

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 18 October 2000

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.S., J.P.

THE HONOURABLE KENNETH TING WOO-SHOU, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

IR DR THE HONOURABLE RAYMOND HO CHUNG-TAI, J.P.

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE MARTIN LEE CHU-MING, S.C., J.P.

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

DR THE HONOURABLE DAVID LI KWOK-PO, J.P.

THE HONOURABLE FRED LI WAH-MING, J.P.

DR THE HONOURABLE LUI MING-WAH, J.P.

THE HONOURABLE NG LEUNG-SING

PROF THE HONOURABLE NG CHING-FAI

THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE HUI CHEUNG-CHING

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE BERNARD CHAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, S.B.S., J.P.

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

THE HONOURABLE JASPER TSANG YOK-SING, J.P.

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE YEUNG YIU-CHUNG

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, J.P.

THE HONOURABLE AMBROSE LAU HON-CHUEN, J.P.

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

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

THE HONOURABLE LAW CHI-KWONG, J.P.

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

DR THE HONOURABLE TANG SIU-TONG, J.P.

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

THE HONOURABLE LI FUNG-YING, J.P.

THE HONOURABLE HENRY WU KING-CHEONG, B.B.S.

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

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE LEUNG FU-WAH, M.H., J.P.

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

MEMBERS ABSENT:

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, J.P.

THE HONOURABLE TIMOTHY FOK TSUN-TING, S.B.S., J.P.

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MRS ANSON CHAN, G.B.M., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE DONALD TSANG YAM-KUEN, J.P.
THE FINANCIAL SECRETARY

THE HONOURABLE ELSIE LEUNG OI-SIE, J.P.
THE SECRETARY FOR JUSTICE

MR CHAU TAK-HAY, J.P.
SECRETARY FOR COMMERCE AND INDUSTRY

MR GORDON SIU KWING-CHUE, J.P.
SECRETARY FOR PLANNING AND LANDS

MR DOMINIC WONG SHING-WAH, G.B.S., J.P.
SECRETARY FOR HOUSING

MISS DENISE YUE CHUNG-YEE, J.P.
SECRETARY FOR THE TREASURY

MR STEPHEN IP SHU-KWAN, J.P.
SECRETARY FOR FINANCIAL SERVICES

MRS LILY YAM KWAN PUI-YING, J.P.
SECRETARY FOR THE ENVIRONMENT AND FOOD

DR YEOH ENG-KIONG, J.P.
SECRETARY FOR HEALTH AND WELFARE

MRS REGINA IP LAU SUK-YEE, J.P.
SECRETARY FOR SECURITY

MRS FANNY LAW FAN CHIU-FUN, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

MR WONG HUNG-KIN, J.P.
SECRETARY FOR WORKS

CLERKS IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, J.P., SECRETARY GENERAL

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Hong Kong Special Administrative Region Passports Ordinance (Amendment of Schedule) Notice 2000	277/2000
Aerial Ropeways (Fees) (Amendment) Regulation 2000	278/2000
Insurance Companies (Actuaries' Standards) Regulation	279/2000
Lifts and Escalators (Safety) (Fees) (Amendment) Regulation 2000	280/2000
Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (L.N. 85 of 2000) (Commencement) Notice 2000	281/2000

Other Papers

- No. 3 — Clothing Industry Training Authority Annual Report 1999
- No. 4 — Construction Industry Training Authority Annual Report 1999
- No. 5 — The Land Registry Trading Fund Hong Kong Annual Report 1999-2000
- No. 6 — Companies Registry Annual Report 1999-2000
- No. 7 — Electrical and Mechanical Services Trading Fund Annual Report 1999/2000

- No. 8 — Report of changes to the approved Estimates of Expenditure approved during the first quarter of 2000-01 (Public Finance Ordinance : Section 8)
- No. 9 — Hong Kong Council on Smoking and Health Annual Report 1999-2000
- No. 10 — The Legislative Council Commission Annual Report 1999-2000
- No. 11 — The Government Minute in response to the Report No. 34 of the Public Accounts Committee dated June 2000

ADDRESS

PRESIDENT (in Cantonese): Address. The Chief Secretary for Administration will address the Council on the Government Minute in response to the Report No. 34 of the Public Accounts Committee dated June 2000.

THE GOVERNMENT MINUTE IN RESPONSE TO THE REPORT NO. 34 OF THE PUBLIC ACCOUNTS COMMITTEE DATED JUNE 2000

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, laid on the table today is the Government Minute responding to Report No. 34 of the Public Accounts Committee (PAC). The Minute sets out the measures that the Government has taken, or is planning to take, on the conclusions and recommendations contained in the Report.

The PAC selected for detailed study three of the eight subjects investigated by the Director of Audit in his Value for Money Report No. 34. For the other five subjects not selected for detailed study by the PAC, the relevant bureaux and departments have followed up on the recommendations of the Director of Audit, and they make regular progress reports. Through this reporting system, we intend to co-operate with the PAC to pursue these recommendations to improve the use of public resources in the five subject areas.

The Honourable Eric LI, in his capacity as Chairman of the PAC of the first term of this Legislative Council, spoke on 21 June 2000 when tabling the PAC Report. I would like to respond to some of his remarks.

I agree with Mr LI that in the past two years, the workload of the PAC has been exceptionally heavy. We thank Mr LI and members of the Committee for their painstaking work, and for their contribution to our common goal of ensuring that public services are delivered in an efficient and cost-effective manner. Indeed, the PAC has a track record in assisting the Administration in improving the standards of accountability in the management of public finances. This fine tradition derives from the close and co-operative working relationship that has developed between the PAC and the Administration over the years. We look forward to continuing this tradition with the PAC in this new session of the Legislative Council.

Let me now turn to some of the specific points made by Mr LI about the three subjects covered in Report No. 34.

Services provided by the Official Receiver's Office

The Administration shares the concern of the PAC about the weaknesses in the management of the Official Receiver's Office. As can be seen from the Government Minute tabled in this Council today, various immediate measures have been taken to address some of the specific points raised by the PAC, including the secondment of an experienced Administrator to the Official Receiver's Office, on a temporary basis, to assist the Official Receiver in establishing an effective and modern internal control system. In addition, the Secretary for Financial Services will soon conduct, through a consultancy study, a fundamental review of the role of the Official Receiver having regard to the socio-economic changes in Hong Kong and the development of insolvency administration overseas.

The Financial Services Bureau will continue to monitor closely the work of the Official Receiver's Office in implementing the recommendations of the PAC. Mr LI suggested that we should clarify the relationship and lines of accountability between Policy Bureaux and departments. I wish to reiterate the points made by the Director of Administration in her letter of 24 May 2000 to the Legislative Council Secretariat. Policy Secretaries focus on the initiation and formulation of policy and programmes as well as legislative proposals. They

set objectives and monitor the performance of the departments under their purview so that the overall policy aims and targets are achieved. It is neither practicable nor desirable for Policy Secretaries to oversee the daily routine operations of departments under their portfolios. The extent of involvement of Policy Secretaries in a particular departmental issue is therefore dependent on operational circumstances, and the relative gravity of the issue. A decision must be made on a case-by-case basis.

Management of outdoor road maintenance staff

The Administration agrees with the PAC that the Highways Department management has a responsibility to monitor the productivity and performance of outdoor road maintenance staff. The Highways Department has taken improvement measures as detailed in the Government Minute, on questions such as productivity standards in work allocation, monitoring of staff productivity and control over overtime allowance claims.

More generally, in October 1999, the Civil Service Bureau issued guidelines on the supervision of outdoor duties to all departments and has also taken follow-up action to ensure compliance. The Civil Service Bureau will continue to work closely with the respective Policy Bureaux to ensure that the performance and productivity of all staff, including those performing outdoor duties, are properly and effectively supervised. Further initiatives are being taken at the central and departmental levels to encourage good performance. In connection with the implementation of the Enhanced Productivity Programme, we have been exploring with individual departments better methods to improve public service in the medium and long term.

The Director of Highways provided the PAC with details of the disciplinary cases but requested that, as a usual practice in the Civil Service, the names of officers concerned be omitted from the PAC Report. The PAC has expressed concern whether this serves the purpose for which the disciplinary system is established and goes against transparency in public administration. I wish to reiterate that this practice is in strict accordance with the Personal Data (Privacy) Ordinance. We do not see any good reason why this Ordinance should not apply to civil servants.

The administration of the Judiciary

The Judiciary Administration fully recognizes the importance of the efficient use of public resources in the administration of justice. The Judiciary

Administrator has focused on measures aimed at reducing court waiting time. As noted by Mr LI, despite a general increase in caseload, the Judiciary has reduced the waiting time in most of the courts and tribunals. Mr LI has also noted other efforts that we had been making to further improve the situation, such as the increase of the financial limit of the District Court from \$120,000 to \$600,000. The Government Minute reports the measures that we have taken and will be taking, taking into account the views of the PAC. For example, the backlog of cases at the Labour Tribunal has been reduced and case waiting time at the Labour Tribunal will be further reduced. The Judiciary will also review further the jurisdictional limits of the District Court and Small Claims Tribunal.

The Judiciary Administration has started to conduct user satisfaction surveys to obtain feedback on how its services can be improved. It is also refining its management information system with a view to publishing more performance indicators to enhance accountability. However, the Judiciary is not aware of any standard indicators on court sitting hours used in other common law jurisdictions. Nevertheless, the Judiciary Administrator will discuss with the Chief Justice the appropriateness of using some of the refined information to reflect the performance of the Judiciary.

Madam President, once again, I wish to express my sincere thanks to the Chairman and members of the former PAC. I look forward to receiving from the current PAC constructive comments and sound advice, which will help the public service of the Hong Kong Special Administrative Region maintain a high standard of efficiency and accountability.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. I would like to inform Members that question time normally does not exceed one and a half hours, with each question being allocated about 15 minutes. The Member who asks a question has priority to ask the first supplementary. Supplementaries should be as concise as possible so that more supplementaries may be asked by Members. Members should not make statements when asking supplementaries, as this contravenes Rule 26(5) of the Rules of Procedure.

First question.

Assistance to Hong Kong Businessmen Faced with Different Enforcement Standards of Mainland Provincial and Municipal Customs Authorities

1. **MR KENNETH TING** (in Cantonese): *Madam President, regarding the confusion caused to Hong Kong businessmen by the different as well as the ever-changing enforcement standards adopted by the customs authorities of various provinces and municipalities in the Mainland, will the Government inform this Council:*

- (a) *how it will assist Hong Kong businessmen in solving the problem; and*
- (b) *whether it will set up a dedicated office or increase the manpower resources under the existing framework for handling relevant complaints lodged by Hong Kong businessmen, as well as to assist them in reflecting their views directly to the customs authorities of various provinces and municipalities?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, first of all, I would like to thank Mr Kenneth TING for raising this question, so that I can have a first taste of the soup, so to speak, during the question time in this first meeting of the second Legislative Council. *(Laughter)* So, let us return to our story, Madam President,

- (a) Under the principle of "one country, two systems", the Hong Kong Special Administrative Region (SAR) and the various provinces and municipalities in the Mainland must respect each other's legal systems and jurisdiction. If Hong Kong businessmen have any queries on the enforcement standards adopted by individual departments of the Mainland including the Customs, they could seek redress through the established mainland inquiry and complaint mechanisms.

It is our principle not to deal with individual cases of commercial or legal disputes involving Hong Kong businesses in the Mainland. However, where there is genuine evidence indicating that provincial and municipal Customs authorities in the Mainland have adopted non-uniform enforcement standards that have an overall impact on

the Hong Kong business community, the Commerce and Industry Bureau (CIB) and the Trade and Industry Department (TID) will reflect such views to the Central People's Government through various established channels to gain a better understanding of the issues concerned and help address the common concerns of the business community. These channels include the Mainland and SAR Joint Commission on Commerce and Trade (Joint Commission) set up by the CIB and the Ministry of Foreign Trade and Economic Co-operation last year and the Liaison Office of the Central People's Government in the SAR.

The Government also strives to assist local businesses to obtain accurate and timely information on mainland business regulations and to reflect their common concerns to the mainland authorities. The purpose is to help enhance mutual understanding and reduce the difficulties faced by businesses operating in the Mainland.

At present, the SAR Government is providing such support to Hong Kong businessmen through a number of channels. For example, the TID, the Office of the Government of the Hong Kong Special Administrative Region in Beijing and the Hong Kong Trade Development Council (TDC) have been carrying out the following tasks in accordance with their respective ambit:

- (i) maintain close liaison with mainland authorities responsible for trade and economic matters and obtain information on the development of mainland trade policies and the relevant rules and regulations;
- (ii) provide such information to Hong Kong businesses in a timely fashion to facilitate their necessary actions; and
- (iii) reflect the common concerns of Hong Kong businesses to the Central and municipal authorities.

Where necessary, the TID and TDC will also arrange meetings between Hong Kong businessmen and mainland officials to facilitate mutual understanding and the resolution of problems.

In addition, the Joint Commission has provided a standing mechanism for enhancing liaison and communication on business and trade issues between the SAR and the relevant mainland authorities. We have made use of the mechanism to reflect the general problems encountered by Hong Kong businessmen operating in the Mainland, such as those with the new measures on processing trade introduced by the mainland authorities. The second meeting of the Joint Commission is scheduled to be held in Hong Kong in early December. We hope that a meeting between the local business community and officials of the Ministry of Foreign Trade and Economic Co-operation could be arranged when the Joint Commission meets. This will provide an opportunity for further exchange of views on Hong Kong business operations and investment in the Mainland.

- (b) At present, the CIB and TID are already looking after trade and commerce matters concerning the SAR and the Mainland. We therefore do not consider it necessary to set up another dedicated office. Neither are we planning to increase the manpower resources under the existing framework specifically to handle Hong Kong businessmen's complaints on law enforcement of the mainland customs authorities. However, in view of the increasingly close ties between Hong Kong and the Mainland where business and trade are concerned, we will continue to monitor the economic and trade development of the Mainland closely and review our existing services as well as the relevant staffing and institutional arrangements in accordance with service demands.

MR KENNETH TING (in Cantonese): *Thank you for the reply which the Secretary has just given. Madam President, I think some progress have really been made in this respect, for we are able to obtain the information much faster. Despite the fact that to our knowledge most of the customs officers in the Mainland will adhere to the laws when they carry out their enforcement actions, it is still quite unavoidable that there is a minority of them who are keen on making all sorts of excuses to obtain money from the Hong Kong businessmen and who would willfully put them in difficult situations. May I ask how will the SAR Government help the Hong Kong businessmen when they come across such problems and when they have nowhere to lodge their complaints in the Mainland?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, as a matter of fact, they do have ways and places for lodging their complaints. As the General Administration of Customs in the Mainland has set up channels for complaints and supervision, inquiries and complaints can be directed to relevant customs offices at various customs offices at provincial and municipal levels. Apart from these, there are also mechanisms at different provinces and municipalities which handle inquiries and complaints. For example, Guangzhou City has a Service Centre for the Administration of Foreign Investment which is commonly called "Foreign Investment Street" and which provides "one-stop" services to foreign investors in Guangzhou. The Centre is responsible for the handling of complaints from foreign investors, including those from Hong Kong.

Apart from that, as far as the Office of the Government of the SAR in Beijing understands, the General Administration of Customs has issued some directives on customs service. These directives require the customs service in China to make all its services open, and such a requirement has been expressly made to Chinese customs at all levels. Apart from making public the names of the various organizations under its ambit, their duties, extent of their authority, telephone numbers for reporting, units on duty, and the official numbers of customs officers, they would also make public the legal grounds for enforcement by the customs, the legal procedures, the authority for enforcement, and the obligations which should be complied with and their legal grounds, as well as disciplinary measures in dealing with corruption of the customs officers.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, just now Mr TING has mentioned about the different enforcement standards of the customs authorities in the Mainland. As a matter of fact, however, there is already a piece of legislation regulating the customs service in the Mainland. I would like to ask the Secretary whether the Government has any committee which is specifically tasked with the study of this piece of legislation so that if in future there are any amendments, additions or deletions made to it, the Hong Kong businessmen who invest in the Mainland or who are engaged in import and export business would be able to get hold of first-hand information on this and that the enforcement efforts can also be facilitated?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, I have mentioned just now that the TID looks after trade and commerce matters concerning Hong Kong businessmen operating in the Mainland. That is why the Department has been keeping a close watch of the laws in the Mainland to see if there are any changes made. As soon as new policies or measures which would make an impact on Hong Kong businesses are launched in the Mainland, the Department will issue notices to the trade and commerce groups concerned, especially the major ones. Besides that, the Customs and Excise Department maintains direct and efficient communication mechanisms with its counterparts in the Mainland at both provincial and municipal levels. So when the need arises, we can obtain the information through the customs authorities on both sides.

MR JAMES TIEN (in Cantonese): *With regard to the question of Hong Kong manufacturers making investments in the Mainland, many of them are of the opinion that when compared with the state of affairs before the reunification or with those countries which have investments in the Mainland, there is certainly some differences in the availability of complaint channels. Many manufacturers say that they would rather make use of the factories they set up in Thailand and negotiate with the mainland authorities concerned through the Thai Embassy, for they may get more desirable results than asking the SAR Government to work on their behalf. With the imminent accession of China into the World Trade Organization (WTO), there are bound to be more business opportunities. The Government has recently set up a new department under the direction of Mr ROWSE which is responsible for the promotion of foreign investment in Hong Kong and in the Mainland. If foreign investors see that even Hong Kong businessmen are unable to obtain any assistance themselves, how can we convince them to invest in China with our businessmen as partners? In view of this, would the Government consider setting up an office specifically tasked to look after such matters? In other words, will the issues be handled from a higher echelon in the Government, and not by the Commerce and Industry Bureau or the Trade and Industry Department?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, with China's accession into the WTO — and it is our hope and wish that this would soon become a reality — there should be absolute transparency in

terms of various procedures, such as in the enactment of legislation and in the formulation of new policies and measures. Once transparency in these matters is of a high degree, both foreign businessmen and Hong Kong businessmen would find it much easier to know about the latest developments and what kind of a business environment they are operating in. As for the setting up of a dedicated office for this purpose, I have said just now that the idea will basically make no difference from that of the existing arrangement of a specialized office under the TID. So if we set up another dedicated office, that would only lead to the sprawling growth of bureaucracy and an overlapping of work.

MISS CHOY SO-YUK (in Cantonese): *Madam President, about the difficulties faced by Hong Kong businessmen in the Mainland, what the Secretary has mentioned in the main reply were merely actions like gaining a better understanding of the issues concerned, reflecting the concerns, enhancing mutual understanding, liaison and communication and so on. May I ask the Secretary whether the Government has ever considered adopting the practice of joining hands with the Mainland authorities to seek a resolution of the problems faced as part of its work in the Mainland, and that it will co-operate with the provincial and municipal authorities in the Mainland to assist Hong Kong businessmen solving their difficulties?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, when I said that we would gain a better understanding of the issues and to reflect the concerns, it implied that there would be discussions with the Mainland when necessary. Let me quote a very good example to illustrate this point. Last year, Hong Kong businessmen were very concerned about the new measure on the administration of processing trade. We brought up the issue in a meeting of the Joint Commission and discussed with the central authorities. After the meeting was over, we returned to Hong Kong and continued with our follow-up actions. Afterwards, the customs service in the Mainland made a number of amendments to the measure to make it easier for Hong Kong businessmen to comply. From this we can see that there do exist concrete examples of our success in this respect.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, I would like to ask the Government whether it considers it necessary to set up a mechanism to facilitate better understanding of the difficulties faced by Hong Kong businessmen and to collect their views? Although the Secretary recommends that businessmen should make use of the mechanisms in the provinces and municipalities to make inquiries and complaints, the problem still remains and that is, these mechanisms are not very effective most of the time. Therefore, I would like to ask the Government whether there are any organizations which receive complaints made by Hong Kong businessmen in these respects?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, owing to the respect we have for the principle of "one country, two systems", it is not appropriate for the SAR Government to interfere with any individual cases, no matter they are disputes between companies or between companies and the mainland authorities. On the other hand, we do not want to see the Central Government or the local authorities in the Mainland interfering with the internal affairs of the SAR.

As for the situation within the territory, we do have the relevant mechanisms. For example, we have two advisory boards under the TID. One is the Textile Advisory Board and the other is the Trade and Industry Advisory Board. These two advisory boards are both chaired by the Secretary for Commerce and Industry. Therefore, there are channels for Hong Kong businessmen to reflect the difficulties which they encounter in the Mainland to us. In addition, the TID keeps a close contact with the major chambers of commerce in the territory, especially the four major ones. Should there be any issues in the Mainland which will affect the Hong Kong business community, we do have channels to learn about them.

Before the Joint Commission holds its meeting in December, we will consult the major trade and industry groups and collect information and views from them. We will then decide whether to bring these matters up for discussion with the Central Government.

PRESIDENT (in Cantonese): Second question.

