review the functions of the retail floor areas of properties under the Government, including those of the Hong Kong Housing Authority and the Hong Kong Housing Society, and explore the feasibility of using such space to support the development of grass-root, individual and specialty retail businesses, or to assist young people in starting up businesses."

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

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

I will first call upon Mr WONG Kwok-hing to speak, to be followed by Miss Alice MAK, Ms Starry LEE, Mr Alan LEONG, Mr Michael TIEN, Mr Gary FAN, Mr Kenneth LEUNG and Mr SIN Chung-kai respectively; but they may not move amendments at this stage.

MR WONG KWOK-HING (in Cantonese): President, the motion moved by Mr Vincent FANG today is mostly about small businesses and small traders economy; but unfortunately, I found that the Secretary for Food and Health in charge of hawker affairs is not in attendance. I hope the Secretary for Commerce and Economic Development and the Secretary for Development who are present would take note of the issues and views about small traders and convey them to Secretary KO Wing-man. I saw the two Secretaries nodding to indicate agreement.

President, Mr Vincent FANG's motion is about business floor areas while my amendment is focused on small traders. I hope the Government would relax the restriction on the area of a hawker pitch. Let us take a look at this model of 3 ft by 4 ft made by sticking some used papers together, which represents the size of a fixed hawker pitch. Can we imagine how a hawker does business for a living within such a small area? How hard he needs to work each day to feed himself and his family members? Goods are stored and displayed, and the hawker is standing within this area of 3 ft by 4 ft; otherwise, he will be prosecuted for obstruction if he walks out of this area or places his goods outside his pitch. This area of 3 ft by 4 ft has long since become incompatible with the times, and those who have been working as hawkers for dozens of years have strongly requested the Government to relax the restriction.

Why is there the restriction on the area of 3 ft by 4 ft? Years ago, to mop up the itinerant hawkers on the street, the Government delimited a large number of hawker pitches of 3 ft by 4 ft to hold as many itinerant hawkers as possible.

As the authorities did not bother about whether these hawkers could do business there, whether these pitches had fire escape, and whether the hawkers needed to display their goods, the pitches became tightly packed. Do we think such an old, outdated and impractical placement policy warrants the Government's reconsideration and review? We all know from this model of 3 ft by 4 ft that it is not even as wide as our corridor. The area of a Member's seat must be larger than 3 ft by 4 ft. So, this policy is incompatible with the times.

In reviewing the hawker policy, I hope the Government could help some small-capital operators to find lawful operating areas. The Government has suspended the issuance of hawker licences for 40 years since 1973. It was just willing to relax the restriction on the Itinerant (Frozen Confectionery) Hawker Licence for ice-cream vendors for which we had striven hard, and it refused to issue all other hawker licences. Following the economic restructuring and transformation, most factories have moved out of Hong Kong and created employment difficulties. Despite the development of the services and financial industries in recent years and the fact that many people have participated in the relevant businesses, quite a number of these people are advanced in years, and they are unskilled or have low academic qualifications. They will be able to achieve self-reliance if they can run some small businesses. Therefore, I hope the Government will seriously consider the issuance of a suitable number of hawker licences again, especially when it is prepared to recover some hawker licences, providing \$120,000 in compensation. Some Honourable colleagues have suggested and I wonder if the Government can issue the recovered licences to other suitable people who want to join this trade. This is worth the Government's consideration.

Moreover, the Federation of Hong Kong, Kowloon New Territories Hawker Associations also expects the Government to consider increasing the compensation for licence recovery from \$120,000 to \$200,000. Moreover, the old fixed-pitch hawker licence holders actually employ assistants to help them carry on businesses, and these assistants are the *de facto* operators. If the Government would issue the recovered licences to other people or issue hawker licences again, it would be able to absorb those assistants who have been running the businesses on the street for many years. I hope the Government would also consider that.

I would like to add that the Government should resolve to improve the resources for the operation of markets. I moved a motion at the meeting of the

Panel on Food Safety and Environmental Hygiene of this Council this month, which was seconded by Mr Vincent FANG and supported by all Members present. The motion requested the Government to install air-conditioning systems in the markets in Hong Kong not yet installed with such systems. Improvement is fundamentally required and the Government should not continue to insist that the consent of 85% of the stall owners ought to be obtained before the air-conditioning systems can be installed. Such a condition was not proposed by the then Urban Council. As I was a member of the then Urban Council, I knew that we had not made such a requirement and the condition was only added after the Government had scrapped the then Urban Council.

In fact, the vast majority of market tenants are ready to pay the air-conditioning fees, but they are only willing to pay air-conditioning fees commensurate with their operating areas. This is after all an issue associated with the area as the electricity tariffs are higher for larger areas. It is unreasonable to include such areas as the corridors and offices, and I hope the two Secretaries can convey this message to Secretary Dr KO Wing-man. I also hope that the Financial Secretary and the Chief Executive, Mr LEUNG Chun-ying, could "generously" announce the installation of air-conditioning systems in all markets in Hong Kong; and in this way they would be rendering a great service. I wish the Government can seriously consider doing so.

Lastly, I would like to discuss the question of area. Throughout the years, some traditional industries have been operating and the innovative operators have been making a living firmly and tenaciously. For example, the Chinese medicine wholesalers and retailers in Central and Sheung Wan are using the rooftops of tenement buildings to dry the herbal medicines under the sun, and they sometimes dry them on the balconies. Such areas are essential for drying, packaging and categorizing Chinese herbal medicine; however, the health authorities ignored the actual situation and required the wholesalers and retailers who applied for licence renewal to move into commercial buildings by the end of this year. Do the two Secretaries know where they can dry the herbal medicines under the sun after they have moved into commercial buildings? Is there enough space for them to move the boxes around? For this reason, they may not be able to rent commercial building units. As these wholesalers and retailers may need to obtain other licences, they will be forced to cease operation.

They will approach Secretary Gregory SO real soon if they are going to cease operation. I hope Secretary Gregory SO would immediately discuss the

matter with Secretary Dr KO Wing-man, to practically restore to order these unreasonable requirements imposed by the last-term Government, so that the Chinese herbal medicine street around Ko Shing Street which has existed in Hong Kong for more than 100 years will not vanish because of the Government's erroneous policy.

The focal point of Mr Vincent FANG's motion today is thus obviously right. While people have the wisdom, the Government often ignores the actual situations. I hope the Government will practically review the impracticable practices and restore such things to order, so that the operators can become self-reliant, find a way out and start businesses, which would be conducive to greater prosperity of Hong Kong.

MISS ALICE MAK (in Cantonese): President, the retail industry is promoted by the inflow of foreign tourists. Information from the Hong Kong Tourism Board showed that, there were 48.61 million inbound person trips in 2012, an increase of 16% as compared to 2011, and the total spending associated with inbound tourism reached more than \$300 billion, an increase of 16.5% as compared to 2011.

The retail industry should have been thriving as there is a robust market situation and a great flow of people, and tourists are more willing to spend, but why is the actual situation just the opposite? It is mainly because of the shocking rise in shop rentals, and the tenants commonly say that they barely earn enough to pay the rents.

Let us look at the figures of the Rating and Valuation Department. In early 2011, the rent index for private retail premises was just 128. The index was 156.2 at the end of 2012, an increase of over 20%. These are the Government's general statistics.

Last month, a magazine made a special report on shop rents entitled "frenzy shop speculation". According to the report, the rents of shops in Russell Street, Causeway Bay, have surpassed those of shops in Manhattan, New York. The rents of all shops in that street were set out in the magazine article. The rent of a 1 000 sq ft shop exceeded \$2 million and the rents for some larger shops ranged from \$1.52 million to \$2.5 million; and the rent per square foot of the shops amounted to thousands of dollars.

Let us look at another street, Canton Road, in Tsim Sha Tsui that many of us used to stroll along in the past. There was a shopping mall on the other side of the Road with many food establishments inside, and there was a very famous dessert shop where many people ordered soya bean custard in wooden barrels. How about Canton Road today? We only find on Canton Road famous brand name shops from foreign countries today due to the excessively high rents, which made it impossible for food establishments operated by Hong Kong people to survive there.

Earlier on, the Hong Kong Productivity Council published the SME Leading Business Index for the first quarter which showed that 30% of the operating costs of the retail industry were spent on rents. Besides, a survey conducted by a multinational accounting firm also showed that, in regard to the costs of doing business, Hong Kong ranked first among 27 cities in the world, and we ranked third in terms of rents, only after New York and Singapore. It is evidently not easy for operators, except those operators of large shops, to do small business in Hong Kong.

Someone asked a common sense question about current affairs: How many Chow Tai Fook stores are there on Nathan Road? How many Sa Sa stores are there? Can you find any cafe operated by Hong Kong people, congee and noodle shop or bakery that we used to see before? Now, we only find large chain stores such as Chow Tai Fook, Sa Sa and Bonjour on Nathan Road while we find brand name handbag shops, watch shops or chain electrical appliance shops on Canton Road. The small shops commonly seen in the past have disappeared without a trace.

In the previous debate, an Honourable colleague mentioned the Lee Yuen Congee Noodles in Causeway Bay, and many people have recently talked about this shop. Do we remember that there was a fish ball noodle stall Shan Loon Tse Kee (山隆謝記) in Aberdeen?

Many such small shops were forced to close down because of exorbitant rents, and our street culture has become unitary and monotonous. We are discussing how the operators of small businesses inside shopping centres can remain in business while some other small operators do not even have the opportunity of "admission".

Amidst the wave of rising rents of shops in the private sector, the Government really needs to pay attention to the speculation of shops, and take certain measures in due course. Concerning "admission", some SMEs want to start up businesses some young people who wanted to start up businesses were interviewed for this special report in the magazine; yet, those who want to start up businesses in Hong Kong are just dreaming because they cannot find any place to start.

There used to be some shops in housing estates, but, we have not seen any improvement after The Link's acquisition. According to the available figures, the rent per square foot in The Link shopping centres increased from \$20.5 in 2005 to \$35.8 last year.

The Link's interim results showed that the rental income from retail properties took up 75.1%. If we look at all the renovated shops in The Link shopping centres, we will find 70% of these shops are operated by retail chains. We have done some counting and found that 90% of the shops in the Tin Yiu Estate shopping centre, Tin Shui Wai, are chain shops. Small operators cannot afford to do business and start up undertakings in shopping centres with expensive rents. Originally, we hope that The Link — the Housing Department shops gave us the opportunities to start up businesses; however, we do not even have these opportunities right now.

How about the Hong Kong Housing Society (HKHS)? The HKHS is another public housing supplier in Hong Kong, yet, the housing units provided the HKHS are becoming like those under The Link. When I recently asked the Government about the operating principles of the HKHS shopping centres, it repeatedly said that the HKHS adhered to commercial principles. Nevertheless, the Government has forgotten that the HKHS and The Link are duty-bound to take care of the residents' needs.

Improving the shopping environment and services for customers and tenants is mentioned on the website of The Link, but, it is also mentioned that asset enhancement is a key element for improving returns to unit holders. In other words, The Link should bring returns to unit holders. The same also applies to the HKHS. When we asked the Government how it monitors the HKHS, its answer was that it could not do anything.

When the Secretary answered my question here on the last occasion, he told me that the fact that he was answering my question meant that the Government was already monitoring the HKHS. Do Honourable colleagues agree that this meant that the Government can monitor the HKHS and assist in the admission of small operators, so that they will have opportunities to start up businesses?

If self-monitoring by the HKHS is allowed, it is tantamount to allowing it to continue to impose drastic rent increases. So, my amendment demands The Link and the HKHS to meet the needs of local residents and adopt "consumption needs of residents" instead of "rents" as the primary principle in renting retail shops, especially preventing the HKHS from becoming an organization like The Link.

We know that there were some small shops in the markets under the Hong Kong Housing Authority (HA) in the past. In the Cheung Fat Estate Market in Tsing Yi, there was a bakery which produced loaf bread with lard; I am not sure if other Honourable colleagues have eaten them. In the past, some people particularly went to the market for loaf bread produced with lard. Yet, this small bakery disappeared after The Link had renovated the market. Hong Kong's local characteristics have disappeared and we do not know where else we can find loaf bread produced with lard. Please tell me if anybody knows where such bread can be found. We can no longer find these foods or goods with local characteristics. What is the main reason?

The reason is that the HA and the HKHS are operating according to commercial principles. It is definitely desirable for Secretary Gregory SO to be present today, listening to our debate. Nonetheless, I trust that it is most important for Mr Anthony CHEUNG, the Secretary for Transport and Housing, to listen to our debate here. I hope Secretary Gregory SO would convey to Secretary Anthony CHEUNG our message, especially our views on preventing the HA and the HKHS from becoming organizations like The Link. Our only hope is that, in the event of an imbalance arises in the free market, the HA and the HKHS could provide places for local young people to start up businesses so that some shops with local cultural characteristics can maintain operation; otherwise, our city will be filled with gold and jewellery shops and fashion stores as if they are produced moulded in place.

A friend from the United States has recently asked me, "Alice, where do you buy your clothes?" (*The buzzer sounded*) I really do not know how I should answer him.

MS STARRY LEE (in Cantonese): President, the shortage of business floor areas of the retail industry is the real reason for soaring rents and record rental highs. It also directly gives rise to the prevalence of chain stores, brand names and homogeneity in the present popular shopping precincts with a lack of local characteristics of Hong Kong. Therefore, to administer the right cure, we have to tackle at source by increasing the supply of business floor areas of the retail industry.

As I said earlier in my speech in the motion debate on Developing a New North Lantau, the tourism industry of Hong Kong has seen robust development in recent years, driving the total sales volume of the retail industry of Hong Kong to a twofold growth over the past six years, which amounted to \$400 billion last year. However, the total floor areas of the retail industry have seen a year-on-year increase of only 2% over the same period. Given such a serious imbalance, shop rents have naturally spiralled upwards. Rents in Causeway Bay have overtaken those at Fifth Avenue New York, to become the most expensive shopping precinct in the world. Besides, according to the information of the Rating and Valuation Department, the overall rate of increase of retail property rentals has also reached 35.8%.

According to the Asia Pacific Property Digest Third Quarter 2012 published by Jones Lang LaSalle, rents of "street-level shops" at prime locations have risen to \$693 per square foot. And, even those at sub-prime locations have given people a great shock. Earlier, a brand-name label rented a 3 600 sq ft shop in Gough Street, Sheung Wan, for as high as \$240,000 a month. We can well imagine the plight faced by many small traders far less well-off than this label. Mr TAM Yiu-chung, Chairman of the DAB visited shops and stalls in Ap Liu Street and Pei Ho Street this Monday with some colleagues and party members to gain some understanding of the plight of traders in business operation. The unanimous response was that rents had become a heavy burden to their business. Actually, not only those doing business have to face the pressure of high rents, Members also face the same pressure. Many Members of this Council have mentioned that if their office is not opened in housing estates but private

buildings, the rate of rental increase over the past few years has actually been rather shocking.

Soaring rents have offset the business growth of many retailers, nibbling away the gains brought by the robust market. Worse still, many small traders have been forced to wind up their business due to unaffordably high rents. Among them, many are established names with a long history and favorites of kaifongs. Meanwhile, soaring rents have also led to a vicious cycle of inflation. When costs of traders increase, they mark up prices. A general price hike in goods drives up inflation and possibly rents. This simply forms a repeated cycle. In fact, the major reason for rent increases is obviously the severe shortage of properties for the retail industry. If there is an ample supply in the market and sufficient choices for tenants, landlords will not be able to, nor will they dare increase rents substantially. Therefore, the Government should address squarely the current undersupply of properties for the retail industry by expanding retail spaces with a multi-pronged approach to ease the pressure of soaring rents, so as to give small and medium traders room for development.

Property price rise is the major concern of the SAR Government. Since inauguration, the Government has introduced a number of measures, including the "double curbs measures", "Hong Kong property for Hong Kong people", and so on. However, regarding commercial properties, especially the shortage of business floor areas of the retail industry, the SAR Government seems to have no special measures to tackle this particular problem. It has only stated in the Policy Address a large number of site search proposals. I hope that the Secretary will, in his response, talk about the SAR Government's specific measures to alleviate the undersupply of retail floor areas.

Every time when the issue of increasing land supply is raised, "where the land will come from" is certainly the major concern. For various reasons, it is very difficult to develop land in Hong Kong, resulting in overcrowded ground space. Therefore, we should try to make a breakthrough and adopt a new mindset to tackle the problem. Since ground space is inadequate, why do we not examine the feasibility of large-scale underground development? There are many underground streets in the Mainland, Taiwan and Japan. On the one hand, these underground streets can increase retail space, and on the other, become tourist hot spots to attract tourists and drive up spending. In Japan, the Tenjin underground streets in Fukuoka and the Umeda underground streets in Osaka are

must-go tourist spots in the eyes of many Hong Kong people. Every year, these places attract countless tourists to "make a pilgrimage" there and bring huge economic gains. Moreover, underground development will cause a smaller impact on the environment and landscape and will thus encounter relatively less resistance. This is also the major reason why I propose the amendment today. I hope that the authorities will examine the feasibility of large-scale underground development.

Many difficulties will certainly arise in the course of underground development. Under the existing system, the ownership of ground space includes that of underground space. In other words, except public projects such as MTR, it is necessary to own the ground space first to have the right to underground development. Moreover, underground development involves more complex technical works. In the process, unexpected obstacles may arise and push up costs. However, despite difficulties and obstacles, if other cities can do it, why can we not? Earlier, the Government has examined the development of rock caverns to move obnoxious facilities and other colossal public facilities underground. It is evident that underground development is a direction for exploration. The construction costs of the West Kowloon Cultural District have now seen a sharp rise and overrun. Associate Professor CHEUNG Kwok-pun of the Department of Architecture of the University of Hong Kong has proposed earlier the better utilization of the space under the reclaimed land in West Kowloon by building a West Kowloon underground city, which includes a 300 000 sq m underground shopping mall. It is estimated that such a development will bring proceeds of \$90 billion to \$100 billion, which is enough to pay the construction costs of the whole West Kowloon project, and thus the building of shopping malls and residential properties in West Kowloon to subsidize its running costs is deemed unnecessary. This proposal, apparently with a great objective and grand ambition merits serious consideration by the Government, so as to perfect the construction in West Kowloon. A West Kowloon underground city, as proposed by the Professor, is just one of the examples. Other than that, I think the Government should at least conduct detailed studies on the feasibility of large-scale underground development to enable people to understand the difficulties and feasibility, as well as the attitude adopted by the Government.