Protection of Interests of Credit Card Holders

2. **MR ALBERT HO** (in Cantonese): *Madam President, at present, it is commonly stipulated in credit card agreements that cardholders are required to compensate the card issuer for all the fees and expenses incurred for recovering outstanding credit card debts. The Court of First Instance of the High Court ruled in July this year that this indemnity clause was unconscionable and therefore could not be enforced. The Court also criticized the card issuer for charging exorbitant interests. Regarding the protection of the interests of credit card holders, will the Government inform this Council:*

- (a) *whether the Hong Kong Monetary Authority (HKMA) has assessed if the aforesaid clause and practice is in line with the provisions of the Code of Banking Practice (the Code); whether the HKMA has found in the past two years that authorized institutions (AIs) acted in violation of the spirit and provisions of the Code, and consequently infringed upon the rights of credit card holders; if it has, of the follow-up actions the HKMA has taken;*
- (b) *given that the Code is not law and has no binding effect on those credit card issuers which are not AIs, whether it will enact laws to enhance the protection of the interests of credit card holders; and*
- (c) *whether, in order to comply with the spirit of the above ruling, it will enact stipulations setting an upper limit on the amount the card holders should share in respect of the fees incurred for recovering outstanding credit card debts, and prohibiting card issuers from charging card holders exorbitant interests?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): *Madam President, first, I would also like to thank Mr Albert HO for giving me the chance to answer the second question. My reply to Mr HO's question is as follows:*

- (a) *The existing Code does not place limits on AIs on the recovery from debtors of costs and expenses incurred in debt recovery process. The Code, nevertheless, stipulates that if there is any such practice, it should be brought to the notice of customers in writing, stating the amount involved.*

In the whole of last year and the first nine months of this year, the HKMA handled a total of 44 complaints relating to credit cards. While the cases do not constitute direct breach of the provisions of the Code, some of them do not appear to be fully in line with the spirit of the Code.

In July this year, the Court of First Instance of the High Court ruled that the indemnity clause in the credit card agreements of the three AIs in the Court case was unconscionable. The ruling was made having regard to the totality of the circumstances, including the fact that the clause was not brought clearly to the attention of cardholders by the AIs in issuing the credit cards.

After the announcement of the Court ruling, the Working Group convened earlier by the HKMA and the banking sector promptly reviewed those parts of the Code relating to credit cards. Early this month, a set of proposals formulated by the Working Group to improve the business practices of AIs in relation to the issue of credit cards was announced.

One of the proposals of the Working Group is that indemnity cost provision contained in credit card agreements should only cover the "costs and expenses reasonably incurred and at reasonable level". In other words, AIs should not only assess whether an item of expense should be incurred, but also evaluate whether the amount incurred is at a reasonable level. The Working Group considers that whether an item of expense is "reasonable" would need to have regard to its own circumstances, and recommends AIs to take a number of procedures to help evaluate whether the related expenses are reasonable. The set of proposals announced by the Working Group also contains other measures to promote greater transparency of credit card businesses to enhance protection for consumers.

The Court commented that the interests charged by the three AIs concerned in the Court case were exorbitant. I will further explain this when answering part (c).

The HKMA is now consulting the Hong Kong Association of Banks, the Deposit-taking Companies Association and the Consumer Council on the proposals of the Working Group. The proposals will be amended as necessary and appropriate, and incorporated into the Code. AIs should implement and comply with the proposals within six months after they have become effective.

Furthermore, to step up the compliance with the Code by AIs, the HKMA is planning to require the internal audit department of each AI to submit an annual assessment report to the HKMA in relation to the institution's compliance with the Code. The HKMA will also enhance monitoring of AIs' compliance with the Code.

- (b) We believe the Code is effective. The Code is issued by the two banking industry associations, and is endorsed by the HKMA. The HKMA monitors AIs' compliance with the Code as part of its regular supervision. Through the above proposals to improve the Code and enhanced monitoring by the HKMA, we believe there will be improvement in the business practices of AIs concerning credit card. If an AI were to disregard the provisions of the Code, the HKMA would consider taking appropriate follow-up action, and assess whether the AI's management is proper. The HKMA will also review the need for amending the Banking Ordinance.

As regards non-AI credit card issuers, the HKMA will encourage the Finance Houses Association (FHA) to adopt the same standards for their members. The FHA has issued a code of practice for its members, which mirrors the Code of Banking Practice.

In fact, there is no lack of legislation to safeguard the interests of credit card users. The fact that the Court of First Instance ruled in the case mentioned in this question that the indemnity clause in the credit card agreements of the three AIs concerned was unconscionable under the Unconscionable Contracts Ordinance is a case in point.

Furthermore, the Consumer Council also pays much attention to the practice of credit card business and makes proposals for improvement. This has contributed positively to the monitoring of credit card issuers, and helped to safeguard consumer interests.

- (c) The Working Group has considered whether it is practicable for AIs to set an upper limit on debt recovery expenses. It is considered that there may be practical difficulties for AIs to do so. In particular, certain debt recovery expenses such as legal fees are more variable and are contingent on factors which may be outside the control of AIs. The Working Group is therefore of the view that this suggestion is not appropriate. However, the Group recommends that AIs should only recover from debtors costs and expenses which are of a reasonable amount and which were reasonably incurred during the debt recovery process, and that such terms should be stated in the agreement.

As regards interest rates, the Working Group proposes that although AIs are exempt from the Money Lenders Ordinance (MLO), they should charge interest rates measured by the standardized method to calculate the effective annual rates. The interest rate should not be higher than the statutory limit stated in the MLO unless justified by exceptional monetary conditions. In addition, if the interest rate is higher than 48%, AIs should justify why such a high interest rate is not unreasonable or unfair. We consider that AIs should observe the spirit of the MLO notwithstanding the fact that they are exempt from it. We encourage fair competition between credit card issuers, and provision of adequate information to consumers for informed choices through enhanced transparency of credit card business.

MR ALBERT HO (in Cantonese): *Madam President, in part (a) of the main reply, the Government pointed out that 44 complaints had been received by the HKMA in the whole of last year and the first nine months of this year. However, even though the HKMA found that some institutions had not complied with the*

spirit of the Code, it did not seem to have taken further action. It was not until this year that the Court intervened and ruled that the clause in the credit card agreements of three AIs was unconscionable and therefore invalid. During that process, the Court had asked the Hong Kong Bar Association to voluntarily help the litigants (that is, the small customers) who could not afford a lawyer. If we look at the last part of the main reply, we will find that the HKMA is still unwilling to set an upper limit on debt recovery expenses. I feel that clarity is still lacking in many areas.

At present, the provision most criticized by customers is that which allows card issuers to charge an extra 30% of debt recovery expenses, apart from recovering the legal fees. In my view, this is unconscionable. I wonder if the HKMA will issue clearer guidelines on these questions, instead of turning them over to the Court?

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): I thank Mr HO for his question. Madam President, I am sure Mr HO must be aware that after the Court had made the ruling in July this year, the HKMA has promptly reviewed the relevant parts of the Code together with the two banking industry associations, and made some very constructive proposals. I am sure that Mr HO also knows very well the proposals made by us in October. These proposals can provide reasonable protection for consumers. As for the amounts to be recovered which are mentioned just now, the relevant expenses must be at a reasonable level and reasonably incurred. In this connection, I understand Mr HO's concern about whether we can further define what is "reasonable" and what amounts are considered "reasonable", and why a ceiling cannot be set.

Actually, as I have already said, if a case goes to the Court, for example, the duration required for the hearing and the legal fees will be difficult to control. With regard to Mr HO's concern, the HKMA has not finished all the review work. At this stage, part two of the review will examine, among other things, the expenses incurred during debt recovery, as Mr HO mentioned, such as what is considered a "reasonable level", whether there are any precedents and what procedures are involved. We hope to complete the relevant review over the next two to three months.

MR CHAN KAM-LAM (in Cantonese): *Madam President, the Secretary mentioned the card issuers in the main reply. Whether they are AIs or non-AIs, the Administration merely encourages them to exercise self-discipline or to standardize certain systems. As we can see, the ceiling on interest rates stipulated in the MLO is very high. The Democratic Alliance for Betterment of Hong Kong is of the view that there should be enhanced transparency in the charging of interests. Apart from a policy of encouragement, will the Administration formulate more effective measures to enhance the transparency of these card issuers?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): I thank Mr CHAN for asking this supplementary question and for giving me a chance to explain. This is a very good question. With enhanced transparency of the charging of interest by card issuers, card users can find out the annual interest rate of each type of card and choose which card to use accordingly. In fact, one of the proposals made by the HKMA in October is to require card issuers to clearly state the annual interest rates to be charged in future. If this could be done, I am sure it will help consumers a great deal, since they will be able to choose which credit cards to use by referring to the annual interest rates charged by the card issuers. I reiterate that this is already included in the HKMA's proposals. As I said, we are now consulting the Hong Kong Association of Banks, the Deposit-taking Companies Association and the Consumer Council on the relevant proposals. It is hoped that this proposal will be implemented soon after their views have been collected.

MR ANDREW CHENG (in Cantonese): *Madam President, I wish to follow up part (b) of the main reply. In this part, the Secretary has made it clear at the outset that he believes the Code of Banking Practice is effective.*

However, in my view, this Code is still not law. With no legally binding effect on banks or non-banking institutions, how can we ensure that the Code can provide a certain degree of protection for consumers? The Secretary has repeatedly said that we have the Unconscionable Contracts Ordinance and that the Court may ultimately serve as the gatekeeper. However, consumers may have to pay high legal fees for litigation. The Administration did not say a word about whether it would examine if legislation should be enacted on this in the whole reply. Is this proper? In the Democratic Party's view, since there is

legislation on all kinds of credit facilities for consumers overseas, why can Hong Kong not have such legislation? What is the reason for that? Will the Secretary give a supplementary answer orally to convince us? Although the Code is at present effective in the Secretary's view, I still think that legislation would give the best protection.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): I thank Mr CHENG for giving me a chance to convince him.

Madam President, I hope Mr CHENG can see that such codes are very common overseas, such as in the United Kingdom and the United States, and they are enforced by the industries themselves. We do not necessarily need to take a legal course to regulate each and every conduct in an industry. Actually, some institutions are very keen. When they learnt about our proposals, they have voluntarily taken follow-up actions and formulated internal codes for their members to follow up in accordance with the Code of the banking industry associations. I wish to tell Mr CHENG, do not look down upon the Code. Although it is a code and not a law, it is issued by the two banking industry associations for compliance by their members. It is also endorsed by the HKMA. This means that the relevant AIs must comply with the Code, or they will face serious consequences. As I said, if an institution adopts improper practices and is impervious to warning, disregarding the HKMA's monitoring or follow-up, this will reflect on the quality of its management. The institution's management and its suitability to continue in the banking business will be questioned. Therefore, the consequences are very serious and the HKMA will also take appropriate action in this respect.

I wish to explain that the Code is not a "toothless tiger" — entirely useless and relying on the self-discipline of the industry alone. To enhance monitoring, the HKMA has required the audit department of each AI to submit an annual report to it in relation to the institution's compliance with the Code. This is in fact a very positive measure. If it proves to be ineffective even after enforcement, we will be happy to review the need for legislation, as I said in my reply just now.

PRESIDENT (in Cantonese): We have spent more than 17 minutes on this question. Although several Members are still waiting for their turn to ask questions, I cannot allow any more questions to be asked on this issue. We will proceed to the third question.

PRH Tenants Retrofitting their Balconies with Windows

3. **MR CHAN KAM-LAM** (in Cantonese): *Madam President, recently, the Housing Department (HD) informed tenants of Ping Tin Estate in Kwun Tong that, in order to avoid endangering the lives of the tenants when the PVC pipes installed in the balconies are on fire, they are required to engage their own contractors to carry out the relevant fire safety works before retrofitting their balconies with windows. In this connection, will the Government inform this Council:*

- (a) of the names of the public rental housing estates with the same balcony design as that of Ping Tin Estate, and the respective numbers of residential units in these estates;*
- (b) whether all the tenants of this type of units are allowed to retrofit their balconies with windows; and*
- (c) of the estimated cost of the fire safety works for each household; and whether it plans to carry out such works for all the units of the same type; if it has not, of the reasons for that?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, information on public rental housing estates with the same balcony design as that of Ping Tin Estate is tabled.*

Tenants are not allowed to make alterations to flats without the prior approval of the HD, otherwise they will contravene the terms and conditions of the Tenancy Agreements. For those tenants who have already fitted their balconies with windows without the HD's approval, they must comply with the specified requirements and then seek the necessary approval from the HD.

As regards part (c) of the question, the estimated cost of fire safety works for each flat is about \$2,000. Since the balcony is part of the design of the flat, the HD has no intention to bear the costs of the fire safety works within the flat necessitated by the resident's own alterations.

Public rental Harmony estates with
same balcony design as that of Ping Tin Estate

<i>Estate</i>	<i>No. of Blocks</i>	<i>No. of Flats</i>
Cheung Hang	2	1 539
Choi Fai	2	1 215
Chung On	1	756
Hau Tak (I)	6	4 254
Hing Tung	3	2 049
Ka Fuk	3	1 890
Kam Peng	1	253
Ko Yee	2	815
Kwai Fong	3	1 882
Kwai Shing East	3	1 758
Kwong Tin	4	2 494
Lai On	5	1 400
Lee On	5	3 760
Lei Muk Shue	1	738
Lok Fu	4	1 673
Lower Wong Tai Sin (II)	7	2 584
Ma Hang	4	868
Ming Tak	2	1 520
On Yam	8	5 592
Pak Tin	2	533
Ping Tin	3	2 325
Sau Mau Ping (I)	2	1 476
Shek Lei (I)	1	684
Shek Lei (II)	2	1 368
Shek Yam	3	2 425
Siu Sai Wan	3	2 052
Tai Wo Hau	3	2 043
Tin Shui (I)	7	5 166
Tin Shui (II)	5	3 348
Tin Yiu (I)	1	648
Tin Yiu (II)	6	3 888
Tsui Ping (South)	4	7 024
Tsz Lok	5	3 059
Tsz Man	3	2 160
Wah Sum	2	1 332
Wang Tau Hom	4	1 872
Yiu Tung	11	5 159
Total	133	83 602

MR CHAN KAM-LAM (in Cantonese): *Madam President, these public housing estates were completed years ago, and all along tenants have been requesting the HD to retrofit their units with aluminium windows. However, it was not until recently that the Department has conceded to their requests. In this connection, could the Secretary inform this Council whether there is any difference between the design of these estates and that of the new ones which are also of the harmony design; and whether there are any defects in the original design?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, I can tell the Honourable Member that there are not any defects in the original design, which is, generally speaking, a serviceable design. But why do tenants make alterations to their flats? It is mainly because they want to have more indoor space for their kitchens or for accommodation purposes that they have fitted their balconies with windows. Actually, the HD has taken on board the views of tenants expressed over the years and amended the design of the subsequently built public housing estates. In place of balconies, public rental flats in new estates have a larger internal floor area, including a comparatively larger kitchen. These alterations are made in response to the preference expressed by tenants; the original design does not have any defects whatsoever.*

DR YEUNG SUM (in Cantonese): *Madam President, 21 public housing blocks on the Hong Kong Island are of this design.*

Madam President, unlike those public rental harmony estates constructed after their completion which all have such PVC pipes installed outside the housing blocks, the pipes in the estates in question are installed inside the rental flats. Hence, if a fire should break out, it might cause the entire housing block to get into a thoroughly "burnt up" state. Currently, tenants are required by the HD to carry out fire safety works to insulate the PVC pipes properly, and the relevant costs are rather high. Could the Secretary inform this Council whether the Government would reconsider bearing the costs of the relevant fire safety works? On the other hand, if fire safety works have been carried out for a certain flat but not the flat above or below it, I am afraid the entire housing block may still burn up when a fire breaks out. In order to ensure the safety of the public, will the Government consider voting a one-off grant to carry out fire safety works of the same type?

SECRETARY FOR HOUSING (in Cantonese): Madam President, according to the information I have obtained from the HD, PVC pipes are installed in the balconies of those existing old types of public rental flats. Since the balconies are originally designed more as an open structure facilitating ventilation rather than to be enclosed, even if a fire broke out and the PVC pipes were on fire, fumes and smoke could billow out of the building, thereby reducing the hazard. Later on, as I explained to Honourable Members just now, the HD did alter the design of the flats to install PVC pipes outside the buildings. This is a rather new practice and considered an appropriate change by all parties concerned. According to the new design, there will not be any balconies, and each flat is an enclosed housing unit; therefore, it is necessary to install the PVC pipes outside the housing blocks.

I have inquired with the HD about the costs of such fire safety works. As I have clearly said in my main reply, the tenants concerned are making alterations to their flats out of their own needs, they should therefore bear all the costs involved. Further still, since they must comply with the required fire safety remedial measures specified in the relevant regulations, it is also their responsibility to pay for the works carried out for this purpose.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, I am not going to raise my question, since it is identical to the one raised by Dr YEUNG Sum just now. Thank you.*

MR CHAN KWOK-KEUNG (in Cantonese): *Madam President, in other countries, if a house should have any defects, the landlords concerned would be required to shoulder all the repair and maintenance responsibilities. Given that the HD is the major landlord, and that any defects in the public housing flats may pose a threat to the safety and property of the residents, should the HD not have a responsibility to make improvements?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, actually I have more or less answered this question just now. We believe that the original design has neither posed any fire prevention problems, nor does it have any defects; hence, it is not the responsibility of the HD to bear the costs concerned. Regarding the Housing Authority (HA) and the HD in their capacity as landlords,

they really do not have any responsibilities in this respect. This is because there is no question of such fire hazard occurring originally, the problem did not exist until after the relevant tenants have made alterations to their flats. For this reason, they must take actions to remedy the situation and bear all the costs involved.

MR FRED LI (in Cantonese): *Madam President, just now the Secretary was very right in saying that the HD had taken on board the ideas put forward by tenants, fitted the balconies of flats in the subsequently built public rental harmony estates with aluminium windows and installed the PVC pipes outside the housing blocks, hence no problems would arise. While the HD was experimenting with the public housing estates of earlier designs, it is now asking the tenants concerned to bear the additional costs when the result is found not so satisfactory. May I ask the Secretary whether it is the responsibility of the landlord to deal with the old problems after making improvements to the original design; and whether it is reasonable of the HD to require its tenants to bear the costs of works carried out to rectify the imperfections in the original design?*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, the design of buildings changes rapidly and continuously. By and large, the newer buildings in Hong Kong are comparatively better than buildings completed at an earlier time. The latest phase of development is always better than the previous phase, and this is a sign indicating that our community is progressing continuously. I believe it is also the spirit in which the HA and the HD seek to make improvements to the original design. Legally speaking, it is impossible to require them to bear any additional costs in respect of the original building design which does not have any defects. Besides, it is also unreasonable and unfair to require them to do so. I am making this reply on behalf of the HA.*

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, just now the Secretary said that the HD would not bear the costs of this type of improvement works. However, as I can recall, the HD originally had not installed any metal gates for flats in those old-type "linear" housing blocks, thus making it very easy for undesirable strangers to sneak in. The HD subsequently conceded to tenants' demand and installed metal gates for them, with the Department bearing all the costs incurred. So, there are indeed precedents for rectifying the*

imperfections found in the original building design. Given that, why can the present case not be dealt with in accordance with the precedent mentioned? Since the relevant building design is no longer used for new housing estates, and tenants are allowed to retrofit or make alterations to their flats, why should the HD not adopt the approach of the precedent concerned and bear all the costs involved? According to my understanding, the HD will carry out repair and maintenance works for public housing blocks once every five years; as such, if it should include the relevant fire safety works as one of the works items, the imperfections could then be rectified.

SECRETARY FOR HOUSING (in Cantonese): Madam President, perhaps Mr LEUNG did not hear my main reply very clearly. In the present case, tenants have made alterations to their flats mainly because they want to extend the usable area of their flats or to make more space for their kitchens. After the balcony is retrofitted with aluminium windows, the flat will become an enclosed structure, thereby causing danger in case of a fire. But since the original design of the relevant flats would not give rise to such hazards, tenants cannot ask the HA or the HD to bear the additional costs necessitated by the alterations they have made to the design of their flats to suit their own needs.

MR FRED LI (in Cantonese): *Madam President, just now the Secretary said that the original design would not give rise to such hazards. I am afraid the Secretary has failed to understand that since there are cigarette ends and other objects falling from higher flats from time to time, it would be very dangerous if the balconies of flats in those 133 public housing blocks remained open and not fitted with aluminium windows. It is for this reason that tenants need to retrofit their balconies with windows to protect their own flats. I hope the Secretary can understand that there is a practical need for tenants to retrofit their balconies with windows. They are not doing that for aesthetic purposes or simply to enlarge the usable area of their flats. May I ask the Secretary whether he has considered the factor that tenants have to fit their balconies with windows to protect their flats because there are objects falling from upper floors? Could the Secretary also inform this Council whether the HA would appreciate the situation and carry out fire safety works for tenants?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, according to my understanding, the HD has never heard of tenants expressing any view that the relevant alterations should be made because cigarette ends might be dropped from floors above and would hence pose fire hazards to their flats. Nevertheless, I will convey Mr LI's view to the HA.

PRESIDENT (in Cantonese): Fourth question.

Issuance of Permits to Dispose Highly Contaminated Dredged Mud in Mainland Waters

4. **MR LAW CHI-KWONG** (in Cantonese): *Madam President, the Environmental Protection Department (EPD) issued to the Container Terminal 9 (CT9) contractor a permit for conveying, from July this year onwards, the seriously contaminated mud dredged from the Tsing Yi seabed to mainland waters for disposal. On 19 September, the Department requested the contractor to submit detailed information to enable it to investigate if the dumping operation conformed to environmental protection principles. In this connection, will the Government inform this Council:*

- (a) *of the reasons for not suspending the relevant permit at the time the Department launched the investigation; and of the current projects in respect of which disposal permits of this type have been issued to the contractors concerned;*
- (b) *whether it will review the stipulations and procedure for issuing this type of permits; and*
- (c) *of its plan to enhance the co-operation with the relevant authorities in the Mainland, with a view to ensuring that trans-boundary disposal of mud will not endanger the natural environment?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, the loading permit issued by the EPD under the Dumping at Sea Ordinance to the CT9 contractor expired on 30 September. The EPD has not issued a new permit to the contractor since then. As the period for appeal

has not expired, the contractor can still lodge an appeal against the EPD's decision. I am, therefore, not in a position to give comments or details on this case.

- (a) According to the Dumping at Sea Ordinance, the Director of Environmental Protection has the power to suspend the loading permit issued to the CT9 contractor. However, he must exercise this power in a reasonable manner. Before deciding on whether or not to take action, he must give the contractor an opportunity to provide information to prove that his dumping operations in the mainland waters will not cause unacceptable impact to the marine environment.

At present, there are no other contractors in Hong Kong holding similar loading permits for dumping in waters outside Hong Kong.

- (b) Having sought legal advice, the EPD understands that before issuing a loading permit, the EPD may, according to the Dumping at Sea Ordinance, request the contractors to provide evidence to prove that their dumping operations will not damage the marine environment within or outside Hong Kong waters. The EPD has accordingly revised its standards and practices on the issuance of loading permits.
- (c) The EPD has been keeping working contacts with the South China Sea Branch of the Mainland's State Oceanic Administration (SOA). We are actively seeking to establish a direct communication channel between the EPD and the SOA to discuss issues related to cross-border marine dumping of dredged materials and the issue of permits.

MR LAW CHI-KWONG (in Cantonese): *Madam President, I think part (b) of the main reply is rather interesting. The Secretary said having sought legal advice, the EPD understands that before issuing a loading permit, the EPD may, according to the Dumping at Sea Ordinance, request the contractors to provide evidence to prove that their dumping operations will not damage the marine environment within or outside Hong Kong waters. Why did the EPD not make such a request when the permit was first issued? Why did it not even request*

under the relevant laws of Hong Kong that contaminated mud dredged from all underwater works be sealed and be transported to East Sha Chau for dumping into a hole at the seabed there prepared for the purpose? Why did the EPD not do so before July, and why did it seek legal advice only after the matter was reported and objection raised by environmental protection groups? Has this been a case of dereliction of duty on the part of the EPD?

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, there has been no dereliction of duty on the part of the EPD, because there is no specific provision in the Dumping at Sea Ordinance on how transportation of mud across borders or outside Hong Kong waters should be dealt with. As a matter of practice, for dumping outside Hong Kong, the EPD will deal with it according to the usual way of dumping in areas outside Hong Kong, and the EPD will issue a permit when it learns from the relevant authority of the receiving country that a dumping permit has been issued. In this particular case, I believe it is easy to ask in retrospect why something was not done this way or that way, because there are comparatively clear provisions in ordinances regulating standards and procedures for the transportation of other forms of waste to places outside Hong Kong. In the Dumping at Sea Ordinance, however, there are no express provisions as such. When the EPD sought legal advice, it was then that the Department of Justice interpreted the other parts of the law to come to the conclusion that the EPD could request the relevant contractor to provide information to prove that their dumping operations will not damage the marine environment, which includes marine environment within or outside Hong Kong waters.

MR MARTIN LEE (in Cantonese): *Madam President, as the Secretary for the Environment and Food has done a very good job in the Long Valley case, I will be raising a very mild supplementary question. I am prepared to be forward-looking. As the mud has been transported to the Mainland for dumping, what would the Government do to remedy this unfortunate situation?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, in the Long Valley case, as it was the Director of Environmental Protection who made an independent decision on the issue, I do not want to claim any credit for that.

On the question of remedy, as the relevant dumping occurred at Er Zhou Island which lies outside Hong Kong, we do not have any information yet on whether or not it has impact on the marine environment. As I have said in the main reply, since the permit expired in September, the Director has not issued any similar permits. In fact, a place at East Sha Chau in Hong Kong may be used for dumping and we have asked the CT9 contractor to conduct dumping there. East Sha Chau is specifically designed for containing mud. Very good precautions have been taken there and its sealed design can prevent mud deposited there from affecting the marine environment. In addition, the Civil Engineering Department would take seawater samples there from time to time to prevent any dumping operation from adversely affecting the environment.

DR RAYMOND HO (in Cantonese): *Madam President, sludge in Hong Kong waters is thick. It sometimes measures up to more than 10 m deep on average. In many reclamation projects, a decision on whether sludge should be completely removed is made according to the design of the project or the use of the land after reclamation. Do we need a longer-term plan to deal with the sludge, say, a plan for the total amount of sludge to be removed in five or 10 years? Dredging works will be carried out next year at the Kai Tak Nullah and the mud there is seriously contaminated. How should we deal with it? Does the Government have a comprehensive plan?*

PRESIDENT (in Cantonese): Dr HO, your supplementary question has strayed far beyond the scope of the main question. Please ask a supplementary question related to the main question.

DR RAYMOND HO (in Cantonese): *Thank you, Madam President. As dredging in the CT9 project has aroused intense public concern, will the Government inform this Council whether it has any long-term plans for dredging? How will the Government deal with the issue if a similar situation arises?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): As I said, Madam President, after the incident, the EPD immediately revised the way in which dumping activities outside Hong Kong is treated. For dumping inside Hong Kong, I mentioned that there is a sealed area at East Sha Chau specifically

designed for dumping. In fact, I have some information at hand for Members' reference. The total capacity at East Sha Chau is now 48 million cu m. According to our estimation, if it is not for the dredging from the CT9 project which requires that mud be dumped there, its capacity could last up to 2010. However, should dumping activities resulted from the CT9 project continues in future at East Sha Chau, the place will be fall up to saturation in four years' time. We will be monitoring the capacity closely.

PROF NG CHING-FAI (in Cantonese): *Madam President, disposal of waste materials across borders is an issue that attracts attention worldwide. As this is an ethical issue, no one wants to dispose of waste in other people's land, especially hazardous materials. The Basel Convention clearly states that the exporting country or region must obtain written consent from the receiving country or region before dumping can be carried out. I am not sure whether the present waste we are talking about is toxic or hazardous — that may be known only after tests — but even if it is not, as a matter of courtesy, dumping should be done only after approval from water management authority from the Mainland is obtained. I think this is a matter with grave consequences.*

PRESIDENT (in Cantonese): Prof NG, what is your supplementary question?

PROF NG CHING-FAI (in Cantonese): *Will the Secretary inform this Council whether any consultation was conducted and approval obtained before the EPD issued the permit? In addition, up to this moment, how many tonnes of such waste have been dumped?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, the Convention mentioned by Prof NG is related to waste, but what we are discussing is dumping at sea, which is regulated by another convention. However, I do not want to make any allusion to international conventions here. I only want to confine my reply to waters within Hong Kong and outside Hong Kong because we are talking about Hong Kong waters and China's waters.

I now come to my specific reply for Prof NG's supplementary question. In fact, before the EPD issued the first permit, we were notified by the SOA that it had issued approval to the CT9 contractor to carry out dumping at Er Zhou Island. In the past, the EPD practice was that once approval from an authority of the receiving region was obtained, it would issue a permit for the contractor to carry mud to the region for dumping. As I have pointed out just now, we are actively seeking a direct communication channel between the EPD and the SOA to discuss and deal with such problems. Before that can be done, we will adopt precautions to require that contractors who wish to apply for permits will have to provide sufficient evidence to the EPD first to prove that although dumping activities will be carried out outside Hong Kong, they will not affect marine environment.

PRESIDENT (in Cantonese): Prof NG, which part of your supplementary question has not been answered.

PROF NG CHING-FAI (in Cantonese): *Can I raise a follow-up question?*

PRESIDENT (in Cantonese): Prof NG, the follow-up question you raise must be part of your supplementary question asked. As there are many Members waiting to ask questions, you cannot ask a follow-up question if your supplementary question has been answered.

PROF NG CHING-FAI (in Cantonese): *The Secretary has not answered my question. I asked how many tonnes of such waste had been dumped.*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, from the information provided by the CT9 contractor, it was found that as at the end of September (we have not issued any new permits since then), about 480 000 cu m of mud has been dumped at a dumping area near Er Zhou Island in the Mainland.

MISS EMILY LAU (in Cantonese): *Madam President, I would also like to ask a question to follow up on the issue of legal advice sought, as mentioned in part (b) of the main reply, because I felt it was very unusual. The Secretary explained to us there was no dereliction of duty on the part of the Director of Environmental Protection. However, was it because environmental protection groups had raised the problem then the Director was caused to seek legal advice? Did that form a de facto case showing environmental protection groups were more conversant with the relevant laws than the Director? Is that the case now? That means, environmental protection groups expressed their views, and on the basis of their views, the Director then proceeded to seek legal advice. As things turn out, environmental protection groups are proven to be correct. So, does that reflect that the Director does not really seem to be conversant with the spirit of the laws he has to enforce, that he could only ascertain the case after environmental protection groups raised the alarm, and legal advice sought, thereby causing over 400 000 tonnes of mud to be dumped, which may damage the marine environment? Why does the Secretary not regard that as an act of dereliction of duty on the Director's part? As the present case shows, it was only when advised by environmental protection groups then the Director went to seek legal advice. Would that make the public worry very much about the extent to which law enforcement officials understand the law?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, as I said, there is no information at present to prove what effect dumping at Er Zhou Island would have on the environment. The Honourable Member asked just now whether environmental protection groups knew more about the law than the Director. I am not sure if the groups raised this issue because they understood the law fully, but at any rate, the EPD has revised the procedures dealing with the issue of similar permits at once after obtaining legal advice.

As I have said, the whole issue was indeed very complicated. If it involved waters outside Hong Kong, the EPD would in the past invoke resolutions made by international conventions and the spirit enshrined therein to deal with the matter. But after the reunification, the whole situation has changed. We must find out from the SOA whether it is now appropriate to invoke international conventions to deal with the issue, but in any case, the present system has been changed.

According to my working experience in the past nine months, complications have arisen on many occasions on invoking environmental protection laws just to deal with anti-pollution activities in Hong Kong, not to mention problems relating to jurisdictions outside Hong Kong. I trust if the EPD followed its past practice, there would be practical difficulties too. In general, Hong Kong laws cannot regulate what takes place outside Hong Kong. Why? Because there may be practical difficulties. For instance, how would assessment be made? After making the assessment, how do we monitor the situation? At present, we are hoping to establish a direct communication channel with the SOA without delay to study the solution to the problem in future.

PRESIDENT (in Cantonese): This Council has spent more than 20 minutes on this question. Although we have a long queue for this one, we must now go to the fifth question.

Granting of CSSA to Families with Members Aged over 21 Who are Still Attending Schools

5. **MISS CHAN YUEN-HAN** (in Cantonese): *Madam President, regarding the granting of Comprehensive Social Security Assistance (CSSA) to families with members aged 21 or above who are still attending schools, will the Government inform this Council:*

- (a) *whether, when calculating the amount of CSSA payments, the authorities equally treat families with members aged 21 or above who are still attending schools, and those with students aged below 21; if not, of the details and the reasons for that;*
- (b) *of the number of CSSA cases over the past three years involving families with members aged 21 or above who are still attending schools; and*
- (c) *of the other kinds of assistance which are available for application by CSSA recipient family members aged 21 or above who are still attending schools; and during the period before such family members receive other assistance, of the arrangement to assist such families in tackling their financial hardships?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President,

- (a) The CSSA Scheme is a non-contributory scheme. It is meant to provide financial assistance to those who suffer from financial difficulties due to old age, disability, unemployment, low earnings and other reasons to help meet their basic and essential needs.

To ensure that students of CSSA families would not be denied of educational opportunities, the Social Welfare Department (SWD) pays the appropriate standard rates to those recipients aged 21 or below who are pursuing full-time education up to matriculation level. These recipients will also be given special grants to cover other school-related expenses such as school fees, textbook, school uniform, stationery, transport, lunches, and so on. Students will normally have completed secondary education by the age of 21. However, for CSSA students aged above 21 but have not yet completed secondary education, the Director of Social Welfare may exercise discretion to grant them the necessary financial assistance.

As regards students of CSSA family pursuing tertiary education, assistance is provided under the Local Student Finance Scheme (LSFS).

- (b) During the past three years, the numbers of CSSA cases involving household members aged 21 or above who are still pursuing full-time secondary education are as follows:

<i>Year</i>	<i>Number of Cases</i>
1997	62
1998	22
1999	97

- (c) Irrespective of whether they are from CSSA families and regardless of age, all students who are pursuing full-time, publicly-funded post-secondary and tertiary education may apply for financial assistance under the LSFS. Students of CSSA families are

automatically eligible for the maximum levels of assistance under the scheme, which takes the forms of grant and low-interest loan. They may also apply for a travel allowance under the Student Travel Subsidy Scheme to cover their cost of travel between their residence and place of study.

For students of CSSA families who are admitted to tertiary educational institutions but have not yet secured financial assistance from other sources, the SWD will consider granting them financial assistance under trust funds to meet their immediate financial needs.

For those above the age of 21 but are still pursuing secondary education, the Director of Social Welfare may, as explained above, exercise discretion to grant them assistance.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, what the Secretary said just now sounds perfect, but it is not really the case in reality. This is because I have received a considerable number of similar cases in which some young people were unable to attend schools at a young age. As a result, they were already over 21 by the time they began to pursue tertiary education. Let me cite an example in which a person used to receive CSSA payment together with his mother. When he became a tertiary student, his share of CSSA payment was cut so that the original CSSA payment was reduced from \$6,000 to \$3,000. Though he was given allowances by his school, they were meant to be subsidies for his tuition fees only. Separate applications had to be lodged with respect to expenses related to lunches and transport. Nevertheless, it is actually not easy for such applications to be approved. Very often, students like him will give up their pursuits of education. Will the Secretary give me an explanation for something like what I mentioned just now should not have happened theoretically according to part (c) of the main reply?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): *Madam President, Miss CHAN was right. At present, the loan scheme consists of two parts. One is grant, directly given to recipients aged 21 or above. The other one is low-interest loan, which is granted in the form of loan for subsidizing the daily expenses of the recipients.*

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

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. The relevant loans have failed to tie in with the situation of the recipients for the purpose of pursuing education. If they were able to do so, the students would not need to give up their pursuits of university education.*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the low-interest loan is meant to subsidize the daily expenses of the recipient. The amount of loan is normally higher than the amount of CSSA payment. Therefore, the recipient should be able to meet his daily needs.

MISS CHAN YUEN-HAN (in Cantonese): *I want to raise another supplementary question.*

PRESIDENT (in Cantonese): Miss CHAN, I am afraid you have to wait for another turn.

MR WONG SING-CHI (in Cantonese): *Madam President, the Secretary cited some figures in part (b) of the main reply: 62 cases in 1997, 97 cases in 1999, and so on. Have these figures included the numbers of cases involving families with members aged 21 or above but who are still attending secondary schools or tertiary institutions? Or can the Secretary inform this Council of the respective numbers of such members attending secondary schools and tertiary institutions? As far as I understand it, these cases are actually those which have been given approval for the granting of CSSA payments. But what is the total number of such applications? I hope the Secretary can give me a reply.*

PRESIDENT (in Cantonese): Mr WONG Sing-chi, I have to remind you that Members are allowed to raise one question only when they raise their supplementary question. But since you have only mentioned figures and you are a newcomer, I now give you special permission to put your question in this way.

MR WONG SING-CHI (in Cantonese): *Thank you, Madam President.*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, the relevant members in all these cases are still studying in secondary schools. As for the numbers of applications, I have no such information on hand but I can give Mr WONG a written reply later. (Annex I) There are approximately 1 400 cases involving CSSA families with members who are pursuing tertiary education annually. This figure is not included in the numbers of the cases mentioned above because it involves another kind of subsidy and approval is therefore granted not under the CSSA Scheme.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, as the Director of Social Welfare may exercise discretion to grant students aged over 21 financial assistance, has the Government considered abolishing the age limit of 21 and continuing to grant subsidy to the relevant persons so long as they remain a full-time student?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, as the Director of Social Welfare may exercise discretion to grant students aged over 21 financial assistance to enable them to continue with their secondary education, we see no need to conduct another review.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, in answering the supplementary question raised by the Honourable YEUNG Yiu-chung just now, the Secretary said he saw no need to conduct another review. However, applicants are very often unaware of the criteria for the exercise of discretion. Will the Secretary inform this Council of the relevant criteria? As regards the question raised by the Honourable WONG Sing-chi in connection with the numbers of applications, a total of 97 cases were approved in 1999. If 97 applications were lodged and 97 applications were given approval by the Director of Social Welfare, this means that all the applications were approved. But if this is not the case, another problem will arise: What are the criteria for exercising discretion? Would it be better for the relevant restriction to be abolished as it leads to confusion easily?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, this will depend on individual circumstances. It has been the hope of the SWD that children of CSSA families can complete their secondary education. Students will normally have completed secondary education by the age of 21. This explains why the SWD needs to decide whether discretion should be exercised, depending on individual circumstances, to examine special cases involving applicants aged over 21 but who are still attending schools to allow them to continue with their education. I understand that the SWD will take various factors into consideration. For instance, if a recipient is disabled or chronically ill, his period of schooling might need to be prolonged. In this case, the SWD will exercise discretion to grant him assistance to enable him to continue with his study. Generally speaking, the Director of Social Welfare will, depending on the circumstances of each individual case, decide whether discretion should be exercised. I believe the Director will try every means to give the recipient a chance to receive education.

MR LAW CHI-KWONG (in Cantonese): *Madam President, the Secretary mentioned grant in the main reply. The maximum amount of grant is just the same as the amount of school fees. Therefore, grant is basically used for covering school fees. In general, the loan borrowed by CSSA applicants is not considered an income. According to the Secretary's reply, the person receiving grant or low-interest loan is actually not receiving any income. The loan he received will be used to cover his school fees only. Such being the case, why would the Government consider all the grant and loan he received as part of his income in granting him CSSA payment? This is extremely unreasonable. Will the Government consider reviewing this situation?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, insofar as CSSA cases are concerned, children aged over 21 will not normally be included in the family composition for they will be able to take up employment. For instance, if a child of a certain family has grown up and is over the age of 21, we will expect him to work for he can actually join some of our employment programmes. If he is still attending school, the Director of Social Welfare will of course exercise discretion to allow him to continue with his study. In that case, he will not need to join our employment programmes. In the event that he is admitted to a tertiary institution, he can apply to a special

subsidy scheme, which comprises two parts: one is grant, for covering his tuition fees and other tuition expenses; the other is low-interest loan, the amount of which should be sufficient to meet his daily expenses. Of course, he will need to repay the loan over five years after graduation. I consider this arrangement reasonable because we expect children in general CSSA cases to start working when they reach the age of 21.

PRESIDENT (In Cantonese): Mr LAW, which part of your supplementary question has not been answered?

MR LAW CHI-KWONG (in Cantonese): *Madam President, my supplementary question is: Grant is not an income for it should be used for covering tuition fees. Likewise, loan is not supposed to be an income. In that case, is it undesirable for the Administration to include these two items in considering CSSA applications?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, we will not include the grant received by a tertiary student who is over 21 in considering the CSSA application lodged by his family for his case should be dealt with separately.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, the Secretary mentioned that a person pursuing tertiary education at the age of 21 would be taken as a very special case. He also mentioned that the chronically ill could receive discretionary subsidies. I would like the Secretary to know that, for adaptation reasons, many new arrivals are unable to attend universities until they are relatively old. In addition, their families have to apply for CSSA because of financial hardships. Just now, the Secretary flatly refused the request put forward by Mr YEUNG Yiu-chung, saying that the Government would not consider putting in place a new system to take care of students who intend to pursue university education but without sufficient means to support themselves. In my opinion, the Government should consider this proposal. Faced with this situation, does the Government deem it necessary to reconsider this proposal?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, what I meant is that the Director of Social Welfare can exercise discretion to grant assistance to those above the age of 21 but are still pursuing secondary education. For those who are above the age of 21 but are pursuing tertiary education, they should make applications under another scheme. As for the case cited by Miss CHAN earlier, I am sure the Director of Social Welfare will exercise discretion to enable him to continue with his study. If the case is not approved, we will review the relevant situation.

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

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, the Secretary has answered my question. Nevertheless, I hope the issue can be referred to an ad hoc committee for examination for some of the students of the cases received by me are unable to continue with their study.*

PRESIDENT (in Cantonese): Last supplementary question.

MR FRED LI (in Cantonese): *Madam President, I am somewhat puzzled. Will the Secretary clarify whether the share of CSSA payment given to a child aged over 21 of a CSSA family will be automatically cut when he advances to tertiary education? Will the CSSA payment received by his family be calculated on the basis of a four-member household instead of a five-member household? Have I understood it wrongly? In other words, will his CSSA payment be cut if he is aged 21 or above and he is attending a tertiary institution, whatever it is, and regardless of the amount of grant or loan given to him?*

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, I did mention earlier that we would consider family composition as a whole in implementing the CSSA Scheme. Generally speaking, we expect children of CSSA families to work if they are aged 21 or above. If a person is only 18 or 19 years old and is still attending school, we will not expect him to work. We will expect him to do so only when he reaches the age of 21 and has

completed secondary education. If he is over 21 but is still attending school, the Director of Social Welfare may exercise discretion to grant him assistance to enable him to continue with his study. As for those who are pursuing tertiary education, Mr LI is right that if a person is over 21, he will not be included in the composition of his family for the purpose of applying for CSSA for he is considered an individual who has an independent status.

PRESIDENT (in Cantonese): Sixth question.