At present, high rents and a lack of large exhibition and sales venues for small and medium retailers have given rise to the near dominance of chain stores

in the market. The phenomenon of an extreme prevalence of brand names has emerged. In view of this, the Government should think of ways to set up large exhibition and sales venues focused on the needs of small and medium traders. Factory outlets, which are flourishing overseas, can offer value-for-money goods in bulk and with greater choices. These outlets are generally popular among consumers. If factory outlets grow in numbers in Hong Kong, on the one hand, local small traders can be provided with another channel for sales in bulk, and on the other, members of the public can be provided with another good option for budget shopping, which can be said to be "an advantage to both sides". I believe it will be well-received among the public. The Government should carefully identify sites for the opening of these outlets.

Shopping malls in Hong Kong have all along been criticized for their "homogeneity". Shops inside are always occupied by certain big chains. On the surface, consumers have many choices. But, in reality, they have no choice at all. In addition, small traders find it difficult to operate in shopping malls and business starters are desperate for a way out. If this unhealthy phenomenon continues, small traders will have no chance of survival, and the market will be monopolized, leaving people no choice at all. In order to correct this unhealthy trend, the Government should set up publicly-run shopping malls to attract small traders, business starters and small-capital business operators with innovation but desperate for funds to be tenants. The Domain shopping mall opened by the Housing Authority earlier aims to encourage small traders with special features to be tenants. Although it is too early to tell whether it is a success, at least it is a good attempt. Similar measures should be continued and promoted, so as to eliminate "homogeneity" and the prevalence of "chain stores" in our shopping malls.

Since markets are run in the shopping-mall mode, many traders have wound up their businesses due to unaffordably high rents, thus losing their means of living. The Government should cater for the needs of these small traders. On the premise of fully consulting the local communities, suitable sites should be identified to set up more markets, marketplaces, bazaars, and so on. The Tin Sau Bazaar set up earlier by the Government is operated by a non-governmental organization. Stalls have been leased to small traders at low rents. This is also a scheme worth continued promotion. The Government should closely monitor the operation of the Bazaar and evaluate relevant experience, so as to identify suitable sites in other districts for the implementation of similar schemes.

Moreover, it is also mentioned in my amendment to give impetus to the transformation of industrial buildings to enable the release of more land for commercial and retail purposes.

Lastly, I also have to point out that there are voices in the community blaming soaring prices and high rents on the Individual Visit Scheme. The DAB holds that we should not "refuse to eat for fear of choking". The arrangement of "multiple entry permits" has merits, too. We need to deal with the problems arising from such an arrangement. However, we cannot, at this stage, (*The buzzer sounded*)

PRESIDENT (in Cantonese): Ms LEE, your speaking time is up.

MS STARRY LEE (in Cantonese): say it is the culprit of the problem.

MR ALAN LEONG (in Cantonese): President, I am grateful to Mr Vincent FANG for proposing this motion today because it is actually quite difficult to find a place to do business in Hong Kong nowadays.

In the case where a business is run in private properties, an example mentioned by many colleagues earlier is the more-than-40-year-old Lee Yuen Congee Noodles in Causeway Bay. It was finally forced to closure due to a rent rise from \$300,000 to \$600,000 a month. We also learnt two days ago that the landlord of King Wah Centre in Mong Kok intended to resume the shops. Another good place for shopping sports shoes will disappear. President, what has happened now? Everywhere we see only retail stores targeted at earning Renminbi, such as chain stores selling cosmetics, gold and jewellery, electrical appliances, and so on. This is the case in private properties, that is, there is hardly room for a squeeze.

Then what has happened in the case of public housing? Since the takeover of the shopping arcades originally under the management of the Hong Kong Housing Authority (HA) by The Link, it is likewise not easy to find a place there to run a small business, President. Even fast-food giant McDonald's has to close its stores in Choi Wan Estate and Hang Fa Chuen and the one on Hillwood

Road. President, you can imagine what happens when even McDonald's cannot survive.

President, all of these phenomena are a grave concern. I have repeatedly reminded the Secretary for Transport and Housing that when Madam LO Siu-lan lodged a judicial review against the listing of The Link, the Court of Final Appeal ruled that she lost the case on the grounds that there was no sufficient evidence at the time to prove that once the HA sold these shopping arcades in public housing estates to The Link, the HA would certainly violate section 4 of the Housing Ordinance, which stipulates that the Government has the legal responsibility to provide public housing tenants with reasonable living needs. President, that there was no evidence all those years ago does not mean there is no evidence forever. Therefore, in my view, the sale of facilities, be they shopping arcades or markets, in public housing estates to The Link does not guarantee "a rest without worries". The Government is still duty-bound to be vigilant not to violate section 4 of the Housing Ordinance in future.

President, coming back to the amendment proposed by me today, the two Secretaries concerned are both absent from today's meeting, and this has made me really disappointed. Of course, I understand that it is the decision of the Government to send which Secretary to give a reply in this Council. However, President, my amendment focuses on the renovation of those shopping arcades and car parks still under the management of the HA, or shopping arcades in some relatively dilapidated or old public housing estates or Home Ownership Scheme courts, as well as the provision of shops charging more reasonable rents for low-capital traders by adopting the mode of market operation.

The other amendment proposed by me involves Secretary Dr KO Wing-man. We are now talking about finding a foothold for retailers. Therefore, besides shopping arcades and markets still under the management of the HA, what are left are public markets or hawkers under the management of the Food and Environmental Hygiene Department. Therefore, I do not understand why these two Secretaries are not present today. Is it because they have not read clearly my amendments to determine which Bureaux should be responsible or they are not free to attend today's meeting or what?

President, I also wish to take this opportunity to point out that the HA has been operating on a self-financing basis since 1988. I certainly understand this. Therefore, at the meeting of the HA, I once proposed the conversion of some

dilapidated or old shopping arcades or parking spaces that attract nobody's interest, but the Director of Housing said to me, "No, Mr LEONG, you have to understand that we are self-financed. The Government has required us to build more housing flats. How can we have such a large amount of fund now for deployment?" I appreciate the difficulties faced by the Director of Housing or HA in this regard. However, in the face of The Link's hegemony, while a buy-back by the Government is not practicable and the Government is reluctant to do so, we should then think of ways to provide a foothold for small shops with a small capital and a clientele based on an ethic network. If the Government hears this kind of voices, will it take special measures for special problems?

The Budget is going to be announced at the end of February. Will this Budget show a boldness of vision, meaning even though the HA should be self-financed, but when we now see that small traders really have nowhere to do business, the Government will try to allocate more fund to the HA for the conversion of some specified shopping arcades or idle car parks, or the improvement of their business environment, so as to enable small businesses with relatively small capital to gain a foothold. If this can be done, the Financial Secretary and even the whole Government will certainly score points because those customers are people going for good-value groceries and goods.

The other Secretary is Secretary Dr KO Wing-man. In the Panel on Food Safety and Environmental Hygiene, we are now discussing two issues with him: The first one is the hawker policy and the second one is the public market policy. The Secretary has said that he holds an open attitude towards these two policies and he wishes to see how he can help. In fact, his help is really needed. In the case of finding a foothold for the retail industry, private properties are unreliable because rents can be increased as high as threefold or fourfold in one go; and most of the shopping arcades or markets in public housing estate or Home Ownership Scheme courts under the HA have been sold to The Link while the remaining ones are, amid long delays, denied conversion or upgrade due to a lack of funds. Then what else are left? There are only public markets and hawkers. Therefore, we strongly demand the Government to improve the business environment of public markets. Actually, this is a consensus reached among different political parties and groupings. If the Government is willing to install air-conditioning in these 40-odd public markets, it will certainly bring big applauses to LEUNG Chun-ying. In fact, the necessary funds will not be a great amount. However, given that there are 4 000 to 5 000 stalls in these scores of public markets and the living of tens of thousands of people is dependent on these stall holders, with an improved business environment, their means of living can

certainly be guaranteed, and members of the public can buy good-value groceries, which will result in a multi-win situation.

By the same token, President, the situation of hawkers is the same. We have recently discussed the following issue with the Secretary. In the wake of the two huge fires in Fa Yuen Street, the 250 pitches situated near fire exit staircases have to be removed. The Secretary has told us that there are actually sufficient spaces for the relocation exercise. If this is the case, is it really necessary for him to map out some marketplaces afresh from the planning perspective to enable the resumed issuance of hawker licences, so as to provide an additional foothold?

I so submit.

MR MICHAEL TIEN (in Cantonese): President, I wish to declare an interest first. I am the chairman of a retail fashion chain group. I also wish to take the opportunity of this motion debate today to talk about the current situation of the retail industry.

This year, the Mainland Individual Visit Scheme (IVS) has been implemented in Hong Kong for 10 years. The retail industry of Hong Kong has been fed this "stimulant" of the IVS for 10 whole years. It has experienced a state of over-excitement by the boost of a large amount of spending in a short time. Meanwhile, prices have soared, especially rents, which have escalated from "sky-high rates" to "crazy rates". However, such "sky-high rents" are determined by the market. Only when tenants can afford such rents will landlords set such rates. Retail stores in my group have been forced to vacate due to "sky-high rents". The number of stores in Causeway Bay has been reduced from five to three in three years. And there may only be two left next year.

I wish to share some data with Members. Calculated at the total retail floor area of Hong Kong, the rate was \$161 million per square foot 10 years ago and it is \$189 million per square foot today. However, in terms of the total retail volume, it has soared from around \$180 billion in 2001 to over \$450 billion in 2011. After some calculation, we can see that the annual business turnover was HK\$1,100 per square foot in 2002. In 2012, that is, 10 years later, the business turnover was HK\$2,360 per square foot, representing an increase of more than

100% per square foot. To have space for business and to accommodate the substantially-increased customer flow, the place will inevitably become crowded. And, rents will certainly soar crazily. It is because rents will definitely be linked with the business turnover per square foot. Apparently, the development of retail space in Hong Kong has failed to catch up with the expansion of the retail demand, which is an extreme weird phenomenon. This is absolutely the ill effect caused by the Government's lack of planning for the overall development of the retail industry.

At present, the business turnover per square foot of stores in the core commercial districts has climbed higher and higher. This will only attract the chase by more and more international brand names and wipe out all local retailers. To date, there are still brand names coming here to compete for these shop premises. Now, the traditional core commercial districts have actually turned into a city of international brands; a settlement of foreign brands. Rents in these core districts such as Central, Causeway Bay, Tsim Sha Tsui, Mong Kok, and so on, rose by 30% in the year before last and by 15% last year. Therefore, Members can see what is happening right now.

It was reported in January this year that the rates of increase of the rent of an upstairs store in Sai Yeung Choi Street, Mong Kok, were 60% to 80% to more than 100%, ranging from \$40,000 to \$80,000 a month. At present, traditional first-floor bookstores have to compete with fashion stores unable to survive in ground-floor shops. Now these stores even have to move to the third or fourth floor, or some second- or third-rate upstairs stores. I believe Members must have heard of lots of these examples. I do not wish to repeat them here.

In the short run, it is impossible to build more shopping malls in the core commercial districts. Then what can we do? Which government department, which person is responsible for dealing with this problem? I really very much wish to ask this question. The Tourism Board and the Commissioner for Tourism only have their eyes set on visitor arrivals. So, they are still doing promotional work. President, the number of visitors coming to Hong Kong for shopping has grown more than 10 percentage points year on year. And, they only have their eyes set on the supply of hotels. Then, who is responsible for retail stores in shopping malls? Is it the Commerce and Economic Development Bureau? Is it the Development Bureau? It seems that these two Bureaux consider retail space nothing to do with them.

I met with the representative of the Tourism Board and the Commissioner for Tourism yesterday. They said that visitor arrivals saw an increase of 16% when compared with last year, and overall spending also saw an increase of 16%. They are now even itching for an attempt to make a bigger "pie" of shopping tourism in the next few years. When I asked them "where space would come from", they answered that they were only responsible for the promotion of tourism. It was all right as long as there were enough hotels. And, other matters were actually none of their business. They were practically short of words. I believe there is no serious communication among government departments about this issue.

Admittedly, the IVS is pivotal to the retail industry of Hong Kong. The IVS has been implemented for 10 years. Has the Government conducted a comprehensive review to devise a development blueprint? This is a very serious matter. Therefore, I wish to put forward a proposal here. Actually, I have done so previously. It is the building of large hotel complexes and shopping malls in places outside the core commercial districts, such as areas near the boundary control points, preferably in Northwest New Territories near the Shenzhen Bay Port; or in North Lantau near the Hong Kong-Zhuhai-Macao Bridge. Not only will the floor area of the retail industry be increased, the huge demand of IVS visitors for overnight accommodation can also be met. In fact, more importantly, these large shopping malls in remote districts can create job opportunities for the local communities. Particularly, new arrivals in Hong Kong are most suitable for taking up these retail jobs because they can serve Putonghua-speaking IVS visitors speaking the same tongue.

When LEUNG Chun-ying met with us in the New People's Party in February, he raised a very interesting point, and that is, he was very concerned about nearby employment. May I ask what other proposal can be better than the building of shopping complexes in remote districts to create opportunities of nearby employment?

Moreover, I wish to talk about how the retail business environment affects people's livelihood. In particular, shopping arcades under the Hong Kong Housing Society (HKHS) may turn to a duplicate of The Link where goods sold are more and more expensive and daily necessities are hard to come by. My amendment proposes to review the modes of operating and leasing the properties under the Government and the HKHS; study the setting of discounted rent levels

by making reference to the market rents of neighbouring shops, which is, to some extent, similar to the concept of Home Ownership Scheme; adopt "contract turnover volume" as the primary consideration instead of selecting the highest bidders in tendering exercises, so as to drive shop tenants to pursue the highest "contract turnover volume" by making small profit margins with large sales volumes and cutting price; and require shop tenants to sell daily necessities to meet the needs of people with low or middle income.

We all know that the management of government-owned shopping arcades and markets has all along been unsatisfactory. Therefore, we consider, as a support measure, the setting up of a statutory body to manage these shopping arcades and markets, with "caring about people's livelihood" and "increasing people flow" as the main objectives of its operation mode, instead of making profits. Elites from the retail industry should serve as board members of this statutory body, so as to counter the monopoly of The Link. I would like to cite markets under the Food and Environmental Hygiene Department (FEHD) as an example. The Market Management Consultative Committee, which is chaired by the Chief Health Inspector responsible for management in the district has been set up for these markets, and its members include representatives of market stalls, local District Council members, representatives of the Architectural Services Department and the Electrical and Mechanical Services Department, and so on. However, these members can only reflect their opinions on the short-term actual operation of the market at the time. As to addressing issues such as the long-term competitiveness of the markets, ways to attract tenants and solutions to the vacancy rate, these take experts with business background. Frankly, I do not pin high hopes on them. To ask government officials to do business is practically like "putting ZHANG's hat on LI's head". Actually, the fact that government departments have no business skills is excusable.

We can see it from FEHD's strategy of charging air-conditioning fees. Take the Yeung Uk Road Market as an example. The butcher stall holder on the ground floor said he wanted to have air-conditioning installed to the extent that he was prepared to pay any amount of air-conditioning fees. I asked why air-conditioning had not been installed so far. He said it was the government policy to require the consent of over 85% of tenants before installation could be carried out. Then who opposed the installation? It was the clothes stall holder on the third floor. I went there to make enquiries about the reason. The stall holder said he could not afford the air-conditioning fees. It turned out that the

charging of air-conditioning fees by the Government is calculated on the basis of every square foot. A fee is charged for every square foot on the ground floor, and a fee is again charged for every square foot on the third floor. But, the business turnover of the clothes stall is only one tenth of that of the butcher stall. Fees are not charged according to the commercial principle at all.

When our Government cannot even figure out the ABCs of the retail business, how can it manage these shopping arcades? Therefore, we think that a statutory body must be set up to bring in experts from the private market. Only in this way can publicly-run shopping arcades be managed properly.

I so submit.

MR GARY FAN (in Cantonese): President, it was pointed out in a consultancy report at the end of 2012 that in the third quarter last year, shop rents in various major retail precincts in Hong Kong had seen a sharp increase. The average shop rent in Causeway Bay was as high as \$2,000 per square foot, representing a year-on-year increase of 54%, which was the top in Hong Kong; the average shop rent in Tsim Sha Tsui was \$1,300 per square foot, representing a year-on-year increase of 37%; and the average shop rent in Mong Kok was \$1,000 per square foot, representing a year-on-year increase of as high as 67%. The most expensive shops in Hong Kong have clustered in Russell Street, Causeway Bay, which is named the world's most expensive shopping street. Besides, at present, shop prices in some second-tier districts in Hong Kong have also been driven up under the same condition now. There are signs that this trend has even spread to residential communities. It was also pointed out by the same consultancy that resulting from the ongoing impact of the droves of Mainland visitors on Hong Kong, coupled with our limited land resources, rents of local retail shops had stood at a high level. It was estimated that shop rents this year (2013) would be 5% to 15% higher than those of last year.

According to the theory of supply and demand, the proposals raised in this motion today may possibly help lower shop rents. However, I think the motion only has a one-sided understanding of the prevailing actual rental market of Hong Kong. Many colleagues mentioned earlier that as the SAR Government sold shopping arcades in public housing estates to The Link at a cheap price in 2005, a large number of retail traders have been forced to move out. Since these small

traders have little bargaining power, failing to solve this problem and simply increasing the business floor areas of the retail industry will only entrench the monopoly of a few property consortia in commercial rental matters, instead of achieving the real effect of lowering shop rents.

President, Hong Kong is practically a mature free market. Certainly, we know that the extremely frail retail market resulting from the SARS outbreak in 2003 got positive influence only from the Government's subsequent implementation of the Individual Visit Scheme (IVS). However, at the same time, along with the increasing number of Mainland provinces and municipalities being allowed to launch the IVS, we can see that the number of these visitors has increased substantially. The spending mode of Mainland visitors coming on the IVS has made the capital accumulation of Hong Kong's retail industry seriously skewed. As a result, the rental bargaining power of traders mainly serving Hong Kong people has seriously weakened, and a larger number of small traders have been forced to wind up their businesses due to soaring rents. Many Members have mentioned just now that many traditional trades have been replaced by different brand names and chain stores. We can then see that the IVS policy, which at first aimed to help the retail and tourism industries of Hong Kong, has gradually turned into "a death knell" for many traders (especially small traders).