Asbestos-containing Construction Materials Used in HOS Estates

6. **MR LAU KONG-WAH** (in Cantonese): *Madam President, it was reported that asbestos had been found in some construction materials used in certain Home Ownership Scheme (HOS) estates completed before 1984. In this connection, will the Government inform this Council:*

- (a) *of the names of the HOS estates where asbestos-based construction materials have been used and the number of units involved, and the reasons for not disclosing the use of such materials in the past;*
- (b) *when the authorities concerned knew of the use of asbestos-based construction materials in these estates, and of the reasons for not informing the owners concerned immediately after it knew of that; and*
- (c) *whether the authorities concerned will remove the building components containing asbestos for the owners concerned and bear the costs involved; if so, of the works schedule and the details thereof; if not, the reasons for that?*

SECRETARY FOR HOUSING (in Cantonese): Madam President

- (a) It is estimated that 33 out of 135 HOS courts have asbestos-containing materials. The number of flats involved is about 17 280. The Housing Department (HD) cannot disclose publicly, without the prior consent of owners, the names of HOS courts where asbestos-containing materials are found.

- (b) In 1989, a consultant employed by the HD carried out a survey to ascertain the extent of the use of asbestos-containing materials in HOS courts. Having obtained the results, the HD did not inform owners of the situation at that time. But as the then management agent of HOS courts, the HD started to monitor the situation on behalf of owners and took asbestos abatement measures where necessary. In 1996, several months before new legislation on asbestos control was to be brought into operation, the HD wrote to property management agents of those HOS courts suspected to have asbestos, asking them to draw the attention of owners to the new legislation to be brought into effect in June 1997. Owners may approach their management offices for further information.
- (c) As owners of HOS courts, they have the responsibility to take asbestos abatement measures as necessary and to bear the costs.

MR LAU KONG-WAH (in Cantonese): *Madam President, after reading the main reply, I was disappointed because the Administration had after all failed to inform the affected owners of HOS courts direct if the building components of their units contain carcinogenic asbestos. Even in today's reply, the Secretary has not said that owners will be directly informed. The public may not need to be fully informed but the owners of the relevant estates must be informed. Will the Secretary directly explain the matter to the owners concerned?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, when it was first discovered that some construction materials used in certain HOS courts contained asbestos, the HD had clearly failed to inform the owners immediately. At that time, the HD was responsible for the management of these HOS courts but it only carried out repairs in the relevant HOS courts. The HD had not informed the owners at that time probably because of certain misunderstandings. Later, the management of these courts was partly taken over by the building management agents appointed by the owners' committees or owners' corporations and the HD informed these management agents of the relevant information. As the management agents were already informed of the information, the owners could get the relevant information. As regards other HOS courts that are still managed by management agents appointed by the HD, these management agents are also informed of the information and the HD has

also asked the management agents to convey the relevant information to the owners of the affected HOS courts. Thus, the owners concerned are informed of this and the building materials that contain asbestos.

MR ALBERT CHAN (in Cantonese): *Madam President, I find the Secretary's reply very surprising. The main reply says that the HD as the management authority at that time did not inform the owners immediately but after the implementation of the legislation or after the HD had handed over the management authority to the management agents, the HD, as holder of the information, passed the information to the new management agents, expecting them to convey it to the owners. In other words, when the HD was the management agent, it failed to inform the owners but after a change in capacity, it asked the new management agents to convey the information to the owners. Does the Secretary agree that this kind of reasoning is very ridiculous?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, regarding reasoning, I can hardly comment on what Mr CHAN said. But as I said, in the first few years, the HD should really inform the owners but it failed to do so then. The only explanation is that the HD managed the property on behalf of the owners at that time, therefore, it thought that it only needed to carry out repairs work. However, new legislation was later made and the management of the courts had been handed over to the management agents appointed by the owners' corporations, thus, the HD informed these management agents as a matter of responsibility and asked them to convey the information to the owners. As that happened many years ago, we could not change the action taken by the HD at that time, but we are sorry that the HD failed at that time to notify the relevant owners at the first instance.

MR IP KWOK-HIM (in Cantonese): *Madam President, concerning the handling of asbestos substances, we can see that asbestos must be handled according to stringent procedures and a lot of money has to be spent. HOS courts were constructed by the HD in the past, but why was the HD or Housing Authority (HA) not held responsible for the use of these materials in the construction process? Will the Secretary inform this Council whether the HD can be held responsible in respect of the construction process?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, I think we have to consider the restrictions on the use of asbestos materials. In the past, there was not any legislation in Hong Kong restricting the use of asbestos materials, and in or before the 1980s, many buildings in Hong Kong were constructed with asbestos materials. Problems were only found many years after the materials had been used, thus, the Government needed to legislate to control such uses. There was a gradual historical development. The use of asbestos materials was absolutely lawful in the past and the materials were widely used in Hong Kong. In fact, asbestos had a variety of special uses, and the community agreed at that time that asbestos had merits. It was a pity that problems were later discovered and it was necessary to legislate and formulate abatement measures to control its use and to inform all the owners and the public about the actions that should be taken.

MR ALBERT HO (in Cantonese): *Madam President, I have recently written to the Director of Housing, inquiring about the use of asbestos construction materials for the construction of HOS blocks. The Director replied that asbestos was mainly used in the construction of veranda, staircase grille, insulation tiles on the roof, and the brake lining of elevator and escalator. He also said that these devices were located in compartments which could not be opened at will. However, many courts were constructed since 1984, that is, more than a decade ago, and I believe many of the compartments which could not be opened at will have been worn and torn or are dilapidated now. As a result, many asbestos materials are exposed as hazard to the health of the residents. Even though many courts have appointed their own management agents, does the HD as the construction agent of these courts think that it has the responsibility for providing these courts with more assistance in order to safeguard the health of the residents?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, as I said earlier, in the 1980s, especially before the 1980s, asbestos materials were widely used in Hong Kong for various purposes, including the detailed examples just given by Mr HO. In general, there were protective measures for the use but as it was later discovered that asbestos materials had wide implication, the materials had to be used in a careful manner. However, insofar as the construction of buildings is concerned, the HD, HA or the contractors of other private buildings in Hong Kong really were unaware of the effects of asbestos, therefore, we

cannot hold the contractors of these construction projects responsible now. If it is now discovered that asbestos was used in private buildings, can we ask the contractors who built them a decade or so ago to bear the costs? Basing on the legislation or other reasons, I do not think we can hold the contractors responsible. I also think that the HA as the contractor of public housing need not shoulder this responsibility.

MR ANDREW CHENG (in Cantonese): *Madam President, the Secretary has stated in his main reply that the number of flats involved is about 17 280 which is really a very large number. If I have not remembered it wrongly, the Secretary said something to the effect of "negligence" when he answered Mr Albert CHAN's supplementary. Why did the HA and HD fail to immediately inform the owners of the units concerned after it had obtained the results of the survey in 1989, but waited for more than a decade before doing so? If the HD had informed the owners at an early date, they might immediately remove the building materials and the costs of removal more than a decade ago might be lower than those at present. Now that the Secretary also thinks that this is negligence, how can the HD make up for its negligence in these 11 years, as a result of which the owners may face life and health hazards? Can the Secretary give us an explanation? We all understand the remarks made by the Secretary in part (c) of his main reply, that is, according to the law, as the owners of HOS courts, they have the responsibility to bear the costs involved. But the HD has really omitted informing these owners for 11 years which is negligence on its part. For the sake of public interests, we hope that the HD, being a government department, can make up for its negligence in handling this in these 11 years.*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, when I answered a Member's question earlier, I admitted that the HD and HA had not informed the owners direct of the situation at that time, but this does not mean that the HD as the executive arm of the HA has been negligent in adopting methods and measures to deal with asbestos materials. In fact, the HD has already done what it should, only that it failed to inform the owners then.*

DR RAYMOND HO (in Cantonese): *Madam President, I also find the Secretary's reply very surprising. In the 1960s to 1970s, overseas countries already knew that the use of asbestos materials was problematic. However, the*

Government and the HD failed to take actions to deal with the relevant problems after they had known that these materials might have problems. Now that the owners have obtained the information by themselves, why can the Government not take the initiative to inform the owners of which parts of the building have used these health-impairing materials? If some of the owners want to replace the materials, the HD can make arrangements for them — even though the costs may be collected from the owners at the end, the owners can at least know which materials contain this carcinogenic substance.

SECRETARY FOR HOUSING (in Cantonese): Madam President, I think I have already made this point in my main reply, that is, the owners may approach the management offices of their courts for the relevant information at any time and they will not be unaware of the information. As to the use of asbestos materials, as I just said, the materials were widely used in both government and private buildings in the past and remedial measures were only taken as far as possible later. At present, many buildings still contain asbestos materials, but so long as special protective measures are taken, asbestos can still be used. Certainly, the safest solution is to remove these materials.

PRESIDENT (in Cantonese): Last supplementary.

MR LAU KONG-WAH (in Cantonese): *Madam President, basically, I think that saying sorry cannot make up for mistakes. The Government as a developer is unlike private developers. The Government should be a responsible and conscientious developer, and so it should take remedial measures. Part (b) of the main reply appears to suggest that the Government did something before 1996, but it is stated very vaguely that: "But as the then management agent of HOS courts, the HD started to monitor the situation on behalf of owners and took asbestos abatement measures where necessary." Can the Secretary give some specific examples to illustrate what the Government has done?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, first of all, I would like to clarify that the relevant buildings mentioned in the question today are not constructed by the Government but by the HA, therefore, the responsibility has nothing to do with the Government. There are certainly

many methods for handling asbestos, and the HD will decide on which method to adopt on the basis of the actual situation. For example, the best method is to remove asbestos materials where necessary but there are other alternatives such as outer sealing and sealing. In less dangerous cases where asbestos will not spall off, the HD will monitor the situation regularly and will take the measures mentioned by me just now when there is a danger. After all, the HD will take various measures into consideration, but the extent of remedial measures to be adopted for each building depends on the condition of the asbestos then.

PRESIDENT (in Cantonese): Mr LAU Kong-wah, which part of your supplementary has not been answered?

MR LAU KONG-WAH (in Cantonese): *The Secretary has not answered the part of my question concerning the efforts made by the HD from 1989 to 1996. I have not asked the Secretary what will be done in general. Can the Secretary give a written answer later, illustrating the work that has been performed by the HD in these estates?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, I can obtain the information from the HD and then give Members a written answer. (Annex II)

WRITTEN ANSWERS TO QUESTIONS

Collection of Rent Deposit from PRH Tenants

7. **MR FRED LI** (in Chinese): *Madam President, regarding the Hong Kong Housing Authority's collection of rent deposit from domestic and commercial tenants of public rental housing, will the Government inform this Council whether it is aware of:*

- (a) *the rationale for collecting the deposit;*
- (b) *the uses of the revenues from the deposit;*

- (c) *the current total accumulated amounts of deposit as well as the total amounts of interest gained in the past three years from the deposit collected respectively from domestic and commercial tenants; and*
- (d) *the reasons for not paying interest gained from the deposit to the tenants concerned on a regular basis?*

SECRETARY FOR HOUSING (in Chinese): Madam President, the Housing Authority (HA) collects rent deposits in order to safeguard its interest as a landlord against tenants who fail to settle arrears of rents or other charges upon vacation of the premises.

Rent deposits are used for funding the HA's operations. Interest is not payable as with private sector practice, and the Housing Authority's Tenancy Agreements clearly state this fact.

As at 31 March 2000, the amounts of domestic and commercial rent deposits held by the HA were \$590 million and \$860 million respectively. There are no designated bank accounts for these deposits. The notional interest, based on the average three-month bank deposit rates, which would have been earned from domestic and commercial tenants' deposits in the past three years is estimated to be approximately \$36 million and \$57 million a year respectively.

Reviewing Age Limit Requirement in Respect of Dependent Parent Allowance

8. **MR TAM YIU-CHUNG** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the number of taxpayers granted the dependent parent allowance in each of the past three years; and*
- (b) *given that the economic restructuring and persistently high unemployment rate in the territory have rendered many people out of work before the retirement age and dependent on their children,*

whether it has plans to relax the requirement that dependent parents must reach 60 before claim for that allowance can be made, so as to alleviate the financial burden of the taxpayers concerned; if it has, of the details; if not, the reasons for that?

SECRETARY FOR THE TREASURY (in Chinese): Madam President,

- (a) The number of salaries taxpayers granted dependent parent allowance in the past three years of assessment are as follows:

<i>Year of Assessment</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>
No. of taxpayers	325 000	329 000	287 000

The decrease in 1998-99 was mainly because the various salaries tax concessions introduced since that year (including reduction in tax rates, revisions in tax bands, substantial increase in personal allowances, and introduction of new deductions) have effectively excluded more than 10% of taxpayers (over 150 000) from the salaries tax net.

- (b) Under the Inland Revenue Ordinance, a dependent parent allowance of \$30,000 per parent is available to any salaries taxpayer who maintains a parent or a parent of his or her spouse; and an additional allowance of \$30,000 is available if the taxpayer is living with the parent throughout the year. For the purpose of this allowance, the dependent parent must be ordinarily resident in Hong Kong and aged 60 or more, or if under 60 is eligible to claim any allowance under the Government's Disability Allowance scheme. In addition, the parent can only be regarded as being maintained by the taxpayer if the parent resides with the taxpayer and his or her spouse for at least a continuous period of six months without any valuable consideration, or the taxpayer or his or her spouse contributes at least \$12,000 in money towards the maintenance of the parent in a year of assessment.

The present dependent parent allowance was introduced in 1978-79 in place of a previous allowance which was means-tested, mainly for the purpose of avoiding the tremendous abuse and administrative

difficulties encountered. The means test was replaced by the age limit of 60, which is in line with the general retirement age in the community today.

We do not consider it appropriate to lower or remove the age limit for dependent parent allowance in respect of those parents who are below 60 and out of work and have to depend on their children, for the purpose of alleviating the financial burden of those salaries taxpayers concerned. This is because the non-means-tested nature of the allowance and the high mobility rate of our labour market render it practically impossible for the Inland Revenue Department to trace and verify the employment status of those dependent parents aged under 60 in any particular year of assessment, for the purpose of processing the claims by the concerned taxpayers.

We also do not consider it justifiable simply to lower the age limit of dependent parents regardless of their employment status or income level, in order to avoid the practicable problems described above. This is because it would unnecessarily benefit quite a substantial number of taxpayers whose parents are aged under 60 and are active income-earners.

We see no imminent need to relax the age limit of this allowance in order to alleviate the financial burden of the eligible taxpayers, since the tax burden of around 99% of salaries taxpayers (that is, except the standard rate taxpayers) have been substantially reduced through the various concessions introduced since the 1998-99 year of assessment.

Cases of Withdrawals from CSSA Scheme

9. **MR CHAN KWOK-KEUNG** (in Chinese): *Madam President, will the Government inform this Council of,*

- (a) *the number of cases in which the recipients of Comprehensive Social Security Assistance (CSSA) found jobs and changed to the low-income CSSA category; and*

- (b) *the number of cases in which the recipients ceased receiving CSSA, with a breakdown by reasons for the cessation, since January of last year?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President,

- (a) When the Active Employment Assistance (AEA) Programme was introduced in June 1999 to encourage and assist unemployed CSSA recipients to rejoin the workforce, we put in place a statistical system to collect information relating to the job search efforts of the participants.

Between June 1999 and August 2000, about 23 500 active CSSA cases joined the AEA Programme. The number of AEA cases who have found job and transferred from the unemployment to the low earnings category is 1 376.

- (b) During the same period, 6 659 AEA cases left the CSSA Scheme. The reasons for cessation are summarized below.

<i>Reason for cessation</i>	<i>Number of cases</i>
Lost contact	2 258
Self-withdrawal	2 242
Found employment	916
Failure to comply with work test	667
Rejection of AEA	445
Death	30
Assets exceeding permissible limits	30
Others	71
Total:	6 659

Redesigning of Traffic Signs

10. **MR LAU KONG-WAH** (in Chinese): *Madam President, it has been reported that the Administration plans to redesign certain traffic signs. In this connection, will the Government inform this Council:*

- (a) of its considerations and the criteria adopted in deciding which traffic signs need to be redesigned;*
- (b) whether, in redesigning the traffic signs, reference has been made to similar traffic signs used in other countries;*
- (c) of the total number of existing traffic signs to be replaced upon adopting the new design; and*
- (d) of the estimated costs involved in redesigning and installing these traffic signs?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, to ensure that our traffic signs fulfil their function of providing road users with accurate and easily understood messages, the Transport Department carried out a comprehensive review of our traffic signs and road markings between July 1999 and March 2000. In assessing the effectiveness of traffic signs, the Transport Department focuses on the clarity of the message to be conveyed, the readability of the sign from a distance and its aesthetic appearance. A careful analysis of the nature of suggestions and complaints received on these signs and markings through the Transport Complaints Unit and the Department in recent years identified the specific signs that require improvement.

In redesigning the traffic signs, the Department consulted the Transport Advisory Committee, professional institutions and motorists associations. References were also made to practices adopted overseas. We will continue to enlist the support of the transport trade and other road users to provide us with suggestions to make the signs and markings more user-friendly.

So far, we have implemented about 2 000 revised speed limit signs and 95 new warning signs to deter prolonged waiting of vehicles at busy lay-bys. The installation cost for these new signs was \$2.4 million. We are proposing to

revise the design of signs and road markings for no-stopping restriction zones, bus only lanes and taxi/light bus stands and we will carry out a pilot scheme in Wan Chai District later this year to try out the improved signs and markings. We also plan to introduce new traffic signs on exit numbers to assist motorists in locating their position on expressways and in choosing correct routes to their destinations. As these proposals are still under planning, the quantity and cost of the traffic signs involved is not available at this stage.

Environmental Concern on Use of Rapeseed Oil as Vehicle Fuel

11. **MR LAW CHI-KWONG** (in Chinese): *Madam President, it is learnt that vehicles fuelled by rapeseed oil emit less smoke but more nitrogen oxides than those fuelled by diesel. In this connection, will the Government inform this Council whether:*

- (a) the chassis dynamometers used at authorized vehicle emission testing centres can effectively measure the amounts of nitrogen oxides emitted by vehicles; if not, whether additional equipment will be procured for this purpose; and*
- (b) it will consider enacting legislation to prohibit the sale of motor vehicle fuel which has not been accredited as meeting the environmental standards by the Environmental Protection Department?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Chinese):
Madam President,

- (a) The chassis dynamometers currently used at the designated vehicle emission testing centres measure the smoke concentrations of a vehicle only. They cannot measure the quantity of nitrogen oxides or other gaseous pollutants in the emission. The Government has no plan to introduce additional equipment at the centres for measuring nitrogen oxides emission.

- (b) Under the Air Pollution Control Ordinance, the Government may by regulation prohibit the sale of motor vehicle fuels that do not meet prescribed specifications. At present, we set specifications for petrol and diesel used in motor vehicles, and prohibit the sale of petrol and diesel that do not meet the prescribed specifications. If necessary, the Government will regulate the use of other fuels for motor vehicles, including rapeseed oil.

Elderly Persons Applying for CSSA

12. **MR TAM YIU-CHUNG** (in Chinese): *Madam President, since last year, the Social Welfare Department (SWD) has strictly enforced the rule that applications for Comprehensive Social Security Assistance (CSSA) have to be made on a household basis. Consequently, elderly persons living with their family may not apply for CSSA on their own. In this connection, will the Government inform this Council:*

- (a) *since the strict enforcement of the above rule by the SWD last year, of the number of elderly persons living with their families who had their payments curtailed for the following reasons:*
- (i) *total household income exceeded the prescribed limit;*
 - (ii) *unable to provide proof of income of family members; and*
 - (iii) *other reasons, please provide a breakdown by the reasons;*
- (b) *of the number of complaints received arising from the strict enforcement of the rule; and*
- (c) *whether there is any plan to review the above rule so that elderly persons who do not receive financial support from family members living with them can apply for CSSA on an individual basis; if so, of the details; if not, the reasons for that?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President,

- (a) It is a long-established requirement for all CSSA applicants, including elders living with family members, to file their applications on a household basis. Family is a basic unit of our community. It is generally accepted that the income-earning members of a family should provide support to the more dependent members, including their elder member.

In response to concerns expressed by some quarters of the community, the SWD started in March 2000 to maintain separate records for CSSA cases involving elder recipients living with other family members but applying for CSSA on their own when the cases were due for review. Between March and August 2000, 283 cases of this nature were reviewed and 166 cases were given continued assistance, including 144 cases in which the elders continued to apply on their own and 22 cases in which other family members joined as applicants. Payment to 117 cases was curtailed for the following reasons:

- | | |
|--|----------|
| (i) total household income exceeded limit | 9 cases |
| (ii) unable to provide adequate information for assessment of eligibility (the SWD does not keep separate records for cancellation of cases in which the applicants are unable to provide proof of income of family members) | 29 cases |
| (iii) voluntary withdrawal after explanation of the arrangement by SWD staff | 79 cases |
- (b) The SWD does not maintain statistics on the number of complaints received in respect of this arrangement.
- (c) The SWD may allow an elder to apply for CSSA application on his or her own, even though the elder is living with other family members when there are supportive evidence that the elder is not

receiving financial support from family members such as the elder has a poor relationship with other family members or there are special reasons that the other family members cannot provide for the elder in question.

In view of the fact that the SWD allows elders to apply for CSSA on their own if they have legitimate reasons, we do not have plans to change this arrangement.

Termination by Statutory Bodies of Employees Declared Bankrupt by Court

13. **MR CHAN KWOK-KEUNG** (in Chinese): *Madam President, will the Government inform this Council whether:*

- (a) *it knows the statutory bodies which have specified, in their employment contracts, that the employer may terminate immediately the service of an employee who has been declared bankrupt by the Court; of the posts and ranks of the employees involved, and of the criteria adopted for determining the selected posts and ranks; and*
- (b) *it has, through issuing guidelines to these statutory bodies or by other means, regulated the terms of the employment contracts laid down by these bodies?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President,

- (a) We are aware that one statutory body has included in its employment contracts a term which provides that the employer may terminate the employment of an employee who has committed an act of bankruptcy. This term applies to staff of all ranks who have entered into employment contracts with this statutory body since 1990. The statutory body is now reviewing whether such a term is necessary.
- (b) Unless otherwise provided in the relevant ordinances, statutory bodies in general enjoy administrative autonomy in matters such as

employment of staff and the making of contracts. However, the terms of employment contracts negotiated between employers and employees must comply with the minimum standards of employment-related benefits and conditions as stipulated in the Employment Ordinance (EO). Under section 70 of the EO, any term of contract which purports to extinguish or reduce any right, benefit or protection conferred upon the employee by the EO shall be void. As employers, all organizations, including non-governmental statutory bodies, must comply with the requirements of the EO.

To facilitate a better understanding of the EO by both employers and employees and to promote good human resources management practices, the Labour Department organizes various kinds of activities such as seminars, courses, exhibitions and lectures and issues publications on the EO as well as on labour relations and employment-related measures. The Labour Department has also published the "Guide to Good People Management Practices" and the "Sample Employment Contract" with a view to reminding employers of the issues which should be taken into consideration in drawing up employment contracts.

Enrolment Position of MPF Schemes

14. **MR BERNARD CHAN:** *Madam President, the Mandatory Provident Fund (MPF) System will commence on 1 December this year. In this connection, will the Government inform this Council whether it knows:*

- (a) the latest enrolment position of the MPF schemes;*
- (b) if the latest enrolment position is in line with the enrolment schedule designed by the Mandatory Provident Fund Schemes Authority (MPFA); and*
- (c) the measures that the MPFA will take or has taken to urge employers to enrol their employees in a MPF scheme as soon as possible?*

SECRETARY FOR FINANCIAL SERVICES: Madam President, up to 30 September 2000, the preliminary enrolment figures of employers and self-employed persons were approximately 80 000 and 54 100 respectively. The number of employees covered is estimated to be in the region of 600 000 to 700 000. In addition, about 830 000 employees are covered by different forms of retirement schemes the operation of which is governed by statute, such as civil servants covered under the Pensions Ordinance and Pension Benefits Ordinance, teachers covered under the Grant Schools Provident Fund Rules and Subsidized Schools Provident Fund Rules, and members of MPF-exempted Occupational Retirement Schemes.

The MPFA is concerned about the relatively low enrolment rate and has been closely monitoring the situation. It is expected that the enrolment situation will improve considerably in the coming months, as every effort is being made to remind employers and self-employed persons to enrol now and not to wait until the last minute. The MPFA's Call Centre hotline receives about 800 calls per day, more than half of which are from employers. This is an encouraging indication that more employers are now gearing up for enrolment.

The MPF system is brand new to Hong Kong. It is not surprising that some members of the public would be reluctant to participate in the MPF system as they might not fully appreciate the long-term benefits of a provident fund scheme as a means of retirement protection. To enhance public understanding, a comprehensive and intensive public education and publicity campaign has been launched since January 2000.

The MPFA's public education and publicity strategy has the following aims:

- (i) to enhance public awareness of the MPF system;
- (ii) to inform employers and self-employed persons that enrolment in MPF schemes and making regular contributions are their statutory obligations;
- (iii) to advise employees that the MPF is their right;
- (iv) to push for early enrolment and participation before launching of the system on 1 December 2000; and

- (v) to publicize the penalties, both civil and criminal, for non-compliance after the launching date.

A substantial part of the publicity campaign has been carried out via the mass media. The MPFA, trustees and service providers have been advertising intensively. Education and publicity programmes specially designed to illustrate the key features of the MPF system have been produced and broadcast. An MPF endorsement campaign involving leaders from different walks of life has also been carried out to enhance community understanding of and support for the MPF system.

Apart from media advertisements, the MPFA also makes painstaking efforts in soliciting support from the community. This is done through seminars, investment forums, briefings for potential scheme members, the media and MPF intermediaries, as well as exhibitions, mostly in association with the District Councils, trade associations, labour unions, professional bodies and local community organizations. Since January 2000, the MPFA has organized or participated in over 930 MPF publicity and education events, seminars and exhibitions.

In August 2000, the MPFA sent out an information letter to each and every employer to familiarize them with the MPF system. In November 2000, the second round of open letters will be sent to all employers who have not yet participated in an MPF scheme, to urge them to enrol and to warn them of sanctions and penalties in case of non-compliance.

Low Key Approach of Local Catholic Diocese as Advised by CPG Liaison Office Towards Vatican's Canonization

15. **MR FRED LI** (in Chinese): *Madam President, it was reported that the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (the Liaison Office) asked leaders of the local Catholic Diocese to adopt a low key approach in handling activities in celebration of the Vatican's canonization on 1 October of 120 Catholic missionaries and their followers who had been killed in China a hundred years ago. The diocese later disclosed also that some scheduled religious exchange activities with its mainland counterparts had been put on hold, probably due to the said canonization. In this connection, will the Government inform this Council:*

- (a) *whether it has assessed if the Liaison Office's act of asking the diocese to adopt a low key approach in respect of the canonization is beyond its prescribed function;*
- (b) *in respect of the cessation of the above exchange activities, whether it will offer assistance to the diocese; if not, of the reasons for that; and*
- (c) *of the measures it may take in this particular case to defend the freedom of religious belief that can be enjoyed by Hong Kong residents under Article 32 of the Basic Law?*

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

- (a) The Liaison Office is established in Hong Kong to carry out its functions as authorized by the Central People's Government. Its functions have been prescribed and promulgated by the Central People's Government. In addition, all offices set up in Hong Kong by the Central People's Government and the personnel of these offices shall abide by the Basic Law and the laws of the Hong Kong Special Administrative Region (SAR). The SAR Government will not make an assessment based on individual comments.
- (b) Leaders of the Catholic Diocese of Hong Kong have not requested our assistance. The Administration will consider such a request having regard to the specific details and in accordance with the principle of "one country, two systems" and the Basic Law.
- (c) Religious freedom is one of the fundamental rights enjoyed by the Hong Kong residents. Religious organizations have the freedom to conduct any religious activities which are consistent with the laws of Hong Kong. Both Article 32 and Article 141 of the Basic Law as well as Article 15 of the Hong Kong Bill of Rights Ordinance have expressly provided for this right. Since reunification, the SAR Government has been fully committed to the successful implementation of the policy of "one country, two systems". All religious organizations are protected under the Basic Law and the

Hong Kong Bill of Rights Ordinance. The SAR Government shall continue to safeguard religious freedom in Hong Kong in accordance with the Basic Law and the relevant legislation.

Provision of Better Services to Tourists

16. **MISS CHOY SO-YUK** (in Chinese): *Madam President, in order to provide better services to visitors to Hong Kong, will the Government inform this Council whether it will discuss with relevant organizations such as the Hong Kong Tourist Association (HKTA) and associations of taxi operators the implementation of the following proposals:*

- (a) *the installation of electronic display boards at tourist attractions to provide, in several languages, roadmaps of nearby areas and relevant information about such attractions, as well as advice for consumers;*
- (b) *the provision of English translation machines to taxi drivers who are not fluent in English so as to facilitate their communication with English-speaking visitors; and*
- (c) *the installation of an electronic road information system on taxis so that visitors can be taken to their destinations more quickly?*

SECRETARY FOR ECONOMIC SERVICES (in Chinese): Madam President,

- (a) To make Hong Kong more visitor friendly, we have taken forward a number of initiatives to provide information to visitors. The Electronic Service Delivery Scheme, now being planned by the Information Technology and Broadcasting Bureau to be launched before the end of the year, will include the provision of tourism-related information, such as maps, and information on sightseeing, dining, accommodation, shopping, and so on. To facilitate access by members of the public and tourists, about 100 kiosks will be installed by the end of 2000 in popular tourist areas, cultural facilities, exhibition venues, major shopping malls, Mass Transit

Railway and Kowloon-Canton Railway stations as well as government buildings. The services will also be available through the Internet.

The HKTA has installed trilingual mapboards (Chinese, English and Japanese) at major tourist areas such as the Peak, Stubbs Road Lookout, Stanley Market and so on.

The Tourism Commission is implementing schemes for improving signage and information boards at Stanley and the Central and Western District. These improvement schemes will be progressively extended to other tourist districts.

- (b) To facilitate communication between visitors and non-English speaking taxi drivers, the HKTA has produced specially designed booklets for free distribution to taxi drivers through taxi associations earlier this year. This trilingual guide, listing names of popular places of interests, buildings, hotels, guest houses, transportation and some common conversational sentences, was published in simplified and traditional Chinese, English and Japanese. A total of 50 000 booklets have been distributed.

In recognition of the importance of improving the language proficiency of taxi drivers, the Transport Department will provide, free of charge, English and Putonghua training programmes for taxi drivers in November this year. The programme, co-sponsored by the Workplace English Campaign Steering Committee, is a self-learning package aimed at equipping taxi drivers with basic language skills to communicate with passengers in simple English and Putonghua.

- (c) It is not yet possible to provide electronic route guidance systems in vehicles (including taxis) because comprehensive real-time traffic information is not yet available in Hong Kong.

We will continue to work closely with the HKTA and relevant organizations to enhance the services to visitors.

STATEMENT

PRESIDENT (in Cantonese): Statement. The Chief Secretary for Administration will make a statement on her recent visit to Beijing.

In accordance with Rule 28(2) of the Rules of Procedure, no debate may arise on the statement but I may in my discretion allow short questions to be put to the Chief Secretary for Administration for the purpose of elucidating it.

Chief Secretary for Administration's Recent Visit to Beijing

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, with your permission, I would like to take the opportunity of the first regular meeting of the new Legislative Council to make a statement on my duty visit to Beijing in September. It is admittedly an unusual arrangement for a Principal Official to make a public statement on a duty visit. I have decided to do so on an exceptional basis at today's Legislative Council meeting in order to remove certain speculations in the community, and to maintain public confidence in the "one country, two systems" arrangement.

I visited Beijing on 26 September and had meetings with Vice Premier QIAN Qichen and Director LIAO Hui of the Hong Kong and Macao Affairs Office (HKMAO) of the State Council. I returned to Hong Kong the following day. Like my previous duty visits to the Mainland, this visit to Beijing was arranged through the HKMAO. Once we had agreed on a mutually convenient date for the visit, the Government of the Hong Kong Special Administrative Region (SAR) issued a press release in Hong Kong to inform the public. As usual, after the meeting I met the Hong Kong media in Beijing and answered their questions.

Meetings between State leaders and SAR Principal Officials offer the best opportunity for us to enhance mutual understanding. They allow us the opportunity to provide first-hand information on the latest developments in Hong Kong, and to reflect to them matters of topical interest in Hong Kong. The meeting with Vice Premier QIAN on 26 September was no exception.

At our meeting, I briefed Vice Premier QIAN on Hong Kong's latest economic situation, the outcome of the Legislative Council elections, and the progress of civil service reforms and their morale. I also took the initiative to explain to the Central Authorities the rumour of "a rift within the top echelon of the Government".

Vice Premier QIAN noted that Hong Kong had made a speedy recovery from the blow dealt by the Asian financial crisis. He was glad to know that our economy was performing well. He also expressed a keen interest in the operation of the civil service system and the morale of civil servants. He considered that, under the leadership of the Chief Executive, civil servants had successfully implemented the policies of "one country, two systems" and "Hong Kong people ruling Hong Kong" during the three years since the reunification. He commended our performance and encouraged us to continue to support the Chief Executive in pursuing his policy objectives. He also reaffirmed the support of the Central Authorities for the SAR Government.

At the meeting, Vice Premier QIAN also asked about the progress made in promoting Hong Kong's bid to host the Asian Games. I briefed him on the work done by the SAR Government. Vice Premier QIAN wished us the best of luck, and expressed his confidence in Hong Kong's ability to make a success of the Asian Games.

During the hour-long meeting, Vice Premier QIAN showed that he was very interested and concerned about everything that happened in Hong Kong. As a State leader directly responsible for matters relating to Hong Kong and Macao, it was entirely appropriate for him to show such concern and interest. It also demonstrated the importance attached by the Central People's Government to the development of the SAR. Director LIAO Hui of the HKMAO was also present at the meeting. We had a candid exchange of views in a cordial atmosphere. Thereafter, in accordance with the usual practice, I had a separate meeting with Director LIAO at the HKMAO to exchange views over a number of issues of mutual concern.

As I have just explained, the arrangements for my September visit to Beijing were entirely normal, and the content of the discussions during the visit was entirely proper and consistent with the principle of "one country, two systems". I very much hope that the information I just provided will bring to an end all the speculation which arose over my visit to Beijing.

PRESIDENT (in Cantonese): Miss Emily LAU, do you wish to ask for an elucidation?

MISS EMILY LAU (in Cantonese): Madam President, I would like the Chief Secretary for Administration to elucidate one point. After her meeting with Vice Premier QIAN, a press release was issued, in which it was mentioned that she and the Civil Service should better support the Chief Executive. May I ask the Chief Secretary for Administration if anything was said about what inadequate work had been done in this respect at the meeting? Why were they asked to better support the Chief Executive? Were they asked to "better" support the Chief Executive in order that Mr TUNG can seek re-election in 2002?

PRESIDENT (in Cantonese): Miss LAU, all of us do not have a copy of the statement made by the Chief Secretary for Administration on hand. Therefore, can you tell me which part of your question is related to the statement made by the Chief Secretary for Administration?

MISS EMILY LAU (in Cantonese): Madam President, I thought the Chief Secretary for Administration had come to this Council to talk about the meeting on that day. I agree that this issue was not mentioned in the statement. However, the press release issued after the meeting of both parties stated that this was what the Central Government said. Therefore, I hope the President will agree that I can ask for elucidation on this. Otherwise, I would not be able to pursue this point. I agree with the President that the Chief Secretary for Administration did not mention this in her statement. We were very surprised that this was not mentioned at all, since it was mentioned in the press release. Obviously, it was discussed at the meeting. If not, I would not be able to pursue this point.

PRESIDENT (in Cantonese): Miss Emily LAU, actually, the Chief Secretary for Administration already mentioned the word "encouraged" just now.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, I hope Members will not read too much into the press release issued by the Central Government. As I mentioned in the statement, Vice Premier QIAN affirmed and commended the performance of the Civil Service over the past three years and also encouraged us to continue to support the Chief Executive in governing.

DR YEUNG SUM (in Cantonese): Madam President, may I ask the Chief Secretary for Administration to clarify whether the Central Government doubts the Civil Service's readiness to support the Chief Executive?

PRESIDENT (in Cantonese): Dr YEUNG Sum, what the Chief Secretary for Administration just said has already answered your question.

DR YEUNG SUM (in Cantonese): The Chief Secretary for Administration merely mentioned the word "encouraged". However, is it because the parties concerned felt that there were inadequacies that such encouragement was called for? I would like the Chief Secretary for Administration to clarify this.

PRESIDENT (in Cantonese): Dr YEUNG, you seemed to suggest "dissatisfaction" instead of "encouragement".

DR YEUNG SUM (in Cantonese): I am now asking the Chief Secretary for Administration to clarify whether the Central Government considers that the Civil Service is not doing enough to support the Chief Executive. I am asking the Chief Secretary for Administration to clarify this.

PRESIDENT (in Cantonese): Dr YEUNG, I now rule that the Chief Secretary for Administration has answered your question, since in answering Miss Emily LAU's question, she already said that the Civil Service had done a very good job over the past three years. Of course, I am not able to quote her verbatim.

DR YEUNG SUM (in Cantonese): The Chief Secretary for Administration said just now that the Central Government considered the Civil Service to have done a good job. However, my question is about the Civil Service's support for the Chief Executive. It is about "backing TUNG".

PRESIDENT (in Cantonese): Dr YEUNG, I am very sorry. I do not think that such questions relate to the statement made by the Chief Secretary for Administration.

MR MARTIN LEE (in Cantonese): Madam President, can the Chief Secretary for Administration clarify whether her statement has covered the full contents of the meetings, and there was nothing else? *(Laughter)*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, I believe the main topics discussed by us have been clearly accounted for in the statement.

MR CHEUNG MAN-KWONG (in Cantonese): Madam President, I would like the Chief Secretary for Administration to elucidate one point in her statement, that is, during her meeting with QIAN Qichen and LIAO Hui, they discussed the rumour of "a rift within the top echelon of the Government". Was this rumour of "a rift within the top echelon of the Government" first raised by QIAN Qichen and LIAO Hui, who inquired the Chief Secretary for Administration about it, or was it raised by the Chief Secretary for Administration on her own initiative in order to dispel some rumours in the community? If there were rumours of a rift within the top echelon of the Government, was there any discussion at the meeting about what specific events had given rise to concern about a rift within the top echelon of the Government? What people does "the top echelon of the Government" refer to?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, with regard to the rumour of "a rift within the top echelon of the

Government", I raised it with Vice Premier QIAN on my own initiative, since I considered such rumours were false and unfounded. Further, if these rumours were allowed to perpetuate, they might unsettle the community and the Civil Service and cause divisions. Therefore, I thought that I should take the opportunity of my meeting with Vice Premier QIAN to clarify this matter in order to remove any doubts.

MR CHEUNG MAN-KWONG (in Cantonese): I am sorry. I still have one question that has not been clarified. When the Chief Secretary for Administration raised the rumour of "a rift within the top echelon of the Government", did she refer to any specific events?

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

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, I do not have anything to add in this connection.

MR ANDREW CHENG (in Cantonese): Madam President, I would also like to follow up the part in the statement about the rumour of "a rift within the top echelon of the Government". I hope the Chief Secretary for Administration can clarify this point. She said that she had taken the initiative to raise this issue. However, after she had taken the initiative to raise this issue, was Vice Premier QIAN Qichen satisfied? Is it because of this that the press release issued after the meeting contained a statement asking the Civil Service to better support the work of the Chief Executive? Was such a statement made because he felt that the Chief Secretary for Administration's clarification and remarks had actually suggested that the rift within the top echelon of the Government might persist?

PRESIDENT (in Cantonese): Mr Andrew CHENG, please sit down first. The elucidation you asked for has already exceeded the scope of the Chief Secretary for Administration's statement.

MR ANDREW CHENG (in Cantonese): Madam President, may I ask in what way it has exceeded the scope? I was only asking about the rumour of "a rift within the top echelon of the Government". Just now, in answering the Honourable CHEUNG Man-kwong's question, the Chief Secretary for Administration pointed out that she had taken the initiative to raise the issue. What was the content of the conversation after the Chief Secretary for Administration raised this issue on her own initiative? Since there is no written statement on this, I hope to find out what had been said that led to the Central Government encouraging the Civil Service to co-operate with the Chief Executive. I wish to find out how the Central Government responded to this question.

PRESIDENT (in Cantonese): Mr Andrew CHENG, if I remember it correctly, what you asked was: Why was such a press release issued after the Chief Secretary for Administration's meeting with Vice Premier QIAN? Was it because the relevant work had not been done good enough? This is certainly outside the scope of the statement. The issue of the press release seems to have little to do with the Chief Secretary for Administration. Therefore, I will not allow this question. When you ask for elucidation next time, I may allow you to ask your question if you think about the question carefully and put it better.

MR LAU KONG-WAH (in Cantonese): Madam President, just now, the Chief Secretary for Administration said we should not read too much into this matter. However, in the first paragraph of her statement, she mentioned that this statement would help to maintain confidence in the "one country, two systems" arrangement. Can she clarify why she would think so?

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

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, I used those words because one of the speculations made after my return to Hong Kong was that some people considered the relevant press release an interference with the high degree of autonomy in Hong Kong. However, I do not think this is the case at all. My statement was meant to clarify this.

PRESIDENT (in Cantonese): Two last questions for elucidation to be raised by Members. After these, we will have to proceed to other items on the Agenda.

MR JAMES TO (in Cantonese): Madam President, the Chief Secretary for Administration's statement just now includes four main points: first, the briefing on the Hong Kong economy; second, the Legislative Council elections; third, civil service reforms; and fourth, the initiative she took to explain the rumour of "a rift within the top echelon of the Government".

In the first part about the briefing on the Hong Kong economy, the Chief Secretary for Administration quoted Vice Premier QIAN's words of praise for the performance of Hong Kong economy. In the third part about civil service reforms, she pointed out that Vice Premier QIAN was interested in the morale of civil servants and that he had commended their performance. However, with regard to parts two and four, she did not quote Vice Premier QIAN's response. Therefore, can the Chief Secretary for Administration clarify whether Vice Premier QIAN just noted what she said about the Legislative Council elections and her clarification about the rumour of "a rift within the top echelon of the Government", which she had taken the initiative to give, or whether he had responded to them, but was not quoted by the Chief Secretary for Administration in her statement?

PRESIDENT (in Cantonese): Are you asking the Chief Secretary for Administration to provide further information on those two matters?

MR JAMES TO (in Cantonese): Yes, because the Chief Secretary for Administration talked about his response to the other two matters.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, I do not have anything to add.

MISS CYD HO (in Cantonese): Madam President, would the Chief Secretary for Administration clarify if Vice Premier QIAN encouraged her and the Civil Service to better support the Chief Executive after she had taken the initiative to explain the rumour of "a rift within the top echelon of the Government", or whether it was after Vice Premier QIAN had given her the encouragement that she took the initiative to explain the rumour to him.