The IVS policy has been implemented for 10 years. As far as we can see, the support for and resources of our reception are found lacking now, whereas the Secretary has admitted that an assessment is in order. However, the Chief Executive has yet given a clear account of exactly which Policy Bureau or department will be officially allocated resources and additional manpower to conduct studies on the tourism capacity of Hong Kong. Differences in the culture and living habits between the Mainland and Hong Kong have resulted in many conflicts arising from the droves of IVS visitors. The *nouveau riche* behaviour of some Mainland big spenders and the mercenary attitude of a small number of Hong Kong shops leading to disrespect for local consumers have aggravated the conflicts between the Mainland and Hong Kong. Moreover, the introduction of the policy of "multiple entry permits" in April 2009 has created much room for parallel goods trading activities. As a result, Hong Kong, a shoppers' paradise originally, has all of a sudden become a parallel goods traders' paradise.

The SAR Government, while dealing with the shortage of formula milk today, may have to deal with the shortage of nappies or other daily necessities tomorrow. As the saying goes, "When the priest climbs a foot, the devil climbs ten." Exactly how high a price we have to pay for dealing with parallel goods traders? The original policy intent of "multiple entry permits" was to facilitate the entry and exit of business visitors. However, it is apparent that this policy is being abused now. According to the figures released on the webpage of the Office for Combating Smuggling of the People's Government of Guangdong Province, 90% of the "multiple entry permit" holders who enter and exit Hong Kong many times a day are parallel goods traders. Information on the webpage also shows that the aggregate Mainland visitor arrivals to Hong Kong under the IVS have reached as high as 74 million passenger trips over the nine years from 2003 to end of 2010, with a yearly average of 5.3 million passenger trips. And, the number of visitor arrivals to Hong Kong under the IVS was over 30 million passenger trips in 2012 alone.

However, President, the positive influence of these visitors does not simply grow in proportion to the increase in visitor arrivals. The current situation is like what happens under the law of diminishing marginal utility in economics, meaning even if the number of visitors to Hong Kong keeps increasing by 10%, it will not naturally produce or increase the business turnover by 10%. It is because the bad influence arising from such an excessive visitor flow will increase in geometric progression. We can see that apart from soaring shop rents in various districts, the IVS has brought the problem of "doubly non-permanent resident pregnant women" in 2003; and the policy of "multiple entry permits" introduced in 2009 has brought the problem of parallel goods traders coming to Hong Kong to compete for daily necessities with Hong Kong people, which has seriously jeopardized the life of Hong Kong people. However, surprisingly, Chief Executive LEUNG Chun-ying has still prided himself as the "father of the IVS". He has practically turned a blind eye to the profound impacts of the problems felt by Hong Kong people on their daily life.

Different political parties have given different responses to this issue. We can all see that Mr James TIEN, a member of the Liberal Party and a representative of the business sector, in his capacity as the Chairman of the Tourism Board, still demanded in mid-2012 the allocation of over \$20 million to the promotion of the IVS in the Mainland. He changed his words afterwards, even saying this year that he hoped the policy of "multiple entry permits" would

be changed to "one trip per day" to combat parallel goods traders and that the tourism industry would not be seriously affected by such a change in policy. Yet, Mrs Regina IP, the Honourable Executive Council Member, holds a differing view. Of course, she has to keep giving "unbending" support to the SAR Government to continue the implementation of the policy of "multiple entry permits".

Ms Starry LEE of the DAB said earlier that an "across-the-board" approach should not be adopted. Of course, she must say this because the DAB, subsequent to the implementation of the policy of "multiple entry permits" in 2009, continued to request, through its Deputies to the National People's Congress and members of the National Committee of the Chinese People's Political Consultative Conference, the Central Government in 2010 to extend the policy to Guangdong and Fujian Provinces, so as to bring the number of applications for the "multiple entry permit" to 80 million visitor arrivals within one year. Does the DAB dare to say the same now? Can they give a clear account to Hong Kong people of whether the negative impacts of the policy of "multiple entry permits" have totally surfaced now? I wish to tell Members that many Hong Kong people actually have an answer in their heart. The bad impacts of the IVS and the policy of "multiple entry permits" have indeed emerged before our eyes.

Therefore, President, I would like to take this opportunity today to amend the motion proposed by the Liberal Party in the hope of enabling the continuous healthy development of the retail industry of Hong Kong. The Government should conduct a comprehensive review after the implementation of IVS for 10 years, and also examine the visitor reception capacity of Hong Kong, so as to find a balance and set a suitable number of visitors coming to Hong Kong under the IVS. Moreover, the SAR Government should also make some adjustments to the policy of "multiple entry permits". In the medium term, the arrangement of "one trip per day" should be adopted to require inbound visitors to make one trip in and out of Hong Kong at most within 24 hours, so as to combat the smuggling activities of parallel goods traders. In the long run, the Government should even consider abolishing the policy of "multiple entry permits" and recovering the right of vetting and approval under the IVS.

I wish to add only one point, and that is, I hope the Government will consider the need of a small number of China-Hong Kong families to take care of

their family members in Hong Kong through the policy of "multiple entry permits" introduced in 2009. In this regard, I believe the Government is wise enough to deal with it.

President, I so submit.

MR KENNETH LEUNG (in Cantonese): President, retail shop rents have seen an increase by many folds in recent years. For example, in last year alone, the average increase in shop rents was over 30%. Shop rents in the vicinity of Russell Street, Causeway Bay, have overtaken those in New York to become the world's most expensive commercial street.

Brand name stores such as those selling medicine, watches, gold, as well as chain stores have occupied various popular districts and even spread to districts outside the traditional tourist areas. As to other types of shops, many of them have been forced to leave due to exorbitant rents. Old shops have closed down one after another. Even if some shops can barely keep their business floating, prices have to be raised considerably due to high rents, thus pushing inflation up and affecting people's daily life.

Undoubtedly, the excessive rate of rent increase will affect the room of survival of the wholesale and retail industries. However, high rents in Hong Kong should not be seen as a stand-alone subject. To review and examine this subject, we need to understand at the same time factors affecting the development of our society. Otherwise, it is difficult to prescribe the right medicine for this problem.

It is common knowledge that the drastic surge in IVS visitors in recent years has boosted the growth of the retail industry. The Hong Kong Tourism Board (HKTB) has announced that the number of visitor arrivals to Hong Kong in 2012 was around 48.61 million passenger trips, among which 34.91 million passenger trips were from the Mainland, accounting for 70% of the total visitor arrivals. Therefore, I propose in the amendment that while increasing the business floor areas of the retail industry, we should review the positive and negative impacts subsequent to the relaxation of the IVS on Hong Kong as a whole, as well as the development direction, positioning and service target of the local tourism industry.

There are several reasons for my proposal of conducting a review. The IVS was introduced in 2003 in the wake of the SARS outbreak, which was regarded as one of the potent driving forces in the revival of the Hong Kong economy at the time. Along with the decline of Hong Kong's industries, the economic restructuring and the lack of direction in industrial development, the IVS has made a positive contribution to the retail, hotel, catering, shipping and transport industries, particularly in the provision of job opportunities for the grassroots. It has even made a great contribution to the economic growth of Hong Kong as a whole. All of these are undeniable facts.

However, behind the drive of economic growth by the IVS, the mainstream discussion in society has often overlooked other social costs brought by the IVS. As the IVS has driven the demand for high-end consumer goods, trades with greater rent affordability have, of course, occupied shops in popular districts, leading to an increase in rents. Soaring rents have made the business environment of Hong Kong increasingly difficult, hindering social mobility and pushing up the threshold for business starters. Relative to running a business, rental income can bring a more substantial profit.

Many old shops are not forced to close due to high rents. A possible conjecture is that given that rents are high, those bosses consider renting the shop a better option than running the business themselves; or they decided to sell the self-owned shop premises direct rather than continue running the business. Therefore, our old shops have gradually disappeared day by day. Such a phenomenon in society deals a great blow to the flexible and ambitious enterprising spirit of Hong Kong and writes off the economic vitality of the territory.

Besides, before the implementation of the IVS, I was not aware that the Government had conducted any discussion on the reception capacity of our city. The total number of visitors in 2012 was seven times the population of Hong Kong. Can our town planning, infrastructure, transport and other ancillary facilities give proper support to such drastic growth?

Moreover, we also think that Hong Kong should conduct a review of the development direction, positioning, service target and objective of our tourism industry and consult the public about these issues. Our tourism industry should not limit itself to only Mainland visitors under the IVS. Figures from the HKTB

show that despite Mainland visitors having far outnumbered visitors from other regions, the number of European and American long-haul visitors has actually seen a trend of decline. If the target of our tourism industry focuses excessively on Mainland visitors, and if the Mainland lowers the import tariff of luxury goods or all of a sudden sets up free trade zones, the tourism industry of Hong Kong will be the first to bear the brunt. Therefore, I think the tourism industry of Hong Kong should conduct a comprehensive review and study, which is something it must do.

The scope of such study and review proposed by me can cover the following points. First, over the past two decades and more, other than being a paradise for shoppers and gourmets, what other unique characteristics of Hong Kong can attract Mainland and foreign visitors? What weight does our culture and history carry in our city?

Second, careful thoughts should be given to ways of effecting fairer distribution of economic gains to various stakeholders in the course of tourism development. At present, our tourism and retail industries seem to be in a boom, and those reaping the biggest gain seem to be the landlords who charge rents — property developers — instead of those working in the lower stratum in the retail industry, despite the fact that they have to work nine to 12 hours a day.

Lastly, the study should cover ways to improve the tourism industry in the long run. Many supporting facilities for tourism, such as the Kai Tak Cruise Terminal and West Kowloon Cultural District, will be completed one after the other this year or in the next couple of years. However, other than hardware construction, the essence, history, culture and living of our city are the major attractions to many Mainland and foreign visitors coming to Hong Kong. We absolutely do not wish to see that as a tourist city, Hong Kong only has big shopping malls but no soul, essence and core thinking.

Over the past century and more, countless intellectuals, artists, writers and social activists have dwelt and lived in Hong Kong. The more recent one was Bruce LEE. There have been voices calling for the setting up of a memorial hall for Bruce LEE. However, after discussion for over a decade, nothing has materialized. On the contrary, Macao has already built a memorial hall for Mr JIN Yong. Yet, we have gained little progress. Many outstanding artists and writers, like ZHANG Ailing, HAN Suyin, LIN Fengmian, LIU Kuosung and

WANG Wuxie, once made Hong Kong their home. However, what has the Government done to promote these world-renowned art workers and writers? Nothing.

I hope that the Hong Kong Government can think out of the box. Other than being a city for visitors to enjoy food and shopping, Hong Kong is also a city with a profound cultural heritage and unique historical background. In addition, Hong Kong has many country parks which can serve as eco-tourism attractions. I hope that the HKTB and the Government can make more efforts in this regard and examine the development direction of Hong Kong's tourism industry in the next 10 or 20 years.

President, I so submit.

MR SIN CHUNG-KAI (in Cantonese): I wish to declare that I am a member of the Hong Kong Tourism Board (HKTB). However, today, I do not speak on behalf of the HKTB. I speak in my capacity as a member of the Democratic Party.

President, let us look at some figures — many colleagues have cited some figures today — in 2002, the number of visitor arrivals to Hong Kong was only 16 million passenger trips; 10 years later, it was 48-odd million passenger trips in 2012. Taking away the odd ones, it still represents a whole three-fold growth. Many colleagues have expressed concern earlier over the large number of Mainland visitors. In fact, the number is very large indeed. In 2002, the number of Mainland visitor arrivals to Hong Kong was only a little more than 5 million passenger trips. Or I should put it this way. Among the 16 million visitor arrivals to Hong Kong, the number of foreign visitor arrivals was some 9 million passenger trips. In 2012, not counting Mainland visitors, the number of visitor arrivals to Hong Kong saw an increase from 9.7 million passenger trips to 13-odd million passenger trips, representing a less-than-100% growth, which should be around 60%. Therefore, if we count Mainland visitors only, the number of visitor arrivals has risen from around 7 million passenger trips all those years ago to 35 million passenger trips today, representing a nearly five-fold growth, which is amazing indeed.

If we look at the trend last year and that of the latest, the number of visitors to Hong Kong (excluding Mainland visitors) in 2011, when compared with the number in 2012, saw a decrease instead of an increase, dropping by 0.8% while the number of Mainland visitors was up by 24%. As a result, the total number of visitor arrivals to Hong Kong rose from almost 42 million passenger trips to 48 million passenger trips, with an overall growth rate of 16%. But the real growth mainly came from Mainland visitors. This trend of a shocking growth of Mainland visitors has actually been here for years. Some colleagues have discussed this trend in detail just now. Hong Kong has to face such a drastic change of having a three-fold growth of visitors in 10 short years. I have not seen such a huge visitor growth in any other places in the world. Actually, it is really difficult for Hong Kong to adapt in such a short time.

Adjustments have been made in the market though. The first noticeable one is the soaring shop rents. Therefore, the proposal of increasing retail floor areas in Mr Vincent FANG's motion today has largely suited the need of Hong Kong now. We need to note that this trend, I believe, will continue for quite a long time. I have tried to find some data but to no avail. Take Shanghai as an example. As a visa is not needed to visit Shanghai, that is, Mainland visitors do not need a visa to visit Shanghai, the number of visitor arrivals to Shanghai has exceeded 100 million passenger trips. This is not an official figure, just something I have heard of. But this is not surprising at all. One golden week holiday alone in the Spring Festival or the National Day holidays can bring 7 million visitors. So, it is not surprising at all to have 100 million visitors a year. If we compare Hong Kong's competitiveness in tourism with Shanghai, I believe we will not be any inferior. If no restriction is imposed, I believe it is not surprising that the number of visitors to Hong Kong will exceed 100 million passenger trips. I believe the difficulty or restriction faced by Mainlanders to visit Hong Kong will only be eased over time. I will also talk about the issue of "multiple entry permits" later. However, on the whole, there is a huge demand for shopping malls or retail planning in Hong Kong. Therefore, we are really anxious nowadays. Not only do we need to find land to build flats, but also shopping malls. Otherwise, Tsim Sha Tsui and Causeway Bay will be run down by our Mainland compatriots.

President, coming back to my amendment, actually, I support the original motion, and so I have only proposed some slight amendments. Mr Vincent FANG has proposed in the original motion the relaxation of restrictions on vacant shops in public markets, so as to put idle retail floor areas on the market. We

suggest that an incentive mechanism for reward and punishment can be established, and we also believe that this still fits in the original motion proposed by Mr Vincent FANG. While it is proposed in part (3) of the original motion ways to increase flexibility of the Hong Kong Housing Authority and the Hong Kong Housing Society in their support to the grassroots and individual trades, I emphasize in my amendment the addition of the environmental industry. I believe this will not meet any objection from Mr Vincent FANG, and other colleagues will give it their support as well.

The last proposal in my amendment suggests that while increasing the business floor areas of the retail industry by way of old districts redevelopment, consideration should be given to the cultural value of the streets concerned, that is, the traditional heritage of Hong Kong and the business environment of small traders and hawkers should be conserved. I believe these amendments will not cause much controversy as they only serve to complement some oversight in the original motion.

Regarding the other amendments, I have several points to make. The Democratic Party feels somewhat concerned about the hawker policy. This is also a subject of discussion in the Legislative Council Panel on Food Safety and Environmental Hygiene currently. A colleague seems to propose in his amendment an increase in the number of hawker licences. On the one hand, the Government has requested the voluntary surrender of hawker licences, yet on the other, a colleague has proposed an increase in the number of hawker licences. In fact, a review of the hawker policy should be conducted. We are a bit worried that a reckless increase in the number of licensed hawkers when a review is not yet ready will turn into a case of being easy to relax but difficult to restrict. The Government needs to compensate more than \$100,000 for each hawker licence surrendered. If the Government makes compensation on the one hand and issues new licences on the other, may I ask what is going on? Moreover, how many places do we have for hawking activities? Hawkers usually peddle at MTR station exits or places with lots of pedestrians, instead of places with few pedestrians. However, in those busy places, the streets usually need to be kept neat and clean. It is really difficult to find enough places for hawking activities. On such a premise, unless we have proper planning, it will be difficult to concentrate all the hawking activities in one place in case a large number of hawker licences are issued. Therefore, we feel a bit concerned about the issuance of hawker licences.

However, "dawn markets" and open-air bazaars mentioned in the original motion can provide specified times for hawkers — no matter whether they are licensed or not — to peddle within a period of time and then at 9 am, 10 am or Sundays Actually, "dawn markets" exist in Hong Kong. Perhaps I should put it this way. The Government actually has measures in place to allow the operation of bazaars. We find this nothing wrong and something acceptable.

I wish to talk about the part about the arrangements of "one trip per day" and "multiple entry permits" highlighted in Mr Gary FAN's amendment. This part needs to be examined in detail. The arrangement of "multiple entry permits" is an administrative measure which, I believe, mainly targets at Mainland visitors. I believe except the Mainland, few places will adopt the arrangement of "multiple entry permits". As people from many places can visit Hong Kong visa-free, this measure mainly targets at Mainland visitors. I think abolishing the arrangement of "multiple entry permits" is an administrative measure, which is worth considering because it seems to be a means to combat parallel goods traders.

However, even if we impose the "one trip per day" restriction and abolish the arrangement of "multiple entry permits", as Mr Gary FAN proposed in parts (5) and (6) of his amendment, does it mean the problem concerning parallel goods will be solved? I do not think so. Such a system only serves to "patent" the parallel goods trading activities of Hong Kong people and disallow Mainlanders to do the same. As there is a huge demand in the Mainland, there is naturally a market. As there is a market, Hong Kong people holding a Hong Kong Identity Card and Home Visit Permit can make several trips to and from the Mainland every day, turning the situation into Hong Kong parallel goods traders can do business legally in the Mainland. Abolishing the arrangement of "multiple entry permits" can combat Mainland parallel goods traders, yet "patenting" Hong Kong traders. This certainly will give rise to objective consequences.

This does not mean we should not take some measures to combat parallel goods traders, especially when these parallel goods affect Hong Kong people's livelihood. Members have to understand one point and make relatively objective comments. Perhaps I may be politically incorrect to say this today. However, it is true that "parallel goods" are not illegal. And, "parallel goods trading" is not an illegal activity. Of course, if the law is amended, it will be a different matter. Take formula milk as an example. A bill may be introduced

to this Council two weeks later to ban the export of goods, particularly those which are daily necessities for Hong Kong people, when such goods are out of stock. Only when a ban is imposed through enactment will "parallel goods trading" be deemed illegal. On this premise, we think we will support the imposition of similar restrictions.