PRESIDENT (in Cantonese): Miss Cyd HO, are you asking for the specific time?

MISS CYD HO (in Cantonese): Madam President, I would like to know under what circumstances the "encouragement" was made.

PRESIDENT (in Cantonese): Miss Cyd HO, please sit down first. Actually, I did not wish to allow any more questions by Members. But since it is the last point of elucidation, Chief Secretary for Administration, would you clarify a little bit?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, as far as I can remember, there were words of encouragement before and after. *(Laughter)*

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

INLAND REVENUE (AMENDMENT) BILL 2000

STAMP DUTY (AMENDMENT) BILL 2000

IMMIGRATION (AMENDMENT) BILL 2000

REHABILITATION CENTRES BILL

CLERK (in Cantonese): Inland Revenue (Amendment) Bill 2000
Stamp Duty (Amendment) Bill 2000
Immigration (Amendment) Bill 2000
Rehabilitation Centres Bill.

Bills 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): Bills: Second Reading.

INLAND REVENUE (AMENDMENT) BILL 2000

SECRETARY FOR THE TREASURY: President, I move that the Inland Revenue (Amendment) Bill 2000 be read the Second time.

This is a composite bill seeking to amend a number of provisions in the Inland Revenue Ordinance (the Ordinance). Firstly, it seeks to amend the provisions relating to profits tax on royalty income for revenue protection reasons. Secondly, it seeks to tighten anti-avoidance provisions on interest payment deductions. Thirdly, it seeks to revise provisions on depreciation allowances for buildings having regard to the latest market practices. Lastly, it seeks to make a number of miscellaneous amendments for the purposes of remedying irregularities identified in the light of operational experience, streamlining legislative procedures relating to determination of certain costs and fees for tax appeal cases, and repealing spent provisions.

The provisions in the Bill on profits tax relate to royalty income received by an overseas business entity in respect of the use of its trademark in Hong Kong. They have the effect of deeming the royalty income earned by a non-Hong Kong business entity to be chargeable to profits tax where the payer of royalty, namely a business entity in Hong Kong, is allowed a deduction in respect of the royalty paid as an expense incurred in deriving assessable profits in Hong Kong.

The need for this amendment stems from a recent decision of the Court of Final Appeal over a case submitted before it. In that case, the Court ruled that only that part of the royalty income relating to goods manufactured in Hong Kong should be chargeable to profits tax, and that royalties paid in respect of goods manufactured outside Hong Kong were not chargeable. This deviates from the practice adopted by the Inland Revenue Department since 1971 when the present provision relating to royalty income came into effect. Under this long standing practice, royalty income has been charged to profits tax as long as the trademark has been used by a Hong Kong business entity in producing assessable profits, irrespective of where the goods concerned were manufactured or sold. Given that a substantial part of our manufacturing activities has been relocated outside Hong Kong, this decision may give rise to significant loss of profits tax revenue, estimated to be in the order of \$200 million a year. Our proposed amendment enables the Inland Revenue Department to continue with its long standing assessing practice, which has been widely accepted by taxpayers who had organized their affairs accordingly.

The Bill also seeks to strengthen anti-avoidance provisions on profits tax deductions for interest payments. To qualify for deduction, the interest payment has to satisfy the conditions prescribed for anti-avoidance purposes under the Ordinance. In essence, these conditions aim at combating tax avoidance schemes which seek to create allowable interest deductions where the corresponding interest income is not taxable, or where the actual recipient of the interest income is an associate of the borrower.

We consider it necessary to tighten the existing anti-avoidance provisions, in the wake of increasing incidence of aggressive tax avoidance schemes which cannot readily be caught by such provisions. They involve schemes making use of various tax planning tools, such as alienation of interest income, artificial public issue of debenture in overseas stock exchanges, and the use of trusts to disguise associate relationships between borrowers and lenders. These schemes generally have the common purpose of engineering artificial interest payment situations through circular flows of funds within companies in a group, without any genuine external borrowing which requires real interest expenses. Such tax avoidance arrangements are now tackled by a general anti-avoidance provision on a case-by-case basis. This general provision, however, is not fool-proof and cannot be taken as a long-term solution. To counteract the identified types of tax avoidance arrangements, we propose to amend the specific tax-avoidance provisions by restricting more stringently the conditions governing deduction of interest payments to ensure that deduction will only be allowed if the payments are genuine interest expenses which have been made to non-associated parties.

The Bill further seeks to amend some provisions relating to depreciation allowances for capital expenditure on industrial and commercial buildings under profits tax. Under the existing provisions, when a building, used exclusively as an industrial or commercial building throughout its period of ownership, is disposed of, the difference between the disposal price and the written down value of the building will either be granted as a balancing allowance to the taxpayer if the disposal price falls below the written down value, or imposed as a balancing charge on the taxpayer if the disposal price exceeds the written down value. However, the existing calculation of the balancing allowance or balancing charge only takes into account the allowances granted in respect of the current use of the building at the time of its disposal. In other words, if the use has been changed any time prior to its disposal, that is, from industrial to commercial or *vice versa*, all the allowances granted in respect of its previous use are not taken into account. This is not our policy intention. As it is now quite common for industrial buildings to be converted into commercial buildings, the existing provisions are vulnerable to abuse through deliberate tax planning.

We propose to amend the Ordinance to the effect that any initial, annual and balancing allowances granted, and balancing charges made, when a building was used for a different purpose in the past will be aggregated with the allowances granted under its current usage to derive the net overall position when calculating the balancing charge or allowance at the time of the building's disposal. The amendments will also provide for the appropriate calculation of annual allowances where a change of use has taken place.

We have also included a number of miscellaneous amendments in the Bill. These may be divided into three categories: one seeking to remedy irregularities so as to clarify legislative intent, another aims to streamline the legislative procedures regarding revision of costs and fees relating to tax appeal cases, and the third seeks to repeal a number of spent provisions.

Amendments to clarify the original legislative intent in the Ordinance cover five areas. The first area concerns the scope of "self-education expenses". We propose to broaden its scope by including examination fees paid on a stand-alone basis in respect of qualifications for use in any employment. The existing definition of "self-education expenses" is not capable of covering the situation whereby a taxpayer merely sits for a relevant examination and pays only the

examination fees, that is without paying other course fees. This is contrary to the policy intent of allowing all employment-related self-education expenses in connection with a qualified course of education to be deductible from the assessable income of a person, subject to the maximum amount of deduction specified in the Ordinance. Accordingly, we need to make the necessary amendment.

Secondly, we also propose to remove a mandatory requirement relating to mortgage loan interest deduction under salaries tax. This requirement stipulates that a car parking space must be valued together with the dwelling concerned as a single tenement by the Rating and Valuation Department in order to qualify for the deduction. This has resulted in many taxpayers applying to the Commissioner of Rating and Valuation to consolidate separate assessments into joint assessments, causing considerable inconvenience to taxpayers and additional workload for the Rating and Valuation Department. Again, this is not our legislative intent. We therefore propose to remove this requirement, so that a car parking space will qualify for mortgage loan interest deduction as long as the car parking space is purchased with the same mortgage loan as the dwelling. This amendment is proposed to take effect from the 1998-99 year of assessment, that is from the first year this deduction was introduced.

Thirdly, we propose to empower the Board of Review to extend the period for lodging an appeal against the imposition of additional tax under prescribed circumstances. In the absence of such a provision at present, the Board has no power to extend the current one-month period, even where it is satisfied that an appellant was prevented by illness or absence from Hong Kong, or other reasonable cause, from giving notice of appeal within the prescribed period. We therefore propose this amendment in order to remove the present rigidity.

Fourthly, we propose to make a technical amendment to the provision in the Chinese text relating to exemption granted to charitable bodies in respect of taxes that would otherwise be imposed by the Ordinance. The amendment makes it clear that the exemption applies to any charitable institution of a public nature or any charitable trust of a public nature. The amendment will ensure that the English and Chinese texts carry the same meaning.

Fifthly, we propose to make a technical amendment to section 70 of the Ordinance which sets out the circumstances under which an assessment became final and conclusive, by substituting a reference to section 68(2A) of the Ordinance which has already been repealed, with section 68(1A)(a) which contains the substance of the repealed section. Section 68(1A)(a) permits a taxpayer who has appealed to the Board of Review to give the Board written notice of withdrawal of the appeal at any time prior to its hearing. Under section 70, once such a written notice has been given, the assessment would become final and conclusive. This amendment seeks to make this condition clear and avoid possible doubts.

The second category of miscellaneous amendments relate to costs and fees for tax appeal cases. The amendments propose to transfer both the costs which the Board of Review may impose on taxpayers lodging frivolous tax appeal cases, as well as the application fee for requiring the Board to state a case on a question of law, from the principal Ordinance to the Schedule. They also seek to empower the Secretary for the Treasury to vary the actual amount by an order, which will be subject to negative vetting by this Council. The purpose is to streamline the legislative process.

The last category of miscellaneous amendments is to repeal spent provisions, which concern transitional arrangements which are applicable only to the 1989-90 year of assessment. Under the existing Ordinance, any assessment or additional assessment can only be raised within six years after the end of a particular year of assessment. Assessments for the 1989-90 year of assessment have, therefore, already been time-barred since April 1996. In other words, section 89(1) and Schedule 5 are no longer necessary. We therefore propose to repeal them.

President, with these remarks, I commend the Bill to Members.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Inland Revenue (Amendment) Bill 2000 be read the Second time.

In accordance with Rule 54(4) of the Rules of Procedure, the debate is now adjourned and the Bill referred to the House Committee.

STAMP DUTY (AMENDMENT) BILL 2000

SECRETARY FOR THE TREASURY: President, I move that the Stamp Duty (Amendment) Bill 2000 be read the Second time.

The Bill seeks to exempt the fixed stamp duty chargeable on a transfer of units when the units are issued or redeemed and when a constituent fund of a mandatory provident fund (MPF) scheme is a party to the transfer; and to dispense with the requirement to stamp the relevant instruments of unit transfers. The underlying objective is to facilitate the smooth implementation of the MPF scheduled for implementation on 1 December 2000. To tie in with the commencement date of the MPF, we propose that the Bill should take effect also on 1 December 2000.

Under the Mandatory Provident Fund Schemes Ordinance, the entire workforce in Hong Kong, save for the exempted categories, for instance, domestic employees and self-employed licensed hawkers, are required to join MPF schemes. An MPF scheme is governed by a trust. Contributions made into a constituent fund of an MPF scheme will be invested to generate profits which will eventually be accrued to the scheme members' interests. Investment may also take the form of investment in approved pooled investment funds.

A constituent fund under an MPF scheme and an approved pooled investment fund in which a constituent fund invests fall within the definition of a unit trust scheme under the Stamp Duty Ordinance. Under the existing Stamp Duty Ordinance, all the transfers arising from both the indirect allotment of units through fund managers either between a constituent fund of an MPF scheme and the scheme member or between a constituent fund and an approved pooled investment fund, as well as those arising from redemption of units between the same parties, are chargeable to the fixed stamp duty which is currently fixed at \$5 per instrument of transfer. Moreover, all the relevant instruments of transfer in these transactions are required to be endorsed by the Collector of Stamp Revenue as not chargeable with *ad valorem* stamp duty in order to become duly stamped instruments which can be received as evidence in civil proceedings and can be acted upon, filed or registered by public officers and body corporates.

Given that around 3 million employees and self-employed persons will participate in MPF schemes, we expect that the number of transfers arising from indirect allotment of units through fund managers, and redemption of units which

may be executed in a year will be huge. Our preliminary estimate is that the total number of such MPF-related transfers may involve 400 000 additional instruments a year, or some 1 500 documents a day. This amounts to 160% increase in the volume of transfers handled by the Stamp Duty Office in 1999-2000. The processing of these transfer documents involves cash or cheque collection, vetting, stamping and despatching documents.

To enable the Stamp Duty Office to cope with this additional workload while continuing to deliver its stamping service according to its performance pledge, that is, stamping to be performed within the same day, the Stamp Duty Office will require at least two additional clerical staff and a new franking machine, while the estimated revenue gain will only be \$2 million a year.

Separately, the stamping requirements in respect of the various unit transfer transactions will complicate the procedures involved in investment transactions under MPF schemes, and add to the administrative burden of both the trustees and fund managers. Such extra administrative costs may be passed on to MPF scheme members, that is, the employees and self-employed persons, and hence reduce the amount of retirement benefits eventually available to them.

In view of the above concerns, we propose in this Bill to exempt the four specific types of unit transfers under MPF schemes, from the requirement to pay the fixed stamp duty of \$5 per transfer instrument and the requirement to submit the instrument of transfer to the Collector of Stamp Revenue for endorsement to the effect that it is not chargeable with *ad valorem* stamp duty. These exempted transactions are:

First, indirect allotment of units by constituent funds under MPF schemes to scheme members through the fund managers;

Second, redemption of units in constituent funds by MPF scheme members;

Third, indirect allotment of units by approved pooled investment funds to constituent funds under MPF schemes through the fund managers; and

Fourth, redemption of units in approved pooled investment funds by constituent funds under MPF schemes.

This proposal will facilitate the smooth implementation of the MPF, by simplifying the procedures involved in investment transactions under such schemes, and reduce the administrative burden which may otherwise be imposed on both the trustees and managers.

President, with these remarks, I commend the Bill to Members.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Stamp Duty (Amendment) Bill 2000 be read the Second time.

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

IMMIGRATION (AMENDMENT) BILL 2000

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move the Second Reading of the Immigration (Amendment) Bill 2000. The Bill seeks to empower the Director of Immigration (the Director) to specify a genetic test procedure by notice in the Gazette whereby persons who claim right of abode (ROA) under paragraph 2(c) of Schedule 1 to the Immigration Ordinance may follow when the Director, on the basis of the evidence submitted by the claimants, is not satisfied that the claimants are born to a Hong Kong permanent resident. The Bill also empowers the Director to charge a fee for the performing of the genetic test and specify the amount of the fee by notice in the Gazette.

Under paragraph 2(c) of Schedule 1 to the Immigration Ordinance, persons claiming ROA have to apply for a Certificate of Entitlement (C of E) in such manner as prescribed by the Director pursuant to the law. According to the judgement of the Court of Final Appeal delivered on 29 January 1999, such persons include those who were born out of wedlock to a male Hong Kong permanent resident.

In accordance with the C of E scheme, a mainland resident applying for a C of E has to submit his application to the Director through the Bureau of Exit-entry Administration (BEEA) of the Ministry of Public Security. An application for a C of E may be regarded as an application for exit approval (that is, a One-way Permit) as required by Article 22 para 4 of the Basic Law and the

interpretation of such provision given by the Standing Committee of the National People's Congress on 26 June 1999.

A C of E applicant, born within or out of wedlock, has to submit evidence on his claimed parentage with a Hong Kong permanent resident parent. Where the Director is not satisfied with the claimed parent and child relationship on the basis of the available documentary proof submitted by an applicant, it is our policy that the applicant will be required to undergo a genetic test specified by the Director. Written consent of the applicant will be obtained before carrying out the test. The fee charged for the tests will be determined on a full cost recovery basis.

The Director has agreed with the BEEA the genetic test procedure as regards applicants from the Mainland. The procedure envisages that:

- (a) the BEEA will provide its assessment to the Director as to whether an applicant will be required to undergo a genetic test, based on the documentary evidence provided in an application.
- (b) The Director will make the final decision on whether a genetic test would be required and, if so, will inform the mainland authorities accordingly.
- (c) The mainland authorities will be responsible for taking and testing the tissue specimens of an applicant and his/her mother (or father) residing in the Mainland. The Technology Department of the Criminal Investigation Office of the Guangdong Public Security Bureau will be responsible for the conduct of the tests. In Hong Kong, the Immigration Department will be responsible for taking the tissue specimens of the applicant's father (or mother) in Hong Kong and the test will be conducted by the Government Laboratory.
- (d) The test results of the mainland authorities and the Government Laboratory will be exchanged for collaborative analysis independently.
- (e) Findings of the analysis will again be exchanged for cross checking before the test reports are issued to the Immigration Department and the BEEA. Based on the reports, the Immigration Department and

the BEEA will process the application for a C of E and a One-way Permit respectively.

An applicant may refuse to undergo a genetic test but this refusal, together with other evidence submitted by him, will form the basis on which the Director will make a decision on his application, while the Director may draw such adverse inferences from the refusal as he considers appropriate.

As regards C of E applicants residing in places other than the Mainland, namely, Macao, Taiwan or overseas countries, likewise they will have to submit documentary evidence to prove their claimed relationship with their Hong Kong permanent resident parent. If the claimed parentage is in doubt, the applicants will be required to come to Hong Kong to have their tissue specimens taken by the Immigration Department and tested by the Government Laboratory.

In June this year, we have consulted the Panel on Security in respect of the said genetic test procedure. Some Members have expressed concern about the possibility of corrupt practices. I have also learnt from newspapers that some members of the community are worried about the possibility of "switching". I can assure Members that there will be a full array of measures in place to prevent any fraud and to ensure stringent and reliable technological standards of the genetic test procedure. Details are set out at Annex C to the Legislative Council Brief sent to Members. I would like to emphasize two points:

- (a) There is only one mainland testing organization. Our specialists have conducted an on-site inspection and confirmed that it has reached the technological standard for the conduct of genetic tests. In conducting the tests, the mainland testing organization will follow the procedures adopted by the Government Laboratory. For this purpose, it has paid a visit to the Government Laboratory for an in-depth and thorough study. As the Government Laboratory has been internationally accredited, such arrangements can ensure stringent testing procedures and reliable testing results.
- (b) Both sides will exchange the tests results, together with the raw analytical data of each testing case for comparison and independent analysis before coming to a conclusion. Therefore, the procedure will be strictly monitored.

Regarding a proposed review discussed by the Legislative Council earlier, that is, conducting genetic tests at immigration checkpoints by random sampling, I must reiterate that we cannot accept the proposal. According to the Department of Justice, implementing this proposal is tantamount to taking arbitrary and discriminatory measures against people who have undergone genetic tests. Once an applicant is issued a C of E, he has ROA, including the right to land. Unless there is sufficient evidence to prove a fraud, the Director has no reason to doubt the identity of the holder of a C of E. However, Members can rest assured that in case of fraud, the Immigration Department has the right to initiate investigation under the Immigration Ordinance, and if there is sufficient proof, it can revoke a C of E and repatriate the person concerned to the Mainland.

It has been almost two years since 29 January 1999 when the Court of Final Appeal delivered the judgment that children born out of wedlock have ROA. Around 500 applications by children born out of wedlock have not been handled as a genetic test procedure is not available. I hope that Members will support this Bill so that the identity of the people concerned can be verified, and they can thus exercise their ROA in Hong Kong as soon as possible.

Madam President, I beg to move.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Immigration (Amendment) Bill 2000 be read the Second time.

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

REHABILITATION CENTRES BILL

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move the Second Reading of the Rehabilitation Centres Bill.

This Bill seeks to provide a legal basis for the formulation and implementation of a rehabilitation centre programme for young offenders, to provide an additional sentencing option for the Court in dealing with young offenders. The proposed programme is an important new measure for improving rehabilitation services for young offenders.

In 1996, the Standing Committee on Young Offenders of the Fight Crime Committee commissioned the City University of Hong Kong to conduct research into the effectiveness of rehabilitation programmes for young offenders. The research found the existing rehabilitation programmes effective, but noted that there was a service gap of young male offenders who are physically unfit for the Detention Centre programme, and for young female offenders who are not involved in vice-related offences. The Court has no alternative but to sentence them to Training Centres run by the Correctional Services Department (CSD), which may be too harsh in terms of the length of detention, or put them on probation under the supervision of the Social Welfare Department (SWD). As a result, the sentences for these young offenders may either be too heavy or too lenient.

After detailed research and extensive consultation, we proposed a new short-term residential rehabilitation programme with emphasis on community-based measures. It is physically less demanding than the Detention Centre programme, and provides an intermediate sanction between the longer-term Training Centre programme run by the CSD and non-custodial measures administered by the SWD. The programme will be operated in Rehabilitation Centres specified under the Bill and administered by the CSD. It consists of two phases. The first phase will provide two to five months' training in a correctional facility which focuses on discipline training and aims to help the young offenders learn to exercise better self-control and develop a regular living pattern. Counselling, social skills training and basic work skills training will also be provided by the CSD. During the second phase, young offenders will be accommodated in a hostel with a half-way house setting for a period of one to four months on a mandatory basis. They may go out for work, attend vocational training and educational courses, and participate in community service programmes. They will also be encouraged and assisted to maintain contacts with their family members and friends, to re-establish family relationship and establish healthy social life.

The total period of detention would range from a minimum of three months to a maximum of nine months. The actual period of detention to be served by a young offender will depend on the offender's progress and behaviour. Ongoing assessment will be made on the conduct, self-care ability, response towards counselling of each young offender to determine the appropriate time to transfer the young offender from the first phase to the second phase of the programme and to release him from the rehabilitation centre. Discharged young offenders will be subject to one year's statutory supervision by CSD aftercare officers to assist them in reintegration into society.

The proposed programme targets at young offenders who are aged from 14 to below 21 and whose crimes call for a short-term custodial sentence. They are those who do not have a long string of previous convictions and who have committed such offences as shoplifting and minor assault where a long period of detention in a Training Centre (of up to 36 months) is not justified by the nature of the offence, but where rehabilitation may not be effectively achieved through non-custodial measures such as probation. The City University's research in 1996 recommended that the potential targets of service should also include young male offenders who are physically unfit for detention in a Detention Centre, and female offenders who are not involved in vice-related offences. We believe that the proposed rehabilitation centre programme will help the Court suit the remedy to the case when it mete out sentence for a young offender, so that various types of young offenders will be offered rehabilitation services that best meet their needs. The new programme aims to deter young offenders from committing further crimes, correct their delinquent values and behaviour, help them develop socially acceptable behaviour and respect for law, equip them with necessary social and life skills to enhance their problem solving capacity, and provide them with opportunities to learn the necessary skills. The ultimate aim of our correctional policy is to more effectively assist offenders in turning a new leaf and reintegration into society.

The rehabilitation centre programme has the support of the Judiciary. In December 1988, we sought the advice of the Panel on Security of the then Legislative Council and it showed support for the proposal. On 10 November 1999, we introduced the Bill into the then Legislative Council but it had lapsed at the end of the Legislative Session before the previous Legislative Council had time to scrutinize it and the Bill has to be re-introduced now. We hope that the Legislative Council will pass this Bill at an early date to facilitate the smooth implementation of the new programme.

Madam President, I beg to move.

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

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions with no legislative effect. I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates. The movers of the motions will each have up to 15 minutes for their speeches including their replies, and another five minutes to speak on the amendments. The movers of amendments will each have up to 10 minutes to speak. Other Members will each have up to seven minutes for their speeches. Under Rule 37(3) of the Rules of Procedure, I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Impoverishment of marginal workers.

IMPOVERISHMENT OF MARGINAL WORKERS

MISS CHAN YUEN-HAN (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

Madam President, with the aggravation of the wealth gap problem, the number of marginal workers is increasing all the time. They may be unemployed or underemployed. Such a deplorable situation has aroused widespread concern in the community. For instance, Mr Fred LI of the Democratic Party has proposed a motion very similar to mine on "Impoverishment of Marginal Workers" today, that is, on "Creating Employment Opportunities".

Mr Fred LI's motion has almost totally assimilated the strategy to "prioritize the provision of employment" proposed by the Hong Kong Federation of Trade Unions (FTU), with its suggestions to encourage employers, through tax concessions, to offer jobs to graduate retrainees, create community jobs and help local domestic helpers to find employment. As such, it can be said to have taken on board all the views expressed by the FTU or the labour sector in the legislature in the past. This shows that the Democratic Party is more receptive to views than the Government.

In recent months, after studying the Government's statistics, several organizations have pinpointed the wealth gap problem and expressed a lot of

views. The Oxfam pointed out that the number of marginal workers has kept increasing over the past few years, from 440 000 in 1996 to 640 000 in 1999, representing an increase of 45%.

I have also noted a term seldom used before, that is, "working poverty", which has always accompanied the term "marginal workers" in recent years. In the past, as long as one had a job, one would not have to worry about the meals. Today, many workers work more than 10 hours a day, but are still unable to feed and clothe their family. Hundreds of thousands of workers can only work intermittently and cannot find a long-term and stable job.

This is reflected by the number of Comprehensive Social Security Assistance (CSSA) cases. After the financial turmoil, the number of CSSA cases has increased yearly. After the Government tightened its CSSA policy last year, the number of CSSA cases dropped from some 31 000 to some 26 000 in the first quarter of 2000. However, we also note that the number of low-income persons receiving CSSA has increased instead of decreased. In 1994, there were only 991 such cases. By March 2000, the number had risen sharply to some 8 000 cases. Many who suffer from working poverty have to collect CSSA for low-income earners as a subsidy.

While we feel sad about the rising number, the positive side is that these figures prove what we have firmly believed all along, that is, Hong Kong people do not turn to CSSA because they are lazy. No matter how hard the work is, Hong Kong people are willing to toil for a living as long as they have a job.

The Government has also recognized the problem of the "poor", the "needy" and the "marginal workers". Recently, the Chief Executive admitted in the policy address that there are 1 million needy people. The policy address also made various proposals to help the poor and the needy, including the creation of over 7 000 jobs as a direct response to calls in the community to help the poor workers. The suggestions of the FTU and other voluntary organizations were adopted in the proposals to create certain jobs, such as jobs in refuse collection and supporting staff in personal care and ward services. At least a few thousand jobs will be created over the next two years, so that thousands of people will have employment. However, compared to the number of poor people, these jobs are only a drop in the bucket, they cannot effectively improve the livelihood of "marginal workers".

Madam President, in the FTU's view, in order to improve the livelihood of "marginal workers", the first thing to do is to create employment opportunities. Since last year, the FTU has been propounding an economic development strategy that "prioritizes the provision of employment". In formulating its economic policy, the Government of the Hong Kong Special Administrative Region (SAR) should take into account the employment needs of the labour force.

At present, although there is economic growth in Hong Kong, the employment situation has not improved. There is also structural unemployment. If the Government intends to implement the policy of "prioritizing the provision of employment", it should understand that an economic upturn will not stimulate employment. Instead, it must adopt a policy of creating employment opportunities. Similarly, the Government cannot deal with the problem of unemployment and low income by giving out CSSA alone. Instead, it should strive to provide employment opportunities so that workers can work for a living.

Madam President, with the economic development strategy that "prioritizes the provision of employment" proposed by the FTU, we are not asking the Government to create jobs direct. Rather, we are asking it to adjust its existing policy or to assist certain job types or trades in order to create jobs.

As we can see, the local market does have a demand for the services of domestic helpers. But since the wages of local domestic helpers are not as low as those of foreign domestic helpers, they can hardly compete with the latter. If the Government wants to promote localization of domestic helpers, it should change its policy, such as reviewing its policy of importing foreign domestic helpers. It can also subsidize the wages of women who have switched to working as domestic helpers for a certain period in order to encourage employers to employ them. These measures are not new and are now implemented by the Government. For instance, under the present Youth Pre-employment Training Programme, the Government provides a monthly subsidy of \$2,000 to each of the trainees. If the Government finds the above measure infeasible, the FTU has also proposed that the Government can give tax concessions to families hiring local domestic helpers. This would also achieve the purpose of promoting the employment of local domestic helpers. Another example is that we have proposed promoting the waste recycling and recovery industries, improving the recovery process of recyclable waste and providing the industries

with land and infrastructural facilities. According to the estimates made by the FTU and environmental groups, this would immediately create tens of thousands of employment opportunities to absorb middle-aged, non-skilled workers, and solve our environmental problems. Many workers' mutual aid groups and green organizations have reacted favourably to this suggestion and put forward a lot of specific and feasible proposals.

Madam President, the provision of employment opportunities alone will not necessarily alleviate the problem of working poverty. At present, workers have to work long hours and their wages are so low that they cannot feed their families. Many employers employ workers for less than 17 hours a week. Since employees working for less than 17 hours weekly are not protected by the Employment Ordinance, then they will lose their due compensation in case of dismissal, retrenchment or winding up of their companies.

In the FTU's view, it is now time to review the labour legislation comprehensively, such as reviewing the "418" regulation on the determination of employment relationship mentioned just now, that is, workers must have worked for four weeks and 18 hours weekly for the establishment of employment relationship. Only then can they enjoy entitled employment rights. In our view, the Government should examine this question or abolish some requirements, such as the requirement on the number of working hours. The Government should also explore the feasibility and implementation of a minimum wage policy, in order to ensure that the rights of "marginal workers" are protected in the present difficult environment.

Madam President, as for helping the unemployed, Hong Kong is one of the few places that does not have any unemployment assistance system. The unemployed can only tide over their difficulties with CSSA or their own savings. However, CSSA cannot help the unemployed. Although CSSA for unemployment is now tied to the "Support for Self-reliance Scheme", the scheme only requires participants to look for a job. There is no subsidy for the expenses incurred in job seeking, such as buying newspapers, taking public transport and meals. For physically fit people who are looking for a job, the CSSA payment of \$1,805 cannot cover their expenses apart from paying the rent and paying for meals.

Besides CSSA, the FTU suggests implementing a "re-employment support scheme" to provide the unemployed with financial assistance equivalent to the median wage, as well as employment services and training opportunities.

To implement the above measures, it involves also the question of resources apart from adjusting the policies. For instance, the wage subsidy and promoting the green industries will all entail commitment of government resources. The FTU has always been of the view that the existing profits tax regime fails to embody the principle of "vertical equity". If the Government can introduce progressive tax bands for profits tax, it will solve some of the problems we are now facing. The FTU has submitted a specific proposal to the Financial Secretary for this purpose. To look after the small and medium enterprises in Hong Kong, the present profits tax rate of 16% should remain unchanged, that is, the tax rate for companies earning less than \$5 million per annum can be preserved. However, the profits tax rate for companies earning between \$5 million to \$10 million can be increased by 0.5%, while that for companies earning more than \$10 million can be increased by 1%. Frankly, this will increase the income of the Treasury, and make these companies share the responsibility of developing Hong Kong.

Lastly, Madam President, I would like to talk about the question of the poverty line. The Chief Executive told us that there is no need to draw a poverty line in Hong Kong, for the important consideration is how best we can help the poor. The question remains: Without a definition for poverty, how can the Administration know how many people need help? How can it know what sort of manpower and resources to earmark? The Chief Executive thinks that poverty can be solved by CSSA. However, CSSA is based on the concept of absolute poverty. CSSA recipients are on the brink of abject poverty. I do not think that absolute poverty is the most appropriate way of defining poverty. We urge the Government to refer to the International Poverty Line Standard and draw it at 50% of the average monthly income of a household.

My colleague, Mr CHAN Kwok-keung, will talk about restructuring the framework for providing training.

Madam President, I so submit.

Miss CHAN Yuen-han moved the following motion: (Translation)

"That, in view of the aggravation of the problem of poverty and the increasing number of "marginal workers" in Hong Kong, this Council urges the Government to face up to the plight of marginal workers and to put in place the following measures to alleviate their hardship:

- (a) Implementing an economic development strategy that "prioritizes the provision of employment", for example by promoting the waste recycling and recovery industries, developing community and personal services, as well as strengthening the assistance for small and medium-sized enterprises, so as to create employment opportunities for the unemployed and provide opportunities for the low-salaried and less skilled workers to find better jobs and improve their livelihood;
- (b) Introducing progressive tax bands for profits tax, so as to improve social services and reduce the disparity in the living standards between the rich and the poor;
- (c) Implementing a "re-employment support scheme" and, in the long run, considering the establishment of a more comprehensive unemployment protection system to provide unemployed workers with financial security and opportunities for participating in skills enhancement training while they are seeking employment, thereby facilitating their re-joining the workforce;
- (d) Reviewing expeditiously the existing labour-related legislation with a view to safeguarding the rights and interests of marginal workers who are in difficulties, for example, by abolishing the requirement that only those employees who have worked continuously for the same employers for four weeks and at least 18 hours a week will be protected under the Employment Ordinance, so as to prevent employers from evading their responsibility for providing employment protection to their employees; and
- (e) re-structuring the framework for providing training for workers, pooling the training resources, as well as encouraging trade associations and labour unions to play an active role in training workers."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Miss CHAN Yuen-han, as set out on the Agenda, be passed.

PRESIDENT (in Cantonese): Mr WONG Sing-chi will move an amendment to this motion, as printed on the Agenda. In accordance with the Rules of Procedure, the motion and the amendment will now be debated together in a joint debate.

I now call upon Mr WONG Sing-chi to speak and move his amendment.

MR WONG SING-CHI (in Cantonese): Madam President, I move that Miss CHAN Yuen-han's motion be amended, as set out on the Agenda. Madam President, now I wish to speak on the motion moved by Miss CHAN Yuen-han.

Miss CHAN Yuen-han has proposed the "re-employment support scheme" in her motion. Literally, it may be considered identical to the Support for Self-reliance Scheme of the Social Welfare Department, which only provides supporting services. However, Miss CHAN did not explain that it is actually a scheme of giving away money, neither did she explain that the scheme would incur heavy public expenditure.

The proposal of the Hong Kong Federation of Trade Unions (FTU) is to set up an unemployment relief fund. Any person who has worked for one full year and been subsequently unemployed for three months will be eligible to apply for the \$5,000 monthly unemployment relief, provided that his personal assets do not exceed \$120,000.

Let us take a look at the figures. Right now there are 170 000 unemployed people in Hong Kong. Assuming only half of them are eligible for the unemployment relief proposed by the FTU, that is, 85 000 people, and each of them is granted the \$5,000 relief monthly for a period of six months, then the Government will have to spend \$2.6 billion of public funds. Can we afford and sustain such an enormous financial expenditure? With regard to the issue of the provision of non-contributory unemployment relief, the Democratic Party has repeatedly expressed reservations in past debates in this Council. In fact, we consider the unemployment insurance system a sounder and reasonable alternative. We therefore strongly urge the Government to look into the possibility of launching an unemployment insurance system. Mr Andrew CHENG will speak on the issue in greater details later on.

The Democratic Party agrees that the Government should enhance its support to the unemployed. However, according to the proposal of the FTU, despite the fact that a jobless person may come from a wealthy family (assuming that the monthly income of his parents is \$100,000), he will still get his monthly unemployment relief of \$5,000 as the FTU has proposed. Is this a reasonable way of expending public funds?

We consider that under most circumstances, the amount of unemployment relief should be determined according to the financial conditions of the family of the applicant as a whole. At the present stage, the Democratic Party considers that there is still room for the Comprehensive Social Security Assistance (CSSA) Scheme to be improved, such as encouraging the unemployed to look for jobs at the same time when they are receiving financial assistance. These measures may include the granting of special allowances for job-seeking purposes and a rise in the level of disregarded earnings.

As everyone knows, when a jobless person hunts for a job, extra expenses will arise frequently, including expenses in transport and clothing. Since the Government's retrenchment of CSSA rates last year, the unemployed can only get \$1,800 each month. It is already barely enough even to cover the expenses of daily subsistence. But if they have to spend several hundred dollars more each month for job-seeking purposes, I am afraid they are unable even to subsist. Under such circumstances, the unemployed can only limit themselves to looking for jobs in close proximity to their homes in order to save money. Sometimes their chances of finding jobs will grow slimmer as they cannot afford to buy new outfits. The Government should therefore grant these people special allowances so that they can afford to pay the extra expenses for job-seeking purposes.

Furthermore, if CSSA recipients take up employment now, they may only retain a portion of the income, and the rest will be deducted from the CSSA payments. Currently, the maximum income a jobless person is allowed to retain is only \$1,805. That is, around \$60 per day. However, expenses will surely increase when he goes to work. For example, if a resident from the North District finds a job on Hong Kong Island, it will cost him something more than forty dollars in travelling. The \$60 will be used up if he goes out to have lunch (I think he can only afford to buy a lunch box). Furthermore, the children left at home may also have to go out for lunch as their parents are working away from home. Taking into account the formula of deducting the income, they are simply unable to afford the extra expenses incurred by working

away from home. As a result, the quality of living of these families deteriorates after the CSSA recipients have found jobs. Therefore, we consider the Government should raise the level of disregarded earnings, so as to allow CSSA recipients to improve their quality of living by going out to work. In fact, it is widely considered by social service organizations that the level of disregarded earnings should be doubled, so that CSSA recipients may be able to retain a maximum of \$2,708 of their income and have the remaining portion deducted from the CSSA standard rate.

We have also made another proposal in the amendment concerning the drawing up of legislation to protect the employment opportunity of middle and old-aged marginal workers. According to a recent survey conducted by the Hong Kong Council of Social Service, the problem of middle and old-aged marginal workers has become a serious issue as it reveals that over 30% of workers at the age between 45 to 60 have experienced unemployment in the past 12 months. Age discrimination is the major factor affecting their employment opportunities. According to the survey, 40% of the interviewees indicated that they had been rejected by employers because of their age. As a result, to legislate against age discrimination is very important to the protection of middle and old-aged workers. Mr Albert CHAN will address the issue in detail later.

I hope colleagues of the Democratic Alliance for Betterment of Hong Kong will look after the rights of middle and old-aged workers and support my amendment.

With these remarks, I beg to move.

Mr WONG Sing-chi moved the following amendment: (Translation)

"To delete "implementing a "re-employment support scheme" " after "(c)" and substitute with "enhancing the supports under the Comprehensive Social Security Assistance Scheme for assisting the unemployed and the low-salaried in rejoining the workforce, including granting special allowances for job-seeking purposes and raising the level of disregarded earnings,"; to delete "a more comprehensive unemployment protection" and substitute with "an unemployment insurance"; to delete "and" after "prevent employers from evading their responsibility for providing employment protection to their employees,"; and to add "; and (f) legislating against age discrimination in order to protect the middle and

old-aged marginal workers from not being offered employment solely because of their age" after "to play an active role in training workers".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr WONG Sing-chi to Miss CHAN Yuen-han's motion, be passed.

MR LAU CHIN-SHEK (in Cantonese): Madam President, in the early 1950s or 1960s, whenever the word "poverty" was mentioned, I believe people would associate it with those people living in certain specific conditions. They were living in wooden huts; their breadwinners were unemployed; their family members were seriously ill but lacked the means to consult the doctor; their children were not given food to eat and had insufficient money to pay their school fees. In a nutshell, the economy at that time had yet been fully developed and there were little employment opportunities. At the same time, the Government lacked resources to promote social services. It was thus easier to understand the impoverishment of society.

But nowadays, Hong Kong society is highly advanced after almost five decades of development. The Government has now fiscal reserves of over \$400 billion. Our economic growth rate over the past nine months nearly reached double digits. However, our poverty problem has become more and more serious behind these apparent scenes of prosperity. As a matter of fact, the poverty problem currently faced by Hong Kong is not as simple as that in the early 1950s or 1960s because the characteristics of the poor population are multitudinous. Some have family members who are suddenly out of job and cannot find employment in the same industry. Some have their wages reduced to such a low level that it is difficult to support themselves, not to mention their families. Some have their mortgaged property turned into negative assets; some are elderly singletons who do not have the means to support themselves, and some are new immigrants. Since the situations of families on the brink of poverty are greatly different from those in the past, the Government should take a multitude of active measures in dealing with matters ranging from the promotion of employment to improvement of the livelihood of poor marginal workers, and so on to genuinely rid the poor families of poverty and enable skilled workers from the lower stratum to have stable jobs. Today, I would like to specifically discuss the proposal on ways of promoting the employment of marginal workers and wage earners from the lower stratum.

First of all, I would like to talk about a relatively simple measure. The Government should carry out maintenance work for some government buildings and properties at an earlier date. Examples are replacing air conditioners by environmentally friendly air-conditioning systems, maintaining lifts and having them replaced earlier. At the same time, the Government should also encourage private buildings to accelerate maintenance work by way of financial assistance in order to create employment opportunities for the workers of the lower stratum. I believe these maintenance and replacement works have to be carried out sooner or later. To carry out these works earlier will not only help create job opportunities, but also improve the working and living conditions at an early date. It will bring a lot of benefit to the environment of our society, and public health as well.

As regards the second suggestion, some colleagues have just now suggested the Government to promote the environmentally friendly recovery industry and to develop and subsidize community and personal services. In fact, if the Government fails to create posts in new industries to provide employment opportunities for the poorly-educated and low-skilled marginal workers, their number will certainly increase constantly and the disparity between the rich and the poor will definitely widen. I believe neither the Government nor the whole society would like to see this development.

Thirdly, the Government is duty-bound to upgrade the quality of various social services. Elderly services, home care services, child care services, improvement of teacher-to-student ratio in schools, and increase in the manpower of medical staff are what the public have long been strongly demanding for. As the Government considers the current economic growth to be robust, it is absolutely unreasonable to keep reducing expenditure on social services. I believe improvements in both the quality and quantity of social services will not only increase job opportunities, but also reduce the disparity between the rich and the poor.

In order to protect the "marginal workers", the Government should make an effort in enactment of legislation to enable them to enjoy equal employment opportunities. At present, age discrimination and difficulties experienced by the disabled in taking employment form the crux of the problem. I am particularly concerned about age discrimination because it is the usual reason for the middle-aged workers to be rejected when they look for employment. A survey commissioned by the Government early last year also clearly revealed

that there was serious age discrimination in recruitment. If the Government still turns a blind eye to the problem of age discrimination, I believe that these workers will continue to face difficulty in employment. I will keep moving private Members' Bills on age discrimination with respect to employment. Meanwhile, I would like to remind the Government to legislate for a quota system so that the employment opportunities of the disabled can be truly protected.

Madam President, as regards rendering assistance to the "marginal workers", I believe most people have stopped placing any hope on the Government because what the Government did in the period just past has given the people a feeling that it basically has no intention of helping workers of the lower stratum in finding employment. Although the Government mentioned in this year's policy address that 7 000 temporary jobs and a further 8 000 posts will be created, it has decided, at the same time, to cut 10 000 civil service posts in the next three years. Apart from that, government work will be actively contracted out. We can say that the Government creates jobs on the one hand and reduces jobs on the other. As a result of such "addition and reduction", the loss will eventually outweigh the gain.

Besides, we can say that the Government has actually done nothing at all by merely creating temporary posts without considering the wage earners' wishes to have stable jobs. Contracting out of government work may lead to wage reduction, diminishing employment opportunities and deterioration of service quality. This is harmful for the wage earners.

I hope the Government can really formulate measures that can genuinely promote employment for wage earners of the lower stratum and marginal workers, instead of indulging in empty talk.