Therefore, the abolition of the arrangement of "multiple entry permits" and the imposition of the "one trip per day" restriction proposed in Mr Gary FAN's amendment can be subject to discussion. However, at this stage, we will abstain from voting on this subject for the time being. We think that it relates not only to the retail policy but also the overall security, Hong Kong's entry and exit issues, and a macro policy, so thorough discussion is necessary. On the basis of a thorough discussion, the Democratic Party holds an open attitude for the further examination of this subject. However, it is not suitable for such discussion on this subject to be founded on this motion on "Increasing the Business Floor Areas of the Retail Industry".

With these remarks, I support the original motion and most of the amendments.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the original motion of Mr Vincent FANG and the amendments of other Members involve the purview of various Policy Bureaux. Today, I will respond to the issue of increasing the business floor areas of the retail industry on behalf of the Development Bureau. I will also participate in this debate and listen to Members' views on the relevant policies and measures concerning the grass-roots retail businesses, including wet markets, open-air bazaars and hawking trades, as well as the provision of retail floor areas of properties under the Government, including those of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS) on behalf of the Food and Health Bureau, Transport and Housing Bureau, and also the Financial Services and the Treasury Bureau. I will brief Members on the Government's work in the relevant areas. The Secretary for Commerce and Economic Development will give an account of the current situation and development of the local retail industry, the measures to assist the retail industry and the small and medium enterprises, the policy on the Individual Visit Scheme, tourism development, and also the proposal on the provision of large-scale exhibition and sales venues, and factory outlets.

President, in the past few years, the local consumer market has remained robust, coupled with the record-high number of inbound visitors to Hong Kong, the retail industry has maintained strong growth which has led to a significant rise in the rents of retail premises. According to the statistics of the Rating and Valuation Department, as at November last year, the overall rents of retail premises had a year-on-year increase of 12%, an increase of 44% as compared to the trough levels in 2009. Of course, the demand and rents of the retail premises vary according to the districts and locations of the premises but the information shows that as the retail market in Hong Kong will continue to be robust, the demand for business floor areas of the overall retail industry will continue to rise.

To increase the business floor areas of the retail industry, the Government has adopted the following measures.

The first is to review the "Government, Institution or Community" sites and convert the suitable ones into commercial sites soon as possible, including the conversion of the sites of the government office buildings in Central and Wan Chai to commercial use. Moreover, we will also accelerate the development of the North Commercial District on Chek Lap Kok Airport Island.

Second, the Administration will actively consider further releasing the development potentials of East Kowloon and Kai Tak Development Area (KTDA) in the hope of supplying more quality commercial sites and facilities. Kowloon East, as another core business district of Hong Kong, can supply more commercial floor areas, including floors areas for use of the retail industry. To expedite the plan, we are considering relocating the existing government facilities in the two action areas of Kowloon East. Moreover, the implementation of Kai Tak Development will also provide a centre where there are quality housing, and space for commercial, sports, recreational and tourist activities. The KTDA will also provide shopping arcades, shop frontage and eating establishments for retail purposes to dovetail with the different types of developments in the region.

Third, many old industrial districts in the urban area such as Kowloon Bay, Tsuen Wan and Kwun Tong, have been zoned as "Other Specified Use" annotated "Business", meaning that they can be used for office, commercial and non-polluting industrial purposes simultaneously. Together with the policy of revitalization of industrial buildings which encourages redeveloping or converting the whole industrial building for non-industrial use, more suitable and relatively

inexpensive lands and floor areas will be made available for commercial development, including that of the retail industry.

Fourth, it is to make use of underground spaces for retail use. In this respect, Hong Kong has a long history of utilizing those spaces. In the future, two underground shopping streets will be provided in the KTDA. We will further explore the potential of developing underground spaces in the urban areas, including linking up the underground spaces of existing or planned structures in the urban areas for commercial development purposes.

Concerning the planning of sites for the retail industry, I would like to highlight a few points as follows. To dovetail with the diversified economic development of Hong Kong in the long run, the Planning Department proposes in its report titled *The Hong Kong 2030: Planning Vision and Strategy* that while enhancing the functions of the core business districts, it is also necessary to strengthen the economic development of areas outside the core business districts. We will, according to the demographic features, geographical location, scale and features of the economic activities, and also the planning preference of the districts concerned, earmark sufficient lands for various development uses, including retail, to promote combined development of diversified land uses, thereby promoting employment and rejuvenating the communities. Therefore, when we carry out planning for a new development area, we will earmark sufficient commercial sites, including those for the use of the retail industry, to meet the market needs and tie in with the overall development of the district.

The North East New Territories and Hung Shui Kiu New Development Areas under planning are good examples. As the two districts are located next to trunk transport routes, easily accessible by rail and with populous developed new towns close by, the report's preliminary concept is to set aside conveniently located spots for commercial development covering retail, catering and entertainment.

Moreover, the rents of shops in the old urban areas are lower and may attract smaller scaled but creative enterprises. The Government will continue to play the role of the facilitator and carry out improvement programmes in the districts as appropriate, such as improving the accessibility of the old districts and street landscape, which will help the old districts to attract new commercial activities afresh and may even promote redevelopment there, giving the retail

industry more space to choose from. The elevated escalators in the Mid-Levels and also the redevelopment projects of the old Wan Chai district are good examples demonstrating how stimulus measures acted as a catalyst in the renewal of an entire district.

As regards the strategy and situation of the redevelopment of old districts in respect of business floor areas for the retail industry, I would like to give a concise account as follows. To ensure lands in the urban area are developed to the maximum potential, when carrying out an urban renewal project, the Urban Renewal Authority (URA) will provide the most suitable retail floor areas and according to the proposed usage of the project and in compliance with the town planning requirements.

In the course of redeveloping an old district, the URA will conduct a social impact assessment and where circumstances permit, retain as many as possible the local characteristics of the neighbouring areas of the project, including the trading activities with local characteristics and the original network of the shop owners. Depending on the scale and background of the redevelopment project, the URA will consider the expectations and aspirations of various stakeholders at the planning stage of the project and, where circumstances permit, provide space for the operations of other retailing modes than shopping arcades.

There are many examples of this, such as the project of Lee Tung Street in Wan Chai where retail space was provided to match the theme of "marriage"; in the project of Sai Yee Street in Mong Kok where retailers of sports goods were given the priority to rent shops there; in the redevelopment project of Peel Street/Graham Street in Central, a two-storey building was provided for accommodating the trading activities of the relevant bazaars in Peel Street/Graham Street; and in Development Areas 2 and 3 of the Kwun Tong Town Centre redevelopment project, street stores just like those in our old neighbourhoods were provided.

According to the Urban Renewal Strategy published in 2011, the URA will carry out urban renewal through a district-based and public participatory approach. We will encourage the URA to continue to listen to the stakeholders' aspirations and retain the original local colours of the communities in the redevelopment projects and provide room for the retention of trading activities with local characteristics.

Concerning the policies and measures regarding wet markets, open-air bazaars, co-operatives and hawking trades, I would like to highlight the following. The Government has always held a positive and open attitude towards the establishment of open-air bazaars. Various social sectors have different views on hawking activities, especially residents in the vicinity of open-air bazaars who may from time to time feel that their life is disrupted. In view of this, we suggest that when choosing a suitable location for an open-air bazaar, the district which runs these bazaars should forge a consensus among the local residents and work their way up from the bottom, taking full account of the views of residents in the neighbourhood, and conveying their views to the District Council (DC) for discussion and confirmation before implementation. When a district has reached a consensus, relevant government departments will proactively support and follow up the matters covered by their respective purviews. Allowing the DCs to organize and manage open-air bazaars will have more room and flexibility and also better meet the local needs.

In recent years, there are many views in society think that the hawking trade has rich traditional and native characteristics and should be retained and revitalized. In response to such aspirations, the Government reviewed the hawker licensing policy in the year 2008-2009. After consulting the Legislative Council, various DCs, hawkers' associations and relevant stakeholders, the Government decided to re-issue a limited number of hawker licences in response to society's aspiration of retaining local culture provided that the environmental hygiene will not be compromised. However, on account of the environmental hygiene and fire safety considerations, we have no intention to re-issue licences for fixed-pitch hawkers or itinerant hawkers for the time being. To further enhance the fire safety of fixed hawker stalls, we plan on launching a five-year scheme in summer this year to subsidize the licensed hawkers operating in 43 hawker stall areas to enhance their fire precaution measures.

In respect of public wet markets, the Food and Environmental Hygiene Department (FEHD) is committed to enhancing the operating environment and competitiveness of the public markets and cooked food centres/markets under its management through the implementation of various measures. These include carrying out enhancement projects to upgrade facilities, maintaining and keeping the markets in good and hygienic conditions, and holding promotional activities from time to time to attract patronage. Currently, the overall occupancy rate of these public markets and cooked food centres/markets is approximately 89.1%, having risen from 76.9% in 2008. Excluding the number of vacant stalls

withheld from letting out due to impending consolidation, closure or improvement works, the actual occupancy rate is 96%.

As a matter of fact, in February 2009, the FEHD introduced the arrangement whereby long-standing vacant stalls were put up for auction at concessionary upset prices in the interest of achieving better utilization of these vacant stalls. Under the arrangement, the FEHD reduced the upset auction prices for stalls vacant for more than six months and eight months to 80% and 60% of the Open Market Rental respectively and let out the stalls through a three-year tenancy, with a view to enhancing their attractiveness.

For stalls that could not be let out despite the above arrangement, the FEHD has since October 2010 launched a pilot scheme to let out public market stalls through short term tenancy, thus giving persons interested in starting up their business ventures in public markets the choice of trying out their business for three months without being bound by a three-year tenancy. Upon expiry of the three-month period, the tenancy is renewable for a maximum of 30 months.

Lastly, as regards the policies and measures relating to retail floor areas in properties under the Government, including those of the HA and the HKHS. Government properties are mainly used to house government offices, public facilities and premises of other government use. The Government Property Agency (GPA) will first allocate properties to suitable government departments. If there are no suitable government users and the property is left vacant, the GPA will arrange for letting the properties through open tender on a commercial basis. Depending on the locations and conditions of the individual properties, tenants may use the property for retail use, for example, the former Stanley Police Station has been turned into a supermarket. At the moment, there is no vacant property under the management of the GPA suitable for retail use.

In respect of the properties of the HA, although in November 2005 the HA divested its retail and car-parking facilities, with the main objective of enabling it to focus on fulfilling its functions of providing subsidized public housing, it has retained some commercial and retail facilities in its housing estates. At present, there are a total of 40 shopping arcades and major ancillary retail facilities with a total floor area of 200 000 sq m. The HA has no intention to sell the shopping arcades and retail facilities under its management. According to the present policy, the HA is responsible for the management of its commercial facilities and those in the newly built housing estates.

The HA's strategy is to operate its commercial facilities on prudent commercial principles with the aim of providing for the daily needs of the people. The retail facilities provided in its housing estates are mainly eateries, fashion shops, supermarkets, convenience stores and wet markets. The HA has all along maintained communication with its commercial tenants to enhance the business environment and its rental arrangements will also be adjusted flexibly according to the market needs. Take the newly completed shopping arcade close to Yau Tong Estate, the Domain, as an example. The shopping arcade has eight storeys with a total rental floor area of 23 000 sq m, providing various catering and retailing facilities to meet the local residents' daily needs.

According to the HA's current rental policy for its commercial units, when a tenant negotiates for renewal of the tenancy at the expiry of the former tenancy, the HA will consider the overall business environment, the demographic changes in the housing estate and the special characteristics of the housing estate in determining the rent. While implementing the relevant rental policy, the HA will look closely at the local economy and other relevant data to determine the rental levels in accordance with the locations of the individual shops, the industries involved in the operation and other relevant factors.

The HKHS provides subsidized housing for the needy, and such subsidized housing includes rental units and units for sale. To cater for the daily needs of the residents concerned, the HKHS also provides non-residential facilities in certain housing estates, including commercial facilities and also facilities providing welfare services in the community. Concerning the commercial properties, the HKHS adopts a prudent commercial approach in their operation and will consider the rental level in the market in determining the rents, which is similar to the approach of the HA. According to the information provided by the HKHS, the total area of its commercial facilities is about 70 000 sq m while the total area for welfare facilities in the community is about 30 000 sq m.

President, I have given a brief response to the main subjects of concern to Members on behalf of the relevant Policy Bureaux. I so submit. I will give an appropriate supplement after listening to Members' speeches. Thank you, President.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I thank Mr Vincent FANG and other Members for their

views. Just now, the Secretary for Development has spoken on the measures and planning to increase the business floor areas of the retail industry. I will now make a response with respect to the business condition of the retail industry, the development of tourism and the Individual Visit Scheme (IVS).

The retail industry is a major economic activity in Hong Kong. According to the latest statistics, the retail industry accounts for 3.2% of the local GDP and employs about 260 000 staff. It is the mainstay of our service industries. The retail market has turned robust in recent years and the value of total retail sales was \$454.4 billion in 2012, representing an increase of 9.8% when compared with 2011, and the value of total retail sales has also increased by 7.2%.

The remarkable performance of the retail industry is attributed to the industry's knowledge of the market and flexible strategies. The development of the retail industry can be said to be market-led and too much intervention by the Government is considered undesirable. It should, under the principle of appropriately proactive governance, allow the private sector to make the most expedient and effective response to the market. Nonetheless, the Government would not forget the need to maintain a good business environment. Apart from the planning just mentioned by the Secretary for Development, the Government will continue to work hand in hand with the industry and introduce measures to enhance its competitiveness.

The Government has all along implemented different measures to help the various industries, including the retail industry. We have provided support to local enterprises, through various government departments and quasi-government bodies, such as the Hong Kong Trade Development Council and the Hong Kong Productivity Council, by introducing financial assistance schemes and providing updated market information and technical support.

Mr Vincent FANG mentioned, in particular, the small and medium enterprise (SMEs). The retail industry consists mainly of small shop operators, who can apply for the SME Loan Guarantee Scheme administered by the Trade and Industry Department. Besides, eligible non-profit-distributing organizations may also make use of the SME Development Fund to conduct projects. In addition to the supporting measures, the Government has also proactively promoted various business facilitation work for the retail industry, which include cutting red tape; eliminating outdated, repetitive or excessive regulation;

enhancing the efficiency and transparency of regulation, improving the business friendliness as well as reducing the compliance cost.

The Government will continue to work with the retail industry and other relevant stakeholders, and join efforts with the Wholesale and Retail Task Force of the Business Facilitation Advisory Committee to examine ways to improve the business environment and review the regulation of the retail industry, so as to formulate and implement measures to remove the hurdles posed by the relevant procedures and regulations, with a view to further improving the business environment.

Ms Starry LEE suggested that the Government should set up large-scale exhibition and sales venues and factory outlets. All along, the Government has provided support to various industries, which also include the development of the retail industry. However, just as I have said, the development of the retail industry is market-led and the Government should avoid excessive intervention. We noticed that the retailers and operators would decide on the amount, scale, type and class of retail facilities to be provided basing on their business judgments. Our plan-making regime has provided sufficient flexibility to allow for change of use so as to meet the changing market needs.

Some Members mentioned the direction of development of the tourism industry and the IVS policy. The tourism industry is one of the four major pillars of Hong Kong economy, thus the current-term Government will, as usual, attach great importance to and support the development of Hong Kong's tourism industry.

With regard to the development of tourism, we believe joint participation of the industry and other relevant stakeholders is crucial to maintaining and promoting the sustainable and healthy development of our tourism industry. In the course of formulating measures and policies related to tourism, we will maintain communication with the stakeholders so as to gain a good understanding of their views.

With regard to the IVS policy, as a result of the significant increase in visitor arrivals, the challenge to us is to ensure that the quality of service of the local tourism industry will not be affected, and the living of local residents will not be seriously disrupted. In this connection, the SAR Government is conducting an assessment of Hong Kong's overall capacity of accepting and

receiving visitors. Thus, Mr Michael TIEN's earlier remark about the Commissioner for Tourism having failed to take into account the overall tourism facilities is not justified.

With these remarks, President, I have responded to Members' concerns. I would like to hear more from other Members. Thank you, President.

DR ELIZABETH QUAT (in Cantonese): President, I wonder whether Members and the two Secretaries present have read a report and learnt that the most expensive market in Hong Kong is surprisingly the Hau Tak Estate Market under The Link in Tseung Kwan O. According to the report, a three- to four-member family needs to spend almost \$110 on food for preparing a meal of two dishes and one soup, which is \$27 to \$28 more than that has to be spent in the Pei Ho Street Market in Sham Shui Po. Besides the rising supply price of food, the trouble naturally lies in the soaring rent. Several years ago, large-scale renovation works were carried out in the Hau Tak Estate Market by The Link. Crazy rent increases were then imposed on many traders. It is a matter of course that such costs are transferred onto consumers. Worse still, there is not much choice of markets in the neighbourhood. Therefore, grass-roots residents there have no alternative but to bear the expensive food price. No wonder many kaifongs have told me that they would rather take the trouble to shop for groceries in Sham Shui Po after work before going home because it can be 50% cheaper. It is most common to do grocery shopping across district nowadays. We can often see many people carrying bags of groceries inside MTR carriages.

In fact, the retail industry of Hong Kong has indeed had to face many challenges recently, especially small and medium traders renting shops under The Link. These traders have admitted that it is certainly their hope to have the business environment of markets or shopping arcades made more comfortable in order to attract patronage by more customers. However, substantial rent increases are always the result of the renovation. Since they cannot substantially raise prices, when difficulties in operation arise, they have to wind up their business.

On the other hand, many markets managed by the Government have become run-down with age, with some even offering us air-conditioning systems. I have measured the temperature inside these markets in summer, recording an

astonishing 40 degree Celsius or above. How can traders do business there? On the contrary, traders under large consortia, with a strong financial backing, can stock up goods in bulk and of a wide variety. How can small traders compete with them? Therefore, many customers are used to patronizing big traders.