MR JAMES TIEN (in Cantonese): Madam President, the employment problem of marginal workers is indeed an issue of great concern to the whole community of Hong Kong. However, the business sector and the Liberal Party are of the view that the Government should do more to create employment opportunities and jobs in trades at the grass-roots level. The growth rate published by the Government at the beginning of this year was about 14%, which sounded very favourable and appealing at. However, we understand that this growth is mostly attributable to the growth in the high-technology and export sectors, and a

lot of our grass-roots wage earners feel that they cannot share the fruits of the so-called economic growth or recovery.

On the whole, we think that our main objective should be to create employment opportunities and increase the number of jobs in Hong Kong at the grass-roots level in traditional service industries like retail, wholesale, transport, transportation, tourism and catering. We also understand that many of our industries such as the garment, toys and plastics industries have been relocated to the Mainland. Some of these relocated industries, which still consider they are not competitive enough, have even moved their production plants again to provinces like Hubei and Sichuan or Southeast Asian countries where labour costs are lower. In fact, it will not be helpful to our marginal workers, that is, those aged between 40 and 50 who are poorly educated and can never be employed to work in hi-tech industries even after retraining, even if these industries are requested to move back to Hong Kong. On behalf of the Liberal Party, Mr Tommy CHEUNG will give us a detailed analysis on this later on.

Meanwhile, I would like to talk about part (b) of the original motion, that is, the introduction of progressive tax bands into the profits tax regime, and I would also like to give my views on the last part of Mr WONG Sing-chi's amendment on age discrimination.

First of all, in regard to the introduction of progressive tax bands for profits tax, before I listened to Miss CHAN Yuen-han's speech, I thought that she was referring to the situation in the United States. The profits tax rate in the United States ranges from 15% to 35%. How many profits must a corporation in the United States make before the 35% tax rate is applied? The answer is over US\$18 million. The progressive tax rate will apply if the revenue passes this threshold, and there will be a great difference in the amount of tax payable. At first, I was not aware that Miss CHAN Yuen-han actually talked about a much smaller amount in her proposal. She verbally indicated that corporations having earned a revenue of \$5 million should pay tax at the normal rate, whereas those with a revenue between \$5 million and \$10 million should be subject to a 0.5% increase, and corporations with a revenue of \$10 million or over should be subject to a 1% increase. I think her only objective is to open the floodgate for increasing the tax rates, rather than to advocate the progressive tax regimes adopted in overseas countries. Miss CHAN Yuen-han proposed an increase of 0.1% or 0.5%, but she has not actually done any calculation to tell Honourable colleagues how much tax revenue can the Hong Kong Government obtain if this

regime is really adopted. How much tax revenue must the Government obtain before our social services can be improved as suggested in the motion? The revenue thus generated may be minimal. Then, how can our social services be improved? An additional tax revenue of 0.5% to 1% may not be helpful at all to narrowing the wealth gap. In the example of the United States, we see that a lot of corporations have split into smaller entities. Let us look at the McDonald's or Café De Coral in Hong Kong as two examples. Each of them operates more than a hundred outlets, and if the profit threshold of less than \$5 million as proposed by Miss CHAN is adopted, then each of these outlets may well try to keep their profits below \$5 million. In that case, should each of these outlets be required to pay tax at the proposed rate?

On the other hand, China will soon be admitted to the World Trade Organization. A lot of Hong Kong businessmen think that we will have a lot of business opportunities, and we should attract foreign investors to invest in China together with us. It is obvious that foreign investors will not be interested in establishing businesses in Hong Kong just for a profit of several million dollars. What they have in mind are profits or investments involving hundreds of millions of dollars. For example, the semi-conductor company which decided yesterday against setting up a plant in Hong Kong had intended to invest US\$1 billion. If we are to adopt such kind of progressive tax regime, then foreign investors would think that they would have to pay more tax for their investments in Hong Kong. Though we may say that our tax rate will only be increased by 1%, foreign investors will certainly think that the purpose of introducing this piece of legislation in Hong Kong will not be for a mere increase of 1%. They will think that we will eventually follow the footsteps of the United States and introduce a substantial increase of 15% to 35%. In that case, I am afraid that the chance of attracting foreign investors to invest in Hong Kong, and the hope that they will join us in setting up businesses in China, will become much slimmer.

As regards Mr WONG Sing-chi's proposal to legislate against age discrimination in order to safeguard the employment opportunities of elderly marginal workers, the Liberal Party has done a lot of research on this in the last few years, and we think that a lot of anti-discrimination legislation, though well-intentioned, will instead bring about adverse effects. We will talk about a quota system for the disabled in the next motion. The unemployment rate published yesterday dropped to 4.8%, which means that about 160 000 people are unemployed. Generally speaking, the sex distribution of the 160 000

unemployed population is quite even, with 50% for males and 50% for females; 50% for people aged above 30 and 50% for those aged below 30. In fact, among those who are unemployed at present, the number of old people is not particularly large. If we really legislate against discrimination to force employers to employ elderly people, such as those aged between 50 to 60 years, then at a time when employment opportunities are few, I believe that while the elderly people among the 160 000 unemployed may have more job opportunities as a result of the protection offered, more young people will become unemployed. The situation is similar to the condition of the disabled at present. Though, we have enacted an anti-discrimination ordinance, have the disabled really been given more employment opportunities as a result of it? We will discuss this in greater detail during the debate on the next motion.

I think that these two points as contained in the amendment and the original motion should warrant our deliberation. Thank you, Madam President.

MR TAM YIU-CHUNG (in Cantonese): Madam President, the subject of the debate today is a grave concern to the labour sector. The topic is certainly not new. Is there a panacea to the problem? We hope the new Secretary can contribute to finding a solution.

Let us first look at the cause of the problem. Very often, we think the cause comprises many new, or perhaps not new but evolving factors. Let us look at non-skilled and semi-skilled jobs in the market. There has not been much increase in the number of such jobs. However, there has been a rise in the number of applicants for such jobs. Why? I have thought about this carefully lately. Some think it is closely related to our demographic policies.

One demographic factor we need to consider is the 150 people coming to Hong Kong from the Mainland daily for family reunion. Most of these new arrivals may join the labour market sooner or later. Most of them will fill low-skilled or semi-skilled jobs. In addition, there is this group of people who have been working in Hong Kong as British nationals since before 1997. They became permanent residents after having stayed here for seven years. There are more and more people in this category who come to live and work in Hong Kong for family reunion. Thus we have an international workforce in the construction industry, because we have workers from India, Pakistan, Bengal, Nepal, and so on. They work together with local workers in the construction

industry. Many local workers who do not understand the situation read the phenomenon wrongly to be the result of a massive importation of labour by the SAR Government. So they thought the conditions under the SAR Government were even worse than those under the British Hong Kong Government. They do not know such workers are in fact permanent residents in Hong Kong and members of the Hong Kong community. With a large supply of labour in the industry, wages will definitely be driven down.

There is another phenomenon that we find hard to explain sometimes. Over the past decade, the number of foreign domestic helpers have increased from 70 000 to 210 000. This should bear evidence to show that Hong Kong has a huge market for domestic helpers and a great demand for such helpers. But when we made arrangement for local residents who wanted to work as home helpers, we encountered much difficulty. So, there is a problem in demography or in matching. We are often at a loss as to what to do in finding a better or more effective solution to the problem. Although I mentioned the term "demographic policies", I must make it clear that I did not intend any racial discrimination. I just want to point out that the gravity of the situation is mounting.

Moreover, many colleagues (perhaps it was the Hong Kong Federation for Trade Unions who first mentioned this) emphatically indicated the Government should promote environmental protection industries. Recently, I went to a paper recycling plant at the Yuen Long Industrial Estate for a visit. The plant was once shut down but was later taken over by a Korean company to continue its operation. A person in charge of the plant showed me around. He told me the plant was only operating at half capacity. One production line had stopped operation. He told me it was not easy to run such a plant because overheads were higher than those in other Asian countries. So, profit was low. In addition, the price of paper fluctuated immensely. Due to this instability, the paper recycling industry had to face much difficulty. He pointed out to me that most of the costs went to water and electricity. This might be a piece of unexpected information for Members. He said Hong Kong charged more than other Asian countries or regions for water and electricity, both of which were consumed in enormous quantities in the industry. So, he hoped the Government could consider formulating policies to help them solve the relevant problems.

I would like to point out that we should find ways to cope with a great economic restructuring and a host of other problems. I hope the policy departments and bureaux can be given responsibility for different policy areas. I hope every Policy Bureau will bear in mind the issues of employment and the creation of more jobs in Hong Kong, so that when they formulate policies, they could do so in such a manner that the aforesaid two issues are helped. Policies that affect employment adversely should be shelved. I hope that every government policy will result in more job opportunities.

I hope the Secretary for Education and Manpower can work together with the other Secretaries and bureau directors to see what can be done to better match efforts.

With these remarks, Madam President, I support Miss CHAN Yuen-han's motion.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, some say that the motion debates on marginal workers and the creation of employment opportunities are a prelude to our debate on the policy address. This statement is generally true, and it is a fact.

Why? The subject of today's debate relates to labour and employment. These are issues that we are all concerned about, and they are mentioned in the policy address. The Chief Executive made a number of promises in respect of these issues in the policy address. He hopes to solve many of the problems. People had held high expectations for the policy address before it was released by the Chief Executive. But unfortunately, for what enormous expectations they have held, they have been disappointed in the same magnitude.

Undoubtedly, the Government wants very much to do all it can to help the poor but, despite the loud noises made, little has actually been done. The main measures mentioned in the policy address relate to some jobs that are unfortunately temporary and limited in number. To the more than ten thousand unemployed, these jobs are a drop in the ocean. So we are disappointed with the measures in the policy address as far as helping the poor and the unemployed are concerned.

Madam President, the proposals made in today's motion are exactly what the labour sector has been fighting for over the years. We hope the Government can face up squarely to the more than ten thousand unemployed, especially the several ten thousand with low income (a number indicated by many recent surveys). They need improvement in their living. But once again we are disappointed by government actions which failed to get to the root of the problem.

In the past, the Government rejected policies and requests proposed by non-government bodies on ways to help the poor, on the pretext of a lack of funds. However, as many Honourable colleagues have pointed out, the Government has several hundred billion dollars in its reserves. Why does it say it lacks funds? The measures proposed in the policy address seem to involve lavish spending, but I do not think the money is going to be well spent. It cannot tackle the problems it is intended to tackle. On the contrary, the measures we are debating today do not involve lavish spending, but rather require the Government to adjust its policies so that marginal workers and the poor, who may be working, can be helped. For example, we propose to prioritize the provision of employment. The green industry, as pointed out by the labour sector, some green groups and some Members, would be a good industry. Many people estimate that at least 16 000 jobs can be created if we promote the recycling industry. Unfortunately, the Government is still hesitant and reluctant to do any work on this area. It is reluctant to promote the development of the recycling industry. Indeed, the Government has acted in the opposite direction by spending huge sums to build incinerators to burn wastes. This is not environmentally friendly. This is not helpful to the creation of employment opportunities. Why is the Government doing this?

We also see problems in the amount of disregarded earning for applicants of the Comprehensive Social Security Assistance (CSSA). The Government says it wants to encourage people on CSSA to rejoin the labour market. But as many colleagues have said, the amount of disregarded earning remains at \$1,805. For the low-income group wanting to apply for CSSA, that level is scarcely helpful. These examples aptly show that the Government needs not spend a fortune to help the low-income group or the poor. But the Government insists on its own way and pays no attention to our ideas.

Madam President, there are many examples that can show that the Government can help marginal workers with a slight adjustment in its policies,

for example, the progressive tax bands, unemployment insurance, legislating against discrimination, and the abolishment of the "four-week and 18-hour" requirement mentioned in the motion. Unfortunately, the Government is determined to follow its own course. It shows no sincerity to help the marginal workers. On the other hand, it has taken the lead to use loopholes in existing law to exploit and suppress employees. For example, in the beginning of the year, the Mass Transit Railway Corporation (MTRC), then still wholly owned by the Government, intentionally limited the working time of station assistants to 18 hours per week so that they were not protected by labour laws. In other words, the MTRC could thus pay less in terms of employee welfare. Why did the MTRC do that? Why did it abuse loopholes in the law? Is it good behaviour for the Government to take the lead in exploiting labour? Hence, I hope the Government will actually do something rather than only saying it will do something to help the poor. I do hope the Government will not hit the poor when they are down.

Apart from the measures put forward in the original motion and the amendment, I have been proposing a minimum wage and regulation on work hours. These can effectively help the marginal workers out of their difficulties. Unfortunately the Government would not do anything in this regard. So, we hope that as the Government talks about training, it can consider also the actual working environment and conditions of our workers. If workers have to work 12 to 13 hours daily, how can they spare energy for retraining? If they are not well fed or sheltered, how can they enhance themselves?

In fact, as I said just now, all that the Government needs to do is to adjust its policies to match the present needs. The above measures may help the vast number of marginal workers to improve their living. I do not wish we have to hold repeated discussions at meetings of this Council. I do hope the Government can act right away if it is really mindful of helping the poor. Thank you, Madam President.

MR CHAN KWOK-KEUNG (in Cantonese): Madam President, Hong Kong has developed into a prosperous and advanced region. Although the Asian financial turmoil has brought about certain impact, the Hong Kong economy has seen double-digit growth as it enters the year 2000. According to a latest survey by the World Bank, Hong Kong ranked 12th in the world in terms of wealth. Behind all this apparent prosperity is the fact that there are still around

160 000 or 170 000 unemployed, and there are 390 000 workers earning less than the median wage (that is \$5,000) per month. Thus it can be seen that they cannot share the fruits of our economic development.

These marginal workers are mostly women or people past the middle age. Often they are the breadwinners of the household. The level of their income often directly affects the family life of the entire household. They lack skills. They lack academic qualifications. They cannot meet the requirements of a highly knowledge-based society. All these factors, coupled with a slow-down in the service industry consequential upon the Asian financial turmoil, have reduced the number of positions that may suit them.

The Hong Kong Federation of Trade Unions (FTU) is of the view that in order to help the marginal workers, the first and foremost task is the creation of employment opportunities for them. In January this year, I tabled a motion entitled "creating employment opportunities by providing support for the waste recovery and recycling industries". I pointed out that environmental protection industries are labour-intensive industries. They can create employment opportunities for grass-root workers so that they do not have to rely on CSSA and stand on their own feet instead.

Some may say physical labour is hard work, so most Hong Kong people are reluctant to perform this kind of labour, and it would be difficult to recruit workers even at a salary of over \$10,000. But what many job applicants told us was a different story. When they were interviewed by their prospective employers, the wages offered were drastically reduced, sometimes to even less than half of the advertised rate, with an over 12-hour day, but no overtime pay and with only two holidays monthly. That was excessive exploitation.

Moreover, many grass-root workers are forced to live in public housing estates in the remote New Territories North. A bus journey to town will cost them over \$20. Expenses on transport and lunch alone take up a significant portion of their income. Hence, no matter how hard they work, from early morning till late at night, they still find it hard to make ends meet or to support the family. So, we must not unleash biased criticisms against workers for their reluctance to take up certain jobs. We must take into consideration other factors such as remuneration, working conditions, and the amount of salary in terms of the support it can give to the family.

For workers to get out of poverty completely, an important tool to reach that aim is training that will upgrade their skills to cope with new jobs. But the existing training programme is not as effective as desired. Nor is it well planned. When we were faced with the unemployment problem of the middle-aged, the Employees Retraining Board was set up. When we were faced with youth unemployment, we set up the Youth Pre-employment Training Programme lasting for several weeks. But all these plans have failed to successfully help participants find jobs. This year sees the birth of the "on-the-job training subsidy". All these are piecemeal tactics that lack planning and co-ordination, that are overlapping and that squander resources.

The FTU deems it necessary to review and reorganize the entire training structure, including pre-employment, on-the-job, and post-employment training in Hong Kong. We propose that participants who have completed retraining be allowed to pursue further courses in vocational training. The Pre-employment Training Programme should also be integrated into formal education or pre-employment curriculum. As it takes time to get a good grasp of a job skill or to upgrade skills, the Administration should encourage local enterprises and industries to provide training for their employees so that they would not be rendered redundant in the labour market.

Regarding assistance for the unemployed, as pointed out by Miss CHAN, we should set up a "re-employment support scheme" specially designed for the unemployed, as a scheme other than the Comprehensive Social Security Assistance Scheme. In the long run, we think there should be a better unemployment protection system, which comprises protection in financial terms as well as measures such as training, job placement or even low-interest loans for further studies by employees and wage allowance. Adequate training is needed to help workers to rejoin the labour market, and protection can take the form of contribution or insurance or a form agreed upon after discussion in the community.

In summary, help for the marginal workers must be multi-faceted. The newly-added measures mentioned in the policy address, such as a review of the labour importation scheme and the addition of new posts, may still serve well to narrow the wealth gap, although they may not be able to help the poor out of poverty. To tackle the impoverishment of the marginal workers, we may make

reference to suggestions by the FTU and other community organizations. The Administration should put forward comprehensive plans and strategies to help marginal workers out of their plight.

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

DR LUI MING-WAH (in Cantonese): Madam President, the motion proposed by Miss CHAN Yuen-han is worthy of our attention. The original intention of the motion is meant to urge the Government and the community to face squarely the plight of our "marginal workers". I fully agree with it. However, I cannot accept all the solutions proposed in Miss CHAN's motion as they are one-sided and limited. They are also inconsistent with the principles of a free economy, hindering the economic development of Hong Kong and even compromising the long-term interests of Hong Kong.

Madam President, government statistics show that in the past nine months, the Hong Kong economy has made remarkable progress. The Gross Domestic Product for this year is going to reach a promising 8%, although the unemployment rate will stand at about 4.8% while underemployment remains at 2.6%. The reality means the grassroots are among the worse off, thereby accelerating the "impoverishment of marginal workers" and polarization of the rich and the poor in the community.

Madam President, the above situation is caused by three major factors: firstly, the relocation of the manufacturing sector; secondly, shrunken internal consumption; and thirdly, demographic policies. To solve the unemployment problem, we must go to the root of it. The Hong Kong economy nowadays rely on such service industries as finance, insurance, transportation, retail, public services, catering, tourism and telecommunications. The number of employees needed by these industries is limited and many grass-roots workers are unable to fill most of these jobs (because of their quality). Whereas the manufacturing sector in Hong Kong employed some 900 000 workers in the early eighties, it now employs less than 200 000 who are mainly management staff. The grassroots are barred from entering this work category. Next, we have a shrunken internal consumption due to a high unemployment rate and an increasing number of Hong Kong people purchasing goods and services outside Hong Kong. This has an indirect but adverse effect on job openings in the service industries. A vicious circle is thus formed.

Madam President, it can be seen from the above analysis that what is confronting Hong Kong is a problem of structural unemployment. To maintain a high employment rate, we must revive the local manufacturing sector, which is the only means to create a large number of jobs for the grassroots. That is the reason why the Government is making extra efforts in assisting the small and medium enterprises, which is a correct move. However, Miss CHAN's proposals intend to make the present profits tax regime progressive. But this runs counter to the spirit of promoting the development of the manufacturing sector and is not conducive to attracting inward investment.

Madam President, a healthy community should cater to the needs of the disabled, the aged and those people who have lost the ability to look after themselves. And there should also be a social security system that is acceptable. The proposed strategy of launching a scheme to prioritize the provision of employment for the sake of employment creation without regard to economic principles is a waste of public funds and not sustainable. Miss CHAN's proposal to amend the present proven labour laws to help the "marginal workers" is Procrustean, an act fallen short of a good one, I am afraid. Neither is strengthening retraining schemes an effective prescription to cure the sore for the "marginal workers". The reason is that an imbalance has appeared in the labour market. The problem does not lie in a lack of manpower for the right jobs, but in a lack of jobs.

Madam President, I do appreciate the concern shown by Miss CHAN for the "marginal workers". However, I must say her proposal cannot rid Hong Kong of a high unemployment rate and the growing gulf between the rich and the poor. I think only by reviving the local manufacturing sector can we maintain a high employment rate.

MR TOMMY CHEUNG (in Cantonese): Madam President, over the past few months, there have been a lot of in-depth discussions on the labour and poverty issues among the various sectors of the community. I shall set out next the reasons why the Liberal Party opposes the original motion of Miss CHAN Yuen-han.

The Liberal Party is of the view that we should not discuss employment and poverty in isolation because, in the final analysis, both of them are closely related to the overall economy. As long as our overall economy can maintain

the momentum of growth, as long as the workers of Hong Kong are able to upgrade their skills, and as long as there is a satisfactory social security net in our community, then I believe that we will be able to relieve the problem of poverty very significantly. However, the most important point is that the Government must never "hand out" any money, for this will distort the market and impart a very wrong message. Instead, it must do the best it can to improve the business environment and make investments in education and manpower training.

The motion urges the Government to implement an economic development strategy that "prioritizes the provision of employment". In other words, the motion implies that the Government should take proactive actions to finance the development of labour-intensive industries and provide assistance to marginal workers, so as to boost the employment rate.

The Liberal Party also agrees that the Government should monitor the employment problem closely, but it opposes any direct government intervention in the market. As pointed out by the Chief Executive in the policy address, improving the overall economy and upgrading the quality of people through education and training are the only means to create job opportunities and ease the problem of unemployment. The role of the Government should be limited to the creation of a business-friendly environment and the provision of essential support. Any attempts to interfere with the labour market will run counter to the principles of free economy, and such attempts simply cannot solve the unemployment problem at root.

If the overall economy can prosper, more job opportunities will naturally arise in the labour market. However, if we formulate policies and interfere with the market just for the sake of creating job opportunities, we will be putting the cart before the horse.

As for the introduction of a progressive profits tax regime as a means of narrowing the gap between the rich and the poor