Mr Gary FAN, in his speech earlier, put all the blame for problems concerning parallel goods traders and small traders' survival on the arrangement of "multiple entry permits" and the Individual Visit Scheme (IVS). However, actually, we all know that the arrangement of "multiple entry permits" and the IVS are not the culprit in the issue of parallel goods traders. Secretary for Security LAI Tung-kuok revealed on 19 January 2013 that 60% of the parallel goods traders were Hong Kong people. Mr FAN has questioned earlier whether the DAB dares to continue to support the arrangement of "multiple entry permits". I wish to pose a question in return: Who can deny the contribution made by the arrangement of "multiple entry permits" and the IVS to promoting the economy of Hong Kong as well as the economic and trade co-operation between the two places? Although problems have inevitably arisen in the course of implementing these policies, is it necessary to call a halt to these policies? Should the Government not examine ways to improve the situation we are facing now by formulating a long-term strategy for the future development of the tourism industry, so as to provide long-term solutions to the problems we are facing now? Besides, the abolition of the arrangement of "multiple entry permits" and the implementation of the policy of "one trip per day" may cause much inconvenience to many people, such as the parents of cross-boundary school children. We should not neglect the interests of other members of the public.

Therefore, in my view, if the Government wishes to address people's pressing needs, it should immediately conduct a comprehensive review of the future development trend of the retail industry, formulate the development scale of retail floor areas, and study various ways such as the development of underground space to increase proper year-on-year supply, so as to ease the rental spiral. In my view, the Government should also consider asking The Link to bear greater corporate social responsibility in terms of its rental policy and shopping arcade management, so as to stabilize rents of shops and car parks, offer rental concessions to social enterprises and welfare organizations and protect existing tenants' right to tenancy renewal. Most importantly, The Link should establish ongoing and honest communication with traders, so as to improve the relationship between traders and The Link management. Government markets

should also undergo an overhaul, such as the addition of air-conditioning systems, so as to improve the business environment of small traders.

Moreover, I agree that on the premise of fully consulting local communities, the setting up of more public markets, marketplaces and bazaars should be explored. Not only will this offer more shopping choices to residents in the local communities, it will also create more job opportunities, and attract people from other districts to "marketplace roaming", so as to boost the tourism economy of the district.

In fact, economic activities such as those involving hawkers, bazaars and marketplaces are key elements of our local history and social culture. Apart from bearing witness to the traditional lifestyle of Hong Kong, these activities have served as a starting point for our business starters in the early days to provide many people with an opportunity to climb out of poverty, as well as witnessed various changes in Hong Kong in recent years. For example, the market in the vicinity of Gage Street and Graham Street in Central, albeit being the oldest and the most traditional market in Hong Kong, has housed many authentic Hong Kong-styled sidewalk food stalls. Along with an increasing number of restaurants serving international cuisines opening in the Soho district and kaifongs of different ethnic groups moving into the area, a new trend has gradually emerged there, demonstrating the fusion and exchange of Chinese and foreign cultures. At present, not only eateries and shops with varied features are found in the area, it has also become a tourist attraction with local characteristics. The area has attracted many visitors from all over the world where they can often be seen taking pictures as a memento. Therefore, I think the Government should work closely with the District Council to properly examine ways to fully utilize the existing facilities.

At present, the Government is busy finding land for housing construction. I have to remind the Government that housing, clothing, food and transport carry equal weight. They are all matters of concern to the people. If only flats are built for people to live in without providing the same district with retail business floor areas and cultural and recreational facilities, it will only push up prices further and affect people's quality of living. Therefore, to increase the business floor areas of the retail industry in an omni-directional manner is really a task that brooks no delay.

President, I so submit.

MR MA FUNG-KWOK (in Cantonese): President, prices and rents of buildings and shops have kept rising due to the shortage of supply. The Policy Address has made many proposals to increase the supply of land in order to solve this problem. However, these proposals focus mainly on the supply of land in the medium and long terms, whereas the short-term proposals target at the quantity of housing units, unable to increase land for the retail business. As a supplement to the general direction of the Policy Address, today's motion merits support.

The spiralling of shop rents in shopping arcades has been partly due to speculations by hot money and partly to the large demand in the market. According to figures of the Hong Kong Tourism Board (HKTb), 73% of the 48 million tourists coming to Hong Kong in 2012, that is, close to 35 million passenger trips, were Mainland visitors. It was a rise of 24% compared to the figures of 2011. We can thus anticipate that the proportion of Mainland visitors may further increase in the future.

To solve the problem of land for the retail business, we must prescribe the right medicine to the specific ill. As everyone knows, there are three major attractions of Hong Kong to the Mainland visitors. First, its tax free or low tax policy attracts them to come and buy cigarettes, wine, electronic appliances, cosmetics, skin care products and jewelries. Second, its strength in quality management attracts them to buy formula milk and pharmaceuticals. Third, its branding effect results in the fact that customers of shops selling brand name products in Tsim Sha Tsui and Central are mainly Mainland visitors.

Currently, Mainland visitors often go to the urban area in groups or gather in the few towns of North District in order to carry out the first and second types of consumption mentioned above. This has caused many community problems, the newest example of which being the formula milk incident. To address this mode of consumption, we can set up some outlets or small commercial districts near the several boundary control points in North District to sell mainly products of these kinds. If Shenzhen can have the Luo Hu Commercial City, Hong Kong can develop commercial cities near Sheung Shui, Lo Wu and Lok Ma Chau too. This can alleviate the pressure of shop rents in the urban area, reduce nuisance caused to the life of residents in various communities, as well as creating job opportunities in close-by places for residents of North District and towns such as Tin Shui Wai.

In the long term, we should consider developing the border area, such as making good use of the land nearby the boundary control points, further developing our tourist industry, and increasing ancillary facilities. In that case, we can reduce the effects on the community while creating economic benefits.

The above suggestions are aimed at addressing visits under the Individual Visit Scheme. From another perspective, our tax-free policy will continue to attract Mainland visitors as long as the SAR border continues to exist. Therefore, shop rents in the urban area will remain high despite well thought-out measures.

President, land in the urban area is very precious, and it is difficult to increase. Also, we cannot just take care of the needs of our visitors. We should balance such needs against the demand for land of Hong Kong residents in housing, cultural activities and recreation and sports development. However, I see that the plot ratios set for the two current major urban developments, that is, West Kowloon Cultural District and Kai Tak Development, are on the low side. This is especially so for the West Kowloon Cultural District (WKCD) development, as its plot ratio is limited to 1.81 times, making it impossible for the precious urban land to be used effectively and for the cultural facilities to meet the needs of the industry. This will lead to a waste of land resources.

When I was in the WKCD Authority back in 2011, I strove for an appropriate revision of the plot ratio for the WKCD project by slightly raising it to, say, three times, so that there could be more building area and consequently more cultural facilities. Doing so would not only meet the needs of the industry but also mitigate the demand for commercial and housing areas as such areas increase. At the same time, it could also increase income, which would offset the pressure of rising construction costs and enhance the popularity and vitality of the entire cultural district. So it could have killed four birds with one stone. Unfortunately, my proposal was not taken on board. I now hope the Government would seriously reconsider raising the plot ratio by a reasonable rate on the major premise of not affecting the speed and content of the construction of the cultural district. By doing so, a more reasonable balance between environment and development density will be struck, and the demand for business floor areas for the retail industry alleviated.

In addition, we often mention the problem of small or old shops being forced to move or close down due to rental increase. This is most regrettable,

and is definitely undesirable to people's livelihood although it is an inevitable law under the great tide of development of retail and tourist industries. Such small shops will have the living space needed if the Government could plan more "small but many" or "simple but refined" shops in residential areas.

Many shops related to the people's living and local culture do not have to be operated in the busy urban areas. Even shops selling models or comics, not to mention those selling clothes, shoes and socks, can still keep their clientele and maintain their business if they are located along the MTR lines and easily accessible by public transport. However, the current planning of much of the retail business area of many residential districts, including shopping arcades managed by The Link, simply do not take small shops into consideration and suit only big names and chain stores. This is all very unfriendly to small and medium shops.

Therefore, to look after the survival of small and medium shops, I suggest that the Government take the lead to review its planning of shopping arcades and car parks of low utilization rates in its public housing and Home Ownership Scheme estates. While small and medium shops are not as competitive as the big names or chain stores, their existence serves to encourage young people to start their own businesses and bring their creativity into full play. They can also develop a diversity of products with unique characteristics and establish their own sales network by means of a developed information system. They can also survive as long as they can bring their creativity into full play, and the Government should facilitate the starting of businesses and the provision of job opportunities. In addition, it can also adjust its leasing policy to strike a balance between profit and people's livelihood by using the quantities and types of goods supplied by the shops as benchmarks. It can also give small shops space for development by, with support from the District Councils, issuing an appropriate number of hawker licences for business on the periphery of residential districts and providing sites of open-air bazaars.

The business floor areas for the retail industry will indeed greatly increase if the proposal of converting industrial buildings is realized. However, this will seriously affect cultural and art workers currently housed in industrial buildings, thus compressing the creativity space that they have opened up quietly. Moreover, there should be further studies on whether industries in Hong Kong can be transformed and whether the industrial buildings need to be utilized in this

process. Therefore, for the time being I do not consider making extensive changes to the use of industrial buildings necessary.

President, the issue of land supply has not only bothered Hong Kong residents and small and medium enterprises, but also cultural and art workers. It has become the bottleneck in the development of various industries in Hong Kong. On the issue of increasing land supply, the SAR Government must meet the needs of various stakeholders by taking a balanced approach, so as to avoid causing district development to lose the appropriate balance.

Thank you, President.

MR WONG TING-KWONG (in Cantonese): President, the economy of Hong Kong is currently dominated by the service industries, of which the retail industry has flourished over the recent years, driving forward the local economy and employment. This indeed is a good thing. However, under the situation of demand exceeding supply, rents have been spiralling due to shortage of business premises. Therefore, the DAB supports this motion, hoping that there can be more commercial land to enable the sustainable development of the local retail industry.

Recently, the Hong Kong Tourism Board announced that the number of visitors to Hong Kong had hit a record high again last year. There were 48.6 million visitors, a year-on-year increase of 16%. Mainland visitors were still the largest client source, taking up 72% of all visitors. There were 34.9 million Mainland visitors, a year-on-year increase of 24%. Among them, more than 66% were visitors under the Individual Visit Scheme, a year-on-year increase of more than 20%. People will certainly spend money when they go travelling. While the spending power of Mainland visitors has dropped recently, it is still rather strong. Shops as large as jewellery stores selling gold and silver ornaments and as small as selling articles for daily use all have prospered in business. However, there is a shortage of shop premises, which fails to meet the needs of business development. As a result, landlords have been raising rents in multiple times due to the strong demand for shop premises. Rental increase is still picking up momentum, and there is always a higher rent confronting shop operators.

Let me give an example. According to a recent ranking chart of the top 10 local premium shops, a money exchange store in Causeway Bay has become the number one premium shop because, with a street-level shop area of 50 sq ft. only, its monthly rent is \$180,000, which means \$3,600 per square foot. Other premium shops include jewellery and watch shops, cosmetics shops, and watches and audio-visual equipment shops, with their average monthly rents per square foot exceeding \$3,000. Even if these shop tenants are able to afford the rents, they must be facing considerable pressure in operation, not to mention retail shops operated by ordinary small and medium enterprises (SMEs).

Recently, it was reported in the press that the Lee Yuen Congee Noodles near Sogo Causeway Bay had to close down because its monthly rent had been raised to \$600,000. I do not know how many bowls of noodle with wontons have to be sold each day before it can pay the rent. In addition, a shop selling sleepwear and underwear from Taiwan has decided to withdraw its business in Hong Kong back to Taiwan by closing down all of its branch shops here gradually during the year, because shop rents in Hong Kong are just too high.

I already expressed my considerable concern about the issue regarding SMEs facing the pressure of rental increase at the previous debate on the Motion of Thanks in respect of the Policy Address. The earnings of SMEs are being devoured by the exorbitant rents, leaving them with meagre profits only. Some SMEs, finding their business unsustainable, had to close down even though they no longer aim at making profits.

Looking into the future, we shall see SMEs gradually weeded out and large enterprises ever expanding. The entire community will gradually move towards monopolization by capitalist enterprise, which may cause Hong Kong's traditional shops with unique characteristics to disappear, leaving behind only homogenous and stereotyped shops operated by big consortia and making everyone work for big enterprises. Such a situation is most undesirable for the economy of Hong Kong and the upward mobility of people in various strata of society.

Therefore, I urge the Government to pay close attention to various feasible options and study them. Such options include the feasibility of developing on a large scale underground commercial spaces, as previously proposed by the DAB. Ms Starry LEE has also elaborated on this issue earlier. In addition, we should consider expeditiously promoting the transformation of industrial

buildings, so as to meet the needs of local small and medium shop tenants. On the condition of fully consulting the District Councils, the Government should set up large-scale exhibition and sales venues, factory outlets, publicly-operated shopping arcades, markets, marketplaces and bazaars, and so on, so as to increase the business floor areas of the retail industry and alleviate the pressure of rental increases.

President, the service industries account for more than 90% of our Gross Domestic Product (GDP). Among them, the retail industry, together with the catering, hotels, wholesale and import/export trading industries, accounts for more than 28% of the GDP. Compared to 2010, the total receipts of the retail industry, amounting to \$464.4 billion, increased by 29.2% in 2011. The retail industry has an employment size of up to 240 800 people. Thus we can see that the relevant industries make considerable contribution to the local economy and job creation. The Government should protect the vitality and development of the retail industry by studying solutions to the problems faced by it, such as economic challenges, changes in policy environment, high rents and operating difficulties.

Just then, when speaking on his amendment, Mr MA Fung-kwok mentioned the issue of "multiple entry permits". He believes that abolishing the "multiple entry permits" measure can stop parallel goods traders from entering Hong Kong to smuggle Hong Kong goods. In fact, as Mr SIN Chung-kai also mentioned, 60% of the parallel goods traders are people of Hong Kong. I think Mr SIN's analysis on the question of whether or not the "multiple entry permits" policy should be abolished is more objective. Therefore, we do not agree to Mr MA Fung-kwok's amendment.

President, I so submit.

MS CLAUDIA MO (in Cantonese): What we are discussing is the retail industry. Selling infants wear at a hawker pitch on Fa Yuen Street is retailing. Shops selling relatively high grade or medium-priced fashion, handbags or cosmetics is also retailing. A fishball stall at a street corner of Causeway Bay once became a shop asking for the highest rent per square foot in the world. Although the topic of our debate today is business floor areas, in the end it is about shop rents.

With regard to shops being unable to find premises for operation, many people say the Housing Authority and the Housing Society should offer assistance. Also, we have kept cursing The Link, claiming how evil it is. I have spoken on this issue over the past six months since I joined the Legislative Council, and I believe this Council has been discussing this for years. These are issues of Sunday-school truths to which nobody would object. As far as suggestions such as marketplaces, making good use of industrial buildings, and building facilities underground are concerned, in the 1980s I already heard an engineer from France ask why facilities were not constructed underneath the Southorn Playground on Hong Kong Island. The reason was that the Government at the time did not have enough boldness of vision. It only had the boldness to construct the MTR, but not to take the opportunity to build facilities such as a skating rink there at the same time. Let us see whether the upcoming West Kowloon and Kai Tak projects can be done better. I hope Government would not just consider, but really implement the relevant proposals.

Just now I heard many Members of this Council mention hawker licences. If a licence is surrendered voluntarily, the Government would provide an extra gratia payment amounting to \$120,000. Yet \$120,000 is really a small sum. If my memory is correct, just now Mr Vincent FANG inquired whether hawker licences retrieved could be made open to application by other people. I think some Members of this Council may have some misunderstanding about this. The Panel on Food Safety and Environmental Hygiene discussed arrangements after the fire at Fa Yuen Street because more than 400 licenced stalls had to be moved elsewhere due to fire safety reasons. At that time, issues such as moving them to what locations were involved, and therefore the Government proposed the plan of voluntary surrender of hawker licences. Even for hawker organizations, they just want to maintain the overall number of hawkers, and no one has asked for adding new hawker licences. In this respect, I think Mr SIN Chung-kai of the Democratic Party has some misunderstanding.

Just now Mr Michael TIEN said he had heard that Hong Kong is a shopping paradise, and it will be fine as long as there are adequate hotels. I shuddered upon hearing that remark, because there has been headline news in Hong Kong newspapers reporting Mainland visitors pitching tents for overnight stay in country parks. They have really gone too far by doing that. They should not be allowed to do so. Mr Vincent FANG asked us whether we do not welcome Individual Visit Scheme visitors to come shopping and spending money here. Of course, we welcome them. Their coming to Hong Kong for consumption can stimulate our economy. However, there should be a limit to

everything, and especially so for "multiple entry permits". We really hope it could stop for a short while.

Of course, stopping "multiple entry permits" temporarily may affect mothers holding the Two Way Permit (TWP) and those Mainland-Hong Kong families. However, here we are referring to parallel goods traders when we talk about "multiple entry permits". Mothers holding a TWP under the "multiple entry permits" scheme belong to a different category, and the Government should issue the One-way Permits to them as soon as possible because the reason for them to come to Hong Kong should be seeing their family. According to Hong Kong's figures, there were 35 million passenger trips to Hong Kong made by Mainland visitors last year. Among them, 56% did not stay overnight. In other words, almost 20 million visitors made same-day round trips. A reasonable guess is that many of these visitors were parallel goods traders, and it would be very difficult to say they were not parallel goods traders and were completely irrelevant. Some people said that even if they were parallel goods traders, it seemed that they were active only in places in North District such Sheung Shui. However, the true situation is otherwise. Now there is this pet phrase: "Arrive in Sheung Shui in the morning, in Tai Kok Tsui in the afternoon".

Just now I mentioned that 56% of the 35 million visitors did not "stay overnight". The remaining would be normal tourists who caused Mong Kok and Causeway Bay to be crowded with people. I do not know if our Bureau Directors have ever taken a walk in Causeway Bay, if they do they will be scared to wish they were at home. The mere thought of having to park one's car in Times Square can already drive one crazy. Shops on the streets all sell gold ornaments, cosmetics, brand names, medicines, Chinese medicines, and, not to be forgotten, formula milk. A famous sentence in a stand-up comedy of Dayo WONG Tze Wah goes like this: "You're returning to the Mainland? Just walk on the streets and you're already in the Mainland."

What we are talking about is not just Hong Kong's tourism and retail industry. Currently, there are indeed guests coming to Hong Kong for shopping, and we are very grateful to them. Yet since they have the demand, we should then have the supply. But what do we supply? The entire street is selling the same things: articles of everyday use, medicines, Chinese medicines, gold ornaments, cosmetics, and brand names. We can go to Nathan Road to have a look. Shop rents there keep rising, not in terms of percentage points but by multiples: one time, two times, three times. The landlords would leave their

shops vacant rather than reducing their rents, because in the end someone will rent them. The imbalance between supply and demand has worsened to this extent, and the types of goods for sale do not change much. These are really unacceptable. Canton Road has fallen, and the press already reported on this a year ago. Tsim Sha Tsui residents and my friends living there told me that they felt themselves being the minority group when they walked on Canton Road, because "all they heard was Putonghua". This is unacceptable. The Government should really consider discussing with the Central Government on repeal of the "multiple entry permits" travel document or at least implementing the policy of "one trip per day" measure in Hong Kong.

President, we often talk about shopping arcades being stereotyped and homogenous. Yet now what we are talking about is culture on the roadside and in the market, which constitutes the cultural spirit of Hong Kong itself as well as our spiritual outlook. Besides supporting the retail industry, the Government should, more importantly, note that our reliance is on free market economy, not Individual Visit Scheme economy.

Thank you, President.

DR PRISCILLA LEUNG (in Cantonese): President, last May, I experienced a dispute between a shop and a professional shop tenant in Oi Man Estate. Until that day, I did not realize that the operator of the shop was not the person who signed the tenancy agreement with The Link. The Link is very strict in selecting its shop tenants, and this professional shop tenant has rented a number of shop premises in shopping arcades under The Link, and then lease them to people who are not qualified to rent shop premises from The Link. The operator of the shop had been doing business in Oi Man Estate for a long time, but realized that he could not rent the shop premises again after the shopping arcade was taken over by The Link because his record was not good enough.

Certainly, various situations would arise from this dispute eventually. However, it reflects a very serious issue: In addition to paying high rents, these small shops and retailers may have to pay, on top of the rents, an amount of money like "commission". Does this situation imply hoarding shop premises for sub-lease to other people? I think this is a question I need to raise with the Government for consideration.

In fact, apart from the continual spiral of rents after The Link had purchased the shopping arcades, we certainly also noticed an improvement in the operating environment in many housing estates. Nevertheless, while the environment nearby the shop premises mentioned above has not improved much after The Link's purchase, the rents have risen a lot. And even the shop tenant could no longer rent the shop premises, for the reason that he was not qualified to do so.

The people of Hong Kong are resolute. They really do not want to give up their small business easily, or even get unemployed and become CSSA recipients. There are many people like that in the retail industry. If we can help them continue with their business, they are willing to try hard to do so despite making only meagre profits. Many shop owners told me that they might not be able to earn enough money to pay wages to their employees. These shop owners do not have standard working hours, and they work from seven in the morning till 11 or 12 at night. Do these small businesses still have vitality in Hong Kong?

Wet markets and pharmacies, the latter being in the spotlight recently due to the formula milk issue, are still the most popular places for the general public, housewives and people who have to buy food items and prepare meals. While this is because the shopping behaviour of the public is habitual, affection also plays a part. As a result, shops have their familiar customers and kaifongs, and we also like to buy things from such shops.

When I was studying in France, I read many articles that criticized large chain stores for invading France to monopolize businesses. Many French resented that, because their culture of consumption is that people like hanging around in small shops, and stalls are a major unique characteristic of France. Hong Kong is also like that. It has rich local culture. Many local unique characteristics can be seen in Yau Ma Tei, Mong Kok, and Apliu Street. However, will such small shops and stalls be able to survive given the current mode of operation of monopolization by large chain stores?

Last year, Kowloon West New Dynamic conducted a survey on "Attractiveness of Public Markets". Figures from the survey indicate that many Hong Kong people still prefer going to wet markets for groceries, and they were

their first choice. Of course, besides price considerations, they also have the kind of habitual tendency of going to the wet markets, where they can say hello to the shop owners selling vegetables in person, because they live in the same neighborhood after all.

However, other than prices, the attractiveness of public markets is also troubled by such problems as hygiene conditions, ventilation systems, lighting, and even those still in the press recently like mosquitoes and rats. Earlier we mentioned air-conditioning. The survey indicates that there is still no air-conditioning in Shek Kip Mei Market. Go to Shek Kip Mei Market, and you will see that. The air-conditioning system is still not installed despite the parties concerned have striven for it for a long time. It is very sultry if you go there in summer. Of the shop tenants, 80% were dissatisfied with this, not to mention the consumers. Of the respondents, 35% were dissatisfied with the means of escape in Po On Road Market. It would be very dangerous if a fire or an emergency broke out. In terms of cleanliness conditions, 44% and 35% of the respondents were dissatisfied with To Kwa Wan Market and Fa Yuen Street Market, respectively. With regard to the free passage, 52% of the respondents were dissatisfied Hung Hom Market and Fa Yuen Street Market. The problems of mosquitoes and rats are most serious in Sham Shui Po and Mong Kok, and the two districts always rank first in these problems.

These figures reflect that the Government has not done anything to support and improve public wet markets to make them popular and good places for shopping by the public, or has not done enough of that. We urge the Government to learn from the wet markets of Singapore and Japan, and even some of cities in the Mainland, which are very well run currently.

I certainly support the issue of floor areas for retail industry mentioned specifically today. However, given the fact that The Link has already acquired so many large wet markets, the Government must provide alternate sites as choices. It is not just about business floor areas, but also about truly offering more alternatives to enable shop operators to select shops with lower rents. Only the Government can achieve this, and it is something it definitely should do. I believe the Government must help small shop tenants, so that large chain shops would not be able to replace them so easily. All these small shop tenants, small shops and even hawkers operating with a small amount of capital are part of the

unique characteristics of Hong Kong. Therefore, the people of Hong Kong still treasure them a lot and want our policies to be able to assist them to survive in Hong Kong and to continue to be part of its business sector.

President, I so submit.

MR CHEUNG KWOK-CHE (in Cantonese): President, the motion moved by Mr Vincent FANG seems to say that the problem of insufficient business floor areas of the retail industry could be solved by increasing its floor areas, for the rent of retail shops will come down, small and medium enterprises (SMEs) can continue with their operation, commodity prices will drop and people will not have to suffer the expensive pricing of goods. It seems that this is a simple law of supply and demand — prices will come down by increasing supply and decreasing demand. However, I would like to say that this does not apply to the retail industry of Hong Kong today.

The saying that "Hong Kong's retail industry develops rapidly" is actually somewhat unclear, for basically the crowded shops in the Mong Kok and Causeway Bay areas have not been brought about by a great increase in the purchasing power of Hong Kong people, but rather by the enormous purchasing power generated under the Individual Visit Scheme (IVS). That is to say, this is one aspect of a series of problems created by the IVS since its implementation. According to statistics provided by the Tourism Board, the number of tourists visiting Hong Kong was 12.97 million passenger trips per year in 1996 before the reunification, and only gone up to 16.6 million passenger trips six years later in 2002 before the IVS was implemented, at a rate of about 30% increase. However, over a similar six year-period after the IVS was implemented in 2003, the number of tourists to Hong Kong reached 29.59 million in 2009 at a rate of 90% increase, and gone up to nearly 42 million passenger trips in 2011, with the total number of visitors to Hong Kong reaching a record high of 48.61 million in the year of 2012. It could be seen that the number of visitors has increased at a very amazing rate over the past 10 years, with 70% of the visitors coming from the Mainland under the IVS. Tourism has always been one of the main economic industries of Hong Kong and in theory, Hong Kong should benefit when more visitors come here. However, the 30-odd million and 100 000-odd Mainland tourists visiting Hong Kong every year and every day respectively, are different from regular visitors for apart from eating, drinking and sightseeing,

these latter tourists would also buy gold and silver ornaments, iPads and mobile phones, and made bulk purchases of shampoo, formula milk, Yakult or even properties.

Since Hong Kong underwent the baptism of the IVS, not only Canton Road and Sai Yeung Choi Street have been turned into shopping streets for IVS visitors over the past seven to eight years, but our neighbourhood drug stores and household goods stores have also become targets of their shopping expeditions. Seeing that this is where the profit lies, retail business giants have successively taken proactive steps to make heavy investments. For example, four Broadway stores can be found along the short Sai Yeung Choi Street South, and seven Broadway stores can be found in surrounding areas of one to two minutes' walk. Small-and-medium appliance stores have not only moved upstairs, but also higher and many of them have to be closed down. The current situation is that both small operations like specialty shops and amply funded-operations like rich men's canteens face the same threat of closure and rent increase as long as they are located in the vicinity of IVS visitors' crowd. It is always without exception that such shops will be replaced by chain stores targeted at an IVS visitor clientele at astronomical rents. They have not only chased away small operators with their capital, but also secured lower prices from suppliers with their wealth and power, and they can then offer lower prices, thus making life difficult for small operators.

A colleague mentioned earlier that the rent of Lee Yuen Congee Noodles with a shop area of 930 sq ft, which were closed down, had been raised from \$300,000 to \$600,000 per month. If it sold a bowl of wanton noodles at \$28 and a bowl of pork liver congee at \$30, it have to sell 20 000 bowls of noodles and congee each month to cover the rent. In face of such a twisted business environment, the increase of business floor areas will only serve to reduce the operational costs of business giants and increase their profitability. But it will definitely not help the continued operations of Lee Yuen and SMEs, the control of rising prices or the alleviation of hardships for people plagued by shopping difficulties and expensive pricing of goods. In fact, the impact of excessive tourist entry, especially in the form of individual visits, on a place will certainly be more than just economic. Members may still recall the incident which occurred during the 1st October National Day celebration when Mainland tourists fought with Hong Kong people over the use of camp sites in Pui O. The earlier maternity wards, university places and the more recent formula milk incidents have all stemmed from the problem of how exchanges between Hong Kong and

the Mainland should be handled and its impact having transcended the economic aspect. More vigorous development of this type of retail industry will only aggravate the existing problems of Hong Kong. As such, we should start by controlling the scale and mode of the IVS.

President, I support the idea of assisting SMEs for they constitute an important part of the market and have great adaptabilities which help to maintain economic stability, especially in times of an economic downturn. But I do not think that their operation conditions can be improved by increasing the business floor areas of the retail industry. What SMEs actually need today is a level playing field. Furthermore, The Link should be bought back in order to prevent small operators of public housing estate shopping malls from being oppressed.

President, I so submit.

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

MR FREDERICK FUNG (in Cantonese): President, the motion moved by Mr Vincent FANG and the amendments moved by various Members today are all very interesting, but I would only like to focus on the conditions of the retail industry and middle-and-lower-class people and the relationship between the two.

The retail industry can be divided into two categories, one of which are in form of sublet shops for various retail operations which have grouped together in a shopping mall of a certain scale, and the other are the small or medium-sized shops on the streets. Of course, there are also the more flexible roadside stalls which we can see. There is a kind of roadside stalls which operate under the efforts of the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I, with no specialized forms or specific rules and do not have to pay rents, and that is, the "dawn markets" and "night markets". I have quoted these two examples in the hope that everyone will understand that the more flexible the retail model, the greater will be the help brought about by resultant changes to the small-scale operations of the general public and the middle-and-lower-class people who do their shopping there.

The "night market" is located in the four streets in the vicinity of Pei Ho Street market, and people will start to ply their trade in the "dawn market" at

around 5 am every day. The items on offer are very simple, and not at all complex, such as one — or a pair of — tattered shoe(s), socks or clothes. Both cheap and expensive goods, including old appliances, furniture or even an old bicycle — a bicycle and not a motor cycle, which costs more than \$4,000, are put up for sale at the "night market".

There is no doubt that the most important condition for the operations of the "night market" and "dawn market" is that operators must abide by the rules, so as not to affect residents of the neighbouring streets. So far, there have never been any disputes between the "night market" and "dawn market" and residents of neighbouring streets.

Both the "night market" and "dawn market" have offered great opportunities for people to earn money at night or dawn on a part-time or full-time basis, and also allowed people with low income to purchase goods which are not available at markets or shops. It turns out that the so-called "retail business" can be so flexible and it has also become a "safety valve" for the self-employed. On the environmental protection front, since various kinds of second-hand products are on sale at the "night market" and "dawn market", these marketplaces have also become one of the "recycling" channels.

President, as a result of our current economic development, there has gradually been a decrease in the kind of flexibility we used to talk about, and also less and less retail opportunities. The Link Real Estate Investment Trust (The Link) has set a bad example. Why has The Link always invited criticisms while Grade A malls have not done so? Have you ever heard people criticizing shopping malls at the Festival Walk or Admiralty? No. Such criticisms are the result of two "asymmetries". Firstly, The Link has decorated the place where public residential housing (PRH) residents live and the middle-and-lower-class community most beautifully. Secondly, the Housing Ordinance states that malls under the management of The Link should serve PRH residents, but as The Link has decorated its shops most splendidly and expensively, PRH residents actually do not have the opportunity to shop there very often.

There have been two changes in the practice of the Housing Department (HD) recently. Firstly, instead of building shopping malls, it has increased the number of street-level shops. For example, the HD has planned to set up "street-level shops" at Tak Tin Estate, So Uk Estate upon its redevelopment and Pak Tin Estate upon the completion of its redevelopment in five years. I think

that this is a right direction, for if only shopping malls were built, apart from the flow of people in the malls, areas outside the malls and within the housing estates will be very quiet, with no signs of life at all. As such, I think that the establishment of "street-level shops" is a good direction.

However, the HD has built a "Domain" shopping mall. The "Domain" shopping mall is very pleasing to the eye — I am not saying that the "Domain" shopping mall is not good — but in addition to having a beautiful décor, it seems to have adopted the model of the Festival Walk Mall. Does the HD intend to build high-end shopping malls, thus adversely affecting low-end small and medium-sized retail businesses or individuals? The HD should seriously consider its direction of development. Since shopping malls under the management of the HD are targeted at serving PRH residents, and the occupancy of public housing are subject to income restrictions, such malls should be pitched mainly at the middle-to-low-end level.

Furthermore, we notice that the Urban Renewal Authority (URA) has turned most of the original old districts into an area of Grade A buildings or shopping malls upon renewal. For example, the Langham Place was built in Mong Kok upon renewal, and some people even describe the Langham Place as the landmark of Mong Kok, which makes Mong Kok flourishing. However, the Langham Place has also pushed up the rent of shops in neighbouring shopping malls and the pricing of goods in neighbouring retail outlets. Although the place has flourished, the livelihood of many of the middle-and-low-income residents in old and tenement buildings near the Langham Place have become more difficult, for their income has not seen any increase.

As such, what should be the direction of the development of retail shops upon the renewal of old districts? I think that the new developments should not stand out — by getting rid of the "old" and only retaining the "new" elements. This is downright outrageous! This situation also reminds me of AKIRA Kurosawa's film "Heaven and Hell". I am very worried that this situation will arise. Is it not true that old districts should be redeveloped according to the cultural environment, economic and communal conditions of the districts, so that more retail shop operators could afford the rents and lower-and-middle-class people can afford the prices of their goods?

Finally, since the Housing Authority has sold some of its facilities to The Link, can the Government build shopping malls and set up shops in communities

where middle-and-lower-class people live, so as to attract SMEs and retail shops to set up operations with low rents and offer goods at affordable prices to the public?

Thank you, President.

MR CHAN CHI-CHUEN (in Cantonese): President, I remember that Hong Kong was considered as a shoppers' paradise where goods were cheap with guaranteed quality and many convenient choices when I studied Social Studies in primary school and Economics and Public Affairs (EPA) in secondary school. However, to tourists from all parts of the world and Hong Kong people, is Hong Kong today still a shoppers' paradise? To the Individual Visit Scheme (IVS) visitors from the Mainland, Hong Kong may still be a good place for shopping; but to the people of Hong Kong, I do not think that it can still be called a shoppers' paradise.

The motion today calls for the increase of shop areas, but I think that the problem faced by the retail industry is not solely or mainly a problem of land supply. We can see that there are still a lot of vacant shops at third and fourth tier malls in the Yau Ma Tei, Tsim Sha Tsui and Mong Kok districts. Those shopping malls, where trendy goods were originally sold, were converted into pickup points for group buying at a time when operations became difficult and then into warehouses filled with goods when the operations of group buying failed. What we have to consider now is how to promote the long-term development of the retail industry, so as to truly help the industry.

One of the proposals in Mr Vincent FANG's motion today is to urge the Government to conduct a comprehensive review of the changes in the retail industry over the next 10 years. But this is really very difficult, for currently, the life and death of our retail industry has to depend on Mainland visitors, and we have become solely or 90% reliant on the Mainland market. Once the Mainland market experiences any economic downturn, problems or political unrests, which prevent the rich people or corrupted officials from coming to Hong Kong on shopping sprees, then our retail industry will die immediately and no one will dare to open shops for business.

In fact, what is beneficial can also be harmful. The IVS policy has been implemented for 10 years and has now turned into "parallel goods trading visits". In addition to bringing about the recent distressing incident of formula milk

shortage, it has also compressed some of our consumer hot spots, such as the traditional shopping areas of Causeway Bay, Tsim Sha Tsui and Mong Kok, where a wide range of street-level retail shops that cater for all our basic necessities can originally be found into large-scale chain stores which only serve visitors carrying Renminbi, and we can only see jewellery, designer clothing, expensive audio-visual equipment and cosmetic stores wherever we look. People who want to open a Hong Kong style cafe on Nathan Road will find it extremely difficult. Several years ago, there was a restaurant which was full of patrons every day, but it still had to close down because it could not afford the rent. Nowadays, the service level of our retail industry has changed from a quality service which offers customer satisfaction, as advertised by Andy LAU, into a service which gives priority to Putonghua speaking tourists, and offers "special parallel goods trading packages for the powerful nation"; and from a shoppers' paradise to "shoppers' warehouses". As business operators have no other ways of making more money, in order to double their profits and afford higher rents, they would definitely see Mainland visitors as their sales target.

On the issue of King Wah Centre in Shandong Street which has been under discussion recently, I would like to take this opportunity to speak for individual retail operators who are struggling on the verge of life and death and people who would like to join the retail industry and share their feelings. Early this month, the small operators of King Wah Centre in Shangdong Street were notified by the big landlord that their tenancy will be terminated at the end of July and all the hundred-odd operators on the four floors of the Centre will not be able to stay for the entire shopping mall will be leased as the flagship store of a major brand name. The shopping mall which was originally targeted at office ladies, young people and "trendy kids", will soon be turned into another shopping mall serving a Mainland clientele. In fact, in order to help small retail business operators, I think that it is most crucial that the hegemony of big landlords should be combated. Although I do not have any solution, I would like to share some heartrending cases and stories.

There is this big shopping mall in Tsim Sha Tsui where many of the operators are young people. The operators had planned to stock up a lot of goods, in the hope of earning big money during Christmas and the New Year holidays and of livening up the shopping mall. Who would have thought that the landlord would declare in mid-2012 that the whole block of building would be resumed and tenants were asked to move out before Christmas. After much quibbling, the landlord finally agreed that the tenants could do business until

Christmas before they had to move out. This is quite sad and I think two of the cases are worth sharing. An operator of a café, who wanted to build up a clientele flow through the promotion of group shopping by half selling and half giving away its coffee during the first half-year of its operation, had invested more than \$1 million on renovation. By the time it had built up a reputation and business started to increase, the big landlord wanted to resume the shop. These small businesses do not enjoy any protection, and the big landlord does not care how much they have invested on renovation, how they have tried to make profits by suffering losses first, and thus making them suffer losses without gaining any profits, just because the big landlord has to chase small operators away from the mall.

Another operator of a store which sold trendy products was asked to move out after stocking up a lot of goods. Since the operator had promised to set up a retail outlet in Tsim Sha Tsui in negotiating for the dealership of the products, the operator was at a loss as to how a shop in Tsim Sha Tsui at the same rent could be found upon eviction. While Christmas should be a peak season for consumption, the shopping mall had become somewhat like a ghost town and a clearance outlet which half sold and half gave away its goods, and posters of "we want money but not the goods" were put up everywhere and it was impossible to do normal business. Such are the hegemonic acts of the landlord who does not care a dime about how much money were invested by the operators, what plans they have got, and the landlord can shatter the dreams of business operators overnight. This is not a case of operators failing to pay rents; for they will still be asked to leave even if they have money to pay rents.

In fact, speaking of The Link, I have visited a small shopping mall under its management, and found that its operation was also very difficult. One of the difficulties was that many shops were not leased out again after they had been vacated I do not know whether it was due to the fact that the shops were not put up for lease or that they could be leased, thus making the shopping atmosphere of the entire mall increasingly worse. Operators who originally considered operating with difficulties and staying on until the last minute have failed to do so for the shops around them have all been closed down. Hong Kong will certainly not be a shoppers' paradise when it is turned into a hell for retailers. If Hong Kong were to formulate a long-term retail consumer policy, the Government must help retailers, and this cannot be done by just providing land. Instead of continuing to rely on IVS visitors and complete reliance on the Mainland market and treating Mainland consumers as the main pillar of Hong

Kong's retail industry, we must rely on long-term development. The retail industry can only be developed if the Government is far-sighted.

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

MR LEUNG KWOK-HUNG (in Cantonese): President, this Chamber is filled with LEUNG's fans and many in this Council did back LEUNG Chun-ying's ascension to power. This Policy Address, which I describe as "Practise Deception, Maintain Stability", has not proposed anything relating to today's topic in the part about economic development. We have talked about this topic so much that our throat has got really sore and so has the DAB, but "689" has no mention of it whatsoever in his Policy Address. Is this not a big irony? Someone told me that this Chief Executive would make great achievements and that was why he voted for him. When they learnt that the Chief Executive had lied, they said that he should be given time to deliver results. I want to ask Members, after reading the part on economic development in the Policy Address, what hints have you found that are related to today's topic? All it has mentioned about this topic may be just in the last paragraph about the small and medium enterprises; and Secretary Gregory SO has already recited it just now, which is, the establishment of the Small and Medium Enterprises (SME) Committee and "SME One" and the advice given to SMEs concerning how to find the services they need. All he has said in the Policy Address is only about the Small and Medium Enterprises Committee, but he has not mentioned how to increase the business floor areas of the retail industry.

In one word, the problems faced by small shop operators in the retail industry today are caused by some simple capitalism issues. Because of the high rent, those who can afford the rent can rent shops that charge very high rent to do business. It is that simple, and this is the so-called market. In the part about economic development in the Policy Address, LEUNG Chun-ying brags about the role of the Government and how the Government can achieve "appropriately proactive governance". What has he said? He has said, "To address housing shortage, we have introduced and implemented the policy of 'Hong Kong property for Hong Kong people' to give priority to the needs of local home buyers over non-Hong Kong residents. We have also introduced the Buyer's Stamp Duty and, through administrative means, disallowed delivery bookings for expectant Mainland mothers with no ties to Hong Kong. These measures are

examples of 'appropriately proactive' governance." Let us leave out whether he is bragging, but these remarks show that you are no concern to him. You say that the retail industry is dying, but the retail industry is just not on his mind. How does this Government administer this place? What do the people who support the administration of this Government say? Ms Emily LAU is not here at the moment These people are like concubines and maids, who do not dare to voice their opinions and their only hope is that their man will treat them well out of his own initiative. This is just a waste of time.

Honourable colleagues, in this "Practise Deception, Maintain Stability" Policy Address, how many committees relating to economic development has LEUNG Chun-ying proposed to set up? The Financial Services Development Council, the Steering Committee on Mediation, the Greater Pearl River Delta Business Council, the Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland, and the Economic Development Commission, under which Working Groups on Transportation, Convention and Exhibition Industries and Tourism, Manufacturing Industries, Innovative Technology and Cultural and Creative Industries, and Professional Services will be set up. However, which one of these committees will talk about the topic today, that is, the policy of high rental value caused by the policy of high land prices which renders many people unable to continue with their business and make a living? Are there any counter-measures? The Policy Address is completely silent on it. When I suggested that the Government buy back the shares of The Link, I was ridiculed for making such a stupid suggestion. However, this Council could not come up with any good solution. I was criticised for proposing to buy back the shares of The Link and now they also blame The Link for causing many problems. President, are they mad like OUYANG Feng² in the sense that they sometimes criticise the Government and sometimes side with the Government? I have always maintained my stance, which is, I only criticize the Government because it deserves it.

Slow Beat mentioned Pak Lok Building earlier. I have also helped the residents there and taught them to carry a coffin and burn paper offerings. If they did not do so, they were not able to deal with the unscrupulous merchants. This is a typical example, that is, unscrupulous merchants will act at the expense

² OUYANG Feng (歐陽鋒) is a fictional character featured as having lost his mind in martial arts novels entitled The Legend of the Condor Heroes (《射鵰英雄傳》) and The Return of the Condor Heroes (神鵰俠侶) by JIN Yong (金庸).

of other people for their own gain. It is very simple. The retail industry represents 3.2% of our economy and employs 260 000 workers. Any government would have protected the interest of this industry. But why does this Government not do so? Because the retail industry can help the people make a living but the consortia cannot reap colossal profits from this industry. The retail industry only accounts for a very small percentage of our GDP. Out of the 3.2%, many retail shops are run by consortia made up of developers. For example, the ParknShop, called "PK³" by the consumers, is opened using the capital of a developer. Now developers are distributing their capital among various industries and trades to monopolize and stifle other industries, right? Real estate hegemony is not limited to the property sector alone, but developers are turning their profits made from property shares into capital, to infiltrate various social strata and industries.

President, I do not wish to be OUYANG Feng. It turns out that the Chief Executive has no regard for this problem. All that he discusses now is to go North and all he talks about is Guangdong and Hong Kong, Guangdong and Hong Kong, Guangdong and Hong Kong, Guangdong and Hong Kong the more he talks (note: this phrase sounds the same as Guangdong and Hong Kong in Cantonese) the more he confuses us and the more lies he tells. President, there is a simple solution for this, which is to address the problem with rents. To address the problem with rents, it is necessary to implement rental control or create a market that does not follow the rules of other markets, that is, an operation venue provided by the Government. Otherwise, it will all be empty talk. No matter how much you talk, you cannot reach the core of the problem. Therefore, I think that it will only be a disaster if we depend on LEUNG Chun-ying.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Vincent FANG, you may now speak on the eight amendments. The speaking time limit is five minutes.

³ This term is used when cursing someone.

MR VINCENT FANG (in Cantonese): President, first of all I am very grateful to the eight colleagues who have proposed amendments to my motion. Whether I agree to their views or not, they have basically agreed that the supply of business floor areas of the retail industry is unable to catch up with the development of the retail industry, rendering the supply and demand out of balance at present.

The FTU has proposed two different amendments. Mr WONG Kwok-hing and I often join hands at the meetings of the Panel on Food Safety and Environmental Hygiene in striving for reasonable space for business operation in the retail industry and reasonable income for the operators. Although what he said earlier is different from my aim and requests in moving this motion, I agree to his amendment. However, his colleague from his party, Miss Alice MAK, proposes in her amendment that should there be speculation in retail properties, measures should be introduced to curb such activities when necessary. Although she has not specified whether special stamp duty should be considered, the Liberal Party thinks that as Hong Kong is an international metropolis and financial investment centre, the retail property transactions often involve large amounts of capital and those who engage in such transactions are very often big enterprises and fund investors. Hence, it is not desirable to frequently impose special control measures to restrict overseas investors making investments in Hong Kong. Speculation is the result of demand exceeding supply and hence to increase the supply is the only feasible solution. Therefore, we will abstain from voting on Miss Alice MAK's amendment.

As regards Mr Michael TIEN's suggestion of setting up a statutory body for managing Government-owned shopping arcades, the Liberal Party has reservations about it. One of our reasons is that this is unnecessary overlapping; and secondly, a new agency will certainly increase the pressure of raising the rent of the properties under its management as it strives for good performance.

My aim of moving this motion is to call upon the Government to appropriately increase a certain amount of business floor areas to catch up with the demand resulting from the development of the retail industry so as to provide more opportunities for retail trades at various levels and allow more people to enter this market, thereby increasing Hong Kong people's opportunity of upward movement. However, Mr Gary FAN deletes the phrase "so as to work out the future development scale of retail floor areas and appropriately increase their supply year by year" in my original motion. May I ask him, without the phrase, how the motion can achieve its purpose? In addition, to reclaim the vetting and

approval right under the Individual Visit Scheme is no different from asking the Central Government to transfer to Hong Kong the work of vetting and approving some people's entry to and exit from Hong Kong, which is to put the cart before the horse. Therefore, the Liberal Party opposes this proposal.

As regards other amendments, especially Mr Kenneth LEUNG's, the Liberal Party and I do support it. We agree to Mr LEUNG's amendment in the sense that it is necessary for Hong Kong to conduct a review of the development direction, positioning and clientele of its tourism and improve any of the deficiencies. Therefore, the Liberal Party proposes in the last motion the development of Lantau into a leisure resort area in the hope of increasing the tourist attractions in Hong Kong and expanding the tourism-related industries for the benefit of the retail industry.

Here, I would like to thank honourable colleagues once again for their concern about the topic on increasing the business floor areas of the retail industry. Thank you, President.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, first of all, I would like to thank Mr Vincent FANG for his motion, the eight Members for their amendments and a number of Members for their speeches. They have given valuable views on how to promote the sustainable development of our retail industry.

Earlier on, I have spoken on the following areas on behalf of the Food and Health Bureau, Transport and Housing Bureau, Financial Services and the Treasury Bureau and the Development Bureau, which include the Government's measures to increase retail space and floor areas; land for the retail industry; planning, land and retail space with local characteristics to be provided through urban renewal, the policies and measures for open-air bazaars, co-operative societies and the hawker industry, as well as policies and measures on retail space in the properties under the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS). I will not repeat these points, and I just wish to add the four points as follows.

We understand that the operating costs of tenants will become higher as a result of the surge in rents, increasing the consumption burden of the public and pushing up inflation. For this reason, we will pay close attention to the

situations of retail shops and other commercial properties, and make efforts to provide a stable land supply so as to meet the needs of social and economic development.

However, we should note the extremely high mobility and flexibility of the retail industry. We can see from the transformation of the retail business in different regions, such as the relocation from retail shops at the street level to higher floors of commercial buildings that the retail industry is mainly market-led, and the operators often respond most effectively to changes in the market and demand. The Government's key role is to provide the necessary land and hardware in order to promote the sustainable development of the retail industry, rather than the implementation of "planned economy" management.

I would like to provide some information on increasing the business floor areas of the retail industry. In the year 2011-2012, the authorities sold seven business/commercial sites. The seven sites provided a total gross floor area of about 320 000 sq m. The Land Sales Programme 2012-2013 includes four business/commercial sites, providing a total gross floor area of about 100 000 sq m. Besides, a business site in Kowloon Bay was sold in November 2012, providing a total gross floor area of about 31 000 sq m. We will continue to look for more commercial sites for sale so as to provide more floor areas for the retail industry.

Under the long-term planning for the new Central harbourfront, about 138 000 sq m of new floor areas can be provided for retail use. Site 3 can provide the largest floor areas for the retail industry, and it is expected that approximately 100 000 sq m will be available for development in the year 2015-2016 upon the completion of works of the Central-Wan Chai Bypass project. Before the implementation of the long-term development of the new Central harbourfront, the authorities have plans to implement a number of short-term projects to make full use of the harbourfront sites where the works have been completed as soon as possible so that the public could use the harbourfront sites and the vitality of the harbourfront area could be enhanced. In addition to the construction of a temporary open space and a pet park, part of the site will be leased out under short-term tenancy for entertainment facilities such as Ferris wheels and activity space. About 36 000 sq m will be used as temporary activity space for holding different types of large-scale events, including business promotion and exhibition.

Since 2000, the Government has successively rezoned suitable industrial sites as business sites, and the non-industrial buildings within business sites and the non-industrial parts of industrial buildings below the buffer floors are usually used for commercial and service purposes. The Kwun Tong and Kowloon Bay Industrial Zones were rezoned as business sites in 2001, which helped to release their potentials and provide opportunities for the development of offices and businesses (including the retail industry).

The measures facilitating the redevelopment of old industrial buildings and wholesale conversion (abbreviated as "industrial building revitalization measures") have been implemented since 1 April 2010. These measures seek to provide more suitable floor areas for meeting the ever-changing social and economic needs in Hong Kong. As at late December 2012, the Lands Department had received 88 applications and 62 of them were approved, and so, adapted or new floor areas totalling approximately 680 000 sq m would be available. Half of the approved applications involve use by the retail and service industries, and suitable floor areas will be provided for the retail industry.

Third, concerning the planning of land for the retail industry, the existing planning system provides sufficient flexibility for effective market operation, and we hope that we could make timely responses to changes in the demand for land for the retail industry. Many land use zones on statutory plans allow the development of the retail industry. For instance, the land for development in the central business district and the major shopping areas such as Mong Kok, Causeway Bay and Tsim Sha Tsui, will be commercial use zones while the use as retail stores is always permitted within these zones. In the Residential (Group A) land use zones, the use of the lowest three floors of the buildings concerned for retail and commercial uses are always permitted.

Insofar as planning is concerned, mixed use zones have recently included Kai Tak, the West Kowloon Cultural District, Wan Chai and Causeway Bay, in order to achieve more flexible and mixed development of a variety of non-industrial land uses, including the retail business. The development of various types of compatible uses, either vertically within a building or horizontally over a spatial area, is allowed within the zones to meet the changing market needs. Also, the developers can continue to change other land uses considered as appropriate through planning applications for the development of retail business.

The fourth point is about the areas of retail properties under the HA and the HKHS. I noted that some Members suggested that the HA and the HKHS should use part of the retail areas to support individuals or characteristic retail businesses. This the Government agrees. In the Domain project, the HA has designated a small retail zone with an area of approximately 700 sq m to particularly provide a platform for young people and small tenants to start up businesses. It has also set aside a number of shops for social enterprises, thus creating business opportunities in the community.

Furthermore, I noted that some Members have suggested that some HA shopping centres and car parks with low utilization should be converted into small shops, for lease by people who wish to start up businesses. According to the HA, after its earlier efforts to actively improve the existing facilities and convert the retail shops and car parks under the HA for other uses with a view to making good use of resources, there is no idle shopping centres and car parks. At present, the letting rates of the retail and car park facilities under the HA are very high, with the overall rates being 97% and 81% respectively.

Mr LEUNG Kwok-hung has just mentioned that the contents of the Chief Executive's Policy Address are not related to the subject of our debate today. This is not a fair comment because the Policy Address has mentioned at considerable length commercial and office uses when it discusses such issues as the commercial sites and facilities, as well as reclamation, the new development areas and the development of Lantau Island mentioned earlier.

President, once again, I thank Mr Vincent FANG for his motion, the eight Members for their amendments and a number of Members for their speeches. I hope various Policy Bureaux concerned would engage in more thorough exchanges and discussions with Members over this subject in the future.

Thank you, President.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I am very thankful to Members for their valuable views raised today. As I have responded to Mr Vincent FANG's motion and other amendments in my opening speech, I am going to respond to other Members' speeches.

When I spoke earlier on, I mentioned that in the course of formulating measures and policies related to tourism, the Government has to maintain communication with the relevant stakeholders, including the Hong Kong Tourism Board, the Hong Kong Travel Industry Council, local hotel and retail industries, and major scenic spot providers. This is to ensure that the relevant policies and measures can follow the development of the trade, as well as the pace of social and economic development overall.

In delivering the Policy Address last month, the Chief Executive announced the establishment of the Economic Development Commission (EDC) to explore ways to make use of our long-standing advantages and the opportunities offered by our country to broaden our economic base from a high-level, cross-departmental and cross-sectoral perspective. The Working Group on Convention and Exhibition Industries under the EDC will be tasked to explore the development of Hong Kong's tourism industry.

Since the implementation of the Individual Visit Scheme (IVS) in July 2003, we have recorded significant increases in Mainland visitor arrivals year on year, thereby boosting the development of the local tourism, retail and catering industries. Furthermore, visitor arrivals have also hit historic highs time and again, and boosted the entire economy. While I appreciate the views expressed by Members on the IVS and the "multiple entry permits", I believe Members will appreciate the benefits brought about by the IVS to our economy.

Take 2011 as an example. The consumption by IVS visitors has directly brought about a total added value of \$22.4 billion for Hong Kong, which equals to 1.2% of the local GDP, and created nearly 110 000 jobs.

We must recognize the contribution of the tourism industry, especially the IVS, to our economy, especially when the global economy is fraught with uncertainties. We must therefore be cautious with the issue.

Just as the SAR Government has reiterated, when considering the way forward of the IVS, the overall capacity of Hong Kong to accept and receive visitors must be fully considered on the premise that Hong Kong people's life would not be affected. The SAR Government and the relevant Mainland authorities will trigger the liaison and co-ordination mechanism and exchange views on the IVS.

President, I also wish to respond to Members' concern over the vetting and approval right of "multiple entry permits" and IVS endorsement, as well as parallel goods, which fall under the purview of the Security Bureau. If the existing "multiple entry permit" arrangement is tightened in a broad-brush manner, normal exchanges between the two places will be hindered. The authorities should not prohibit the numerous Mainland IVS visitors from coming to Hong Kong for sightseeing, shopping, visiting relatives or business because some Mainland residents are engaging in parallel goods trading activities. In fact, just as Mr SIN Chung-kai and Mr WONG Ting-kwong said earlier, intelligence of the law-enforcement agencies showed that 40% of the parallel goods traders are Mainland residents whereas 60% are Hong Kong residents. The authorities will continue to implement targeted measures to combat parallel goods trading activities.

A Member suggested that the vetting and approval right of exit endorsements under the IVS should be reclaimed. According to Article 22 of the Basic Law, for entry into the HKSAR, people from other parts of China must apply for approval. Mainland residents may, depending on their purposes of visiting Hong Kong, such as visiting relatives or travel, apply for a "Two Way Permit" and relevant exit endorsement from the Mainland authorities. The application for, as well as the approval and issue of, Two-Way Permit and exit endorsements fall within the purview of the Mainland authorities. Thus, the SAR Government should not interfere in the vetting and approval of the Mainland authorities.

As I have said, given that the development of the retail industry is market-led, the Government will therefore maintain close liaison with the industry and implement improvement measures. For the SMEs, the authorities have launched several SME funding schemes, which include concessionary measures such as the SME Loan Guarantee Scheme and the SME Financing Guarantee Scheme, as well as the SME Export Marketing Fund and the SME Development Fund.

Mr LEUNG Kwok-hung just now claimed that in my opening speech, I mentioned the "SME One", but I did not actually. "SME One" was launched by the Hong Kong Productivity Council to provide support for SMEs on all fronts.

As at the end of 2012, more than 8 800 SME projects have benefited from the funding schemes for the wholesale and retail industry, which involve \$2.36 billion of government guarantee or grant.

President, I so submit. Thank you, President.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, you may now move your amendment to the motion.

MR WONG KWOK-HING (in Cantonese): President, I move that Mr Vincent FANG's motion be amended.

MR WONG KWOK-HING moved the following amendment: (Translation)

"To delete "as Hong Kong's" after "That," and substitute with "the services industry is one of Hong Kong's major industries, in which the"; to delete "and manpower" after "number, business floor areas" and substitute with ", manpower, licensing regime and regulatory ordinances"; to delete "and" after "to grass-roots retail businesses," and substitute with "including relaxing the restriction on the area of an on-street fixed hawker pitch of only three feet by four feet and re-issuing an appropriate number of hawker licences,"; and to add ", and allocate resources to improve the business environment of markets (including installation of air-conditioners)" after "the application restrictions"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Kwok-hing to Mr Vincent FANG's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai has claimed a division. The division bell will ring for five minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall stop now and the result will be displayed.

Functional Constituencies:

Mr Tommy CHEUNG, Mr Frederick FUNG, Mr Vincent FANG, Dr Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Albert HO, Mr YIU Si-wing, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Martin LIAO, Mr POON Siu-ping and Mr TANG Ka-piu voted for the amendment.

Mr James TO voted against the amendment.

Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr NG Leung-sing, Mr MA Fung-kwok, Mr Dr LO Wai-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Mr TAM Yiu-chung, Mr WONG Kwok-hing, Ms Cyd HO, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Ms Claudia MO, Mr Michael TIEN, Mr Gary FAN, Mr CHAN Chi-chuen, Mr CHAN Han-pan, Dr Kenneth CHAN, Mr

LEUNG Che-cheung, Miss Alice MAK and Dr KWOK Ka-ki voted for the amendment.

Ms Emily LAU, Mr WU Chi-wai, Mr SIN Chung-kai and Dr Helena WONG voted against the amendment.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present, 17 were in favour of the amendment, one against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 19 were in favour of the amendment and four against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

MR ANDREW LEUNG (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Increasing the business floor areas of the retail industry" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Increasing the business floor areas of the retail industry" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Members have already been informed, as Mr WONG Kwok-hing's amendment has been passed, Mr SIN Chung-kai has withdrawn his amendment.

PRESIDENT (in Cantonese): Miss Alice MAK, as Mr LEUNG Kwok-hing's amendment has been passed, you may now move your revised amendment.

MISS ALICE MAK (in Cantonese): President, I move that Mr Vincent FANG's motion, as amended by Mr WONG Kwok-hing, be further amended by my revised amendment.

Miss Alice MAK moved the following further amendment to the motion as amended by Mr WONG Kwok-hing: (Translation)

"To add "leasing policies, tenant mixes and" after "review the"; to delete "and" after "Hong Kong Housing Society," and substitute with "so as to prevent the retail floor areas of such properties from becoming those under The Link, and ensure that the relevant properties and organizations adopt 'consumption needs of residents' instead of 'rents' as the primary principle; and at the same time,"; to delete "such space" after "of using" and substitute with "part of the retail floor areas"; to add ", such as assisting old shops with traditional and historical characteristics and small

shop tenants compelled to move out by The Link in continuing their businesses" after "specialty retail businesses"; and to add "; (4) closely monitor recent speculation in retail properties and introduce measures to curb such activities when necessary; and (5) examine various districts' demands for and proposals on the introduction of public markets, open-air bazaars and hawkers, and expeditiously implement the construction of the relevant facilities" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Miss Alice MAK's amendment to Mr Vincent FANG's motion as amended by Mr WONG Kwok-hing, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Starry LEE, as the amendments of Mr WONG Kwok-hing and Miss Alice MAK have been passed, you may now move your revised amendment.

MS STARRY LEE (in Cantonese): President, I move that Mr Vincent FANG's motion, as amended by Mr WONG Kwok-hing and Miss Alice MAK, be further amended by my revised amendment.

Ms Starry LEE moved the following further amendment to the motion as amended by Mr WONG Kwok-hing and Miss Alice MAK: (Translation)

"To add "; and (6) study the feasibility of massively developing underground commercial spaces; expeditiously give impetus to the transformation of industrial buildings; and, focusing on the needs of local small and medium shop tenants and on the premise of fully consulting local communities, set up large-scale exhibition and sales venues, factory outlets and publicly-operated shopping arcades, markets, marketplaces and bazaars, and so on, so as to increase the business floor areas of the retail industry and alleviate the pressure of rental increases" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Starry LEE's amendment to Mr Vincent FANG's motion as amended by Mr WONG Kwok-hing and Miss Alice MAK, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Alan LEONG, as the amendments of Mr WONG Kwok-hing, Miss Alice MAK and Ms Starry LEE have been passed, you may now move your revised amendment.

MR ALAN LEONG (in Cantonese): President, I move that Mr Vincent FANG's motion, as amended by Mr WONG Kwok-hing, Miss Alice MAK and Ms Starry LEE, be further amended by my revised amendment.

Mr Alan LEONG moved the following further amendment to the motion as amended by Mr WONG Kwok-hing, Miss Alice MAK and Ms Starry LEE: (Translation)

"To add "; (7) regarding the successive closure of traditional small shops and market stalls caused by The Link's hegemony, study the conversion of school premises made vacant by 'school culling', idle government industrial buildings and those shopping arcades or car parks still owned by the Hong Kong Housing Authority (HA) into small shops, and encourage shop tenants of The Link who cannot renew their tenancy agreements or people with aspiration to start a business to rent such shops; at the same time, making reference to the operation mode of Domain shopping mall in Yau Tong under the HA, expedite the renovation of old shopping arcades with low customer flow, so as to increase retail spaces with reasonable rents; and (8) having regard to the characteristics of the various districts in Hong Kong, review the functions and policy objectives of public markets, so as to provide public markets which meet the needs of local residents" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Alan LEONG's amendment to Mr Vincent FANG's motion as amended by Mr WONG Kwok-hing, Miss Alice MAK and Ms Starry LEE, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Michael TIEN, as the amendments of Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG have been passed, you may now move your revised amendment.

MR MICHAEL TIEN (in Cantonese): President, I move that Mr Vincent FANG's motion, as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG, be further by my revised amendment.

(Mr Michael TIEN remained standing)

PRESIDENT (in Cantonese): Mr TIEN, do you wish to speak on the revised amendment?

MR MICHAEL TIEN (in Cantonese): No, I just you know what I wanted to say I wish to move my amendment (*Laughter*) but I do not have the Script on hand.

PRESIDENT (in Cantonese): Please sit down if you have finished speaking.

Mr Michael TIEN moved the following further amendment to the motion as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG: (Translation)

"To add "; (9) review the modes of operating and leasing the properties under the Government and the Hong Kong Housing Society; study the setting of discounted rent levels by making reference to the market rents of neighbouring shops; adopt 'contract turnover volume' as the primary consideration instead of selecting the highest bidders in tendering exercises, so as to drive shop tenants to pursue their 'contract turnover

volumes' by making small profit margins with large sales volumes and cutting price; and require shop tenants to sell daily necessities to meet the needs of nearby people with low or middle income; (10) study the setting up of a statutory body for managing Government-owned shopping arcades, markets and properties which may be used for retail purposes, with 'caring about people's livelihood' and 'increasing people flow in shopping arcades and markets' as the main objectives of its operation mode and with elites from the retail industry and stakeholders of various sectors being invited by the proposed statutory body to serve as its board members; and study the building of shopping arcades in the vicinity of housing estates under The Link's monopoly to provide more rental choices to small and medium shop tenants; and (11) study the building of large shopping malls outside core business districts (such as the areas near the boundary control points), so as to, while increasing the business floor areas of the retail industry of Hong Kong, cater for the huge demand of Individual Visit Scheme visitors and divert visitor flows in the city's downtown, with such newly-built shopping malls being able to not only alleviate the spiralling shop rents in the city's downtown but also promote employment in local communities and provide suitable types of retail-related jobs for new arrivals in Hong Kong" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Michael TIEN's amendment to Mr Vincent FANG's motion as amended by the four Members, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr YIU Si-wing, Mr MA Fung-kwok and Mr POON Siu-ping voted for the amendment.

Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHEUNG Kwok-che and Ir Dr LO Wai-kwok voted against the amendment.

Mr James TO, Mr Tommy CHEUNG, Mr Frederick FUNG, Mr Vincent FANG, Dr Joseph LEE, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Martin LIAO, Mr TANG Ka-piu and Mr Tony TSE abstained.

Geographical Constituencies:

Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr Paul TSE, Mr Michael TIEN, Mr CHAN Han-pan and Mr LEUNG Che-cheung voted for the amendment.

Ms Cyd HO, Dr Priscilla LEUNG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr Gary FAN, Mr CHAN Chi-chuen and Dr KWOK Ka-ki voted against the amendment.

Ms Emily LAU, Mr WONG Kwok-kin, Mr Alan LEONG, Ms Claudia MO, Mr WU Chi-wai, Dr Kenneth CHAN, Miss Alice MAK, Mr SIN Chung-kai and Dr Helena WONG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present, nine were in favour of the amendment, five against it and 11 abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, six were in favour of the amendment, seven against it and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Gary FAN, as the amendments of Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG have been passed, you may now move your revised amendment.

MR GARY FAN (in Cantonese): President, I move that Mr Vincent FANG's motion, as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG, be further amended by my revised amendment.

Mr Gary FAN moved the following further amendment to the motion as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG: (Translation)

"To add "; (9) study Hong Kong's visitor carrying capacity, and based on the findings, cap the number of visitors under the Individual Visit Scheme to avoid endless rental increases caused by the over-expansion of the retail industry; (10) expeditiously implement the entry policy of 'one trip per day' to reduce the impact of smuggling activities by parallel traders on Hong Kong people's daily living and the negative impact on the retail industry; (11) in the long run, abolish the current arrangement of 'multiple entry permits', so as to stop parallel traders from entering Hong Kong by 'multiple entry permits' to smuggle Hong Kong goods, and improve the situation of Hong Kong retail businesses becoming homogeneous and

small shops with unique characteristics going extinct; and (12) in the long run, reclaim the vetting and approval right under the Individual Visit Scheme, so that the Hong Kong Government can take active administrative measures to control the number of inbound visitors and proactively intercept the entry of parallel traders who frequently come to Hong Kong for engaging in smuggling activities, so as to reduce the pressure from parallel traders on the people and retail industry of Hong Kong" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Gary FAN's amendment to Mr Vincent FANG's motion as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Jeffrey LAM rose to claim a division.

PRESIDENT (in Cantonese): Mr Jeffrey LAM has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Charles Peter MOK and Mr Kenneth LEUNG voted for the amendment.

Mr James TO, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr YIU Si-wing, Mr Martin LIAO, Mr Dr LO Wai-kwok and Mr Tony TSE voted against the amendment.

Mr Frederick FUNG, Dr Joseph LEE, Mr MA Fung-kwok, Mr KWOK Wai-keung, Mr POON Siu-ping and Mr TANG Ka-piu abstained.

Geographical Constituencies:

Mr LEUNG Kwok-hung, Mr Albert CHAN, Ms Claudia MO, Mr Gary FAN and Mr CHAN Chi-chuen voted for the amendment.

Ms Emily LAU, Mr TAM Yiu-chung, Ms Cyd HO, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr Paul TSE, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Mr SIN Chung-kai and Dr Helena WONG voted against the amendment.

Mr WONG Kwok-kin, Mr Alan LEONG, Dr Kenneth CHAN, Miss Alice MAK and Dr KWOK Ka-ki abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present, two were in favour of the amendment, 17 against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, five were in favour of the

amendment, 12 against it and five abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Kenneth LEUNG, as the amendments of Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG have been passed, you may now move your revised amendments.

MR KENNETH LEUNG (in Cantonese): President, I move that Mr Vincent FANG's motion, as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG, be further amended by my revised amendment.

Mr Kenneth LEUNG moved the following further amendment to the motion as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG: (Translation)

"To add "; (9) study the positive and negative impacts of the policy on the Individual Visit Scheme for Mainland visitors and the spending pattern of Mainland visitors on Hong Kong society, and enhance and adjust the relevant policies in this regard, so as to achieve more diversified and balanced development of the retail and catering industries of various classes and alleviate the impact of the policy on the Individual Visit Scheme on members of the public; and (10) consult the public and conduct a review of the development direction, positioning, clientele and objective of Hong Kong's local tourism, so as to facilitate the corresponding adjustments and enhancement of the relevant policies on local retail businesses, tourism development and immigration, etc" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Kenneth LEUNG's amendment to Mr Vincent FANG's motion as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE and Mr Alan LEONG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Vincent FANG, you may now reply and you still have one minute 32 seconds.

MR VINCENT FANG (in Cantonese): President, I am sorry that Members have to stay up late for my motion.

Also, I wish to thank the two Secretaries for listening so attentively to colleagues' views. I hope that they can expeditiously respond to the aspirations expressed by colleagues today and introduce specific measures to increase the business floor areas of the retail industry.

I do not wish to hold up Members any longer, so they can go home and take a rest. I hope that Members can "sneak out more often" in the "Year of the Snake" (*Laughter*) and need not attend so many meetings or stay up so late for meetings. I also hope that they can spare more time for shopping and spending, thereby boosting the retail industry. Here, I wish all Members good health in the "Year of the Snake".

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Vincent FANG, as amended by Mr WONG Kwok-hing, Miss Alice MAK, Ms Starry LEE, Mr Alan LEONG and Mr Kenneth LEUNG, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday 20 February 2013, which is the 11th day of the first lunar month of the year Guisi.

Adjourned accordingly at sixteen minutes to One o'clock in the morning.

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for the Civil Service to Mr WU Chi-wai's supplementary question to Question 5

As regards the number of non-civil service contract (NCSC) positions which have been phased out and replaced by civil service posts by Bureaux/departments in the past few years, since the special review on the employment situation of NCSC staff in 2006, 5 084 NCSC positions have been phased out and replaced by civil service posts by end of June 2012. The details are set out at Annex.

Annex

Breakdown of 5 084 phased-out NCSC positions
by Bureau/department/office
(position as at 30 June 2012)

<i>Bureau/Department/Office</i>	<i>Number of NCSC positions</i>
Leisure and Cultural Services Department	909
Food and Environmental Hygiene Department	671
Department of Health	623
Social Welfare Department	491
Student Financial Assistance Agency	203
Education Bureau	195
Immigration Department	190
Home Affairs Department	162
Highways Department	145
Buildings Department	144
Water Supplies Department	123
Judiciary	121
Labour Department	110
Inland Revenue Department	104
Agriculture, Fisheries and Conservation Department	98

WRITTEN ANSWER — *Continued*

<i>Bureau/Department/Office</i>	<i>Number of NCSC positions</i>
Hong Kong Police Force	95
Drainage Services Department	85
Transport Department	59
Customs and Excise Department	55
Lands Department	46
Fire Services Department	42
Intellectual Property Department	36
Government Laboratory	35
Department of Justice	34
Civil Engineering and Development Department	26
Electrical and Mechanical Services Department	21
Marine Department	21
Environmental Protection Department	19
Census and Statistics Department	17
Office of the Government Chief Information Officer	15
Land Registry	13
Legal Aid Department	13
Planning Department	13
Rating and Valuation Department	13
Trade and Industry Department	13
Registration and Electoral Office	11
Government Logistics Department	10
Civil Aviation Department	9
Radio Television Hong Kong	9
Commerce and Economic Development Bureau	8
Office of the Communications Authority	8
Chief Secretary and Financial Secretary's Office (including the Efficiency Unit)	7
Government Flying Service	7
Treasury	7
Audit Commission	6
Correctional Services Department	5
Home Affairs Bureau	5

WRITTEN ANSWER — *Continued*

<i>Bureau/Department/Office</i>	<i>Number of NCSC positions</i>
University Grants Committee Secretariat	5
Development Bureau	4
Innovation and Technology Commission	4
Constitutional and Mainland Affairs Bureau	3
Food and Health Bureau	3
Civil Service Bureau	2
Companies Registry	2
Financial Services and the Treasury Bureau	2
Information Services Department	2
Transport and Housing Bureau	2
Auxiliary Medical Service	1
Environment Bureau	1
Security Bureau	1
Total	5 084

Note:

The NCSC positions were phased out by creation of civil service posts, filling of existing civil service vacancies or re-grading of existing civil service vacancies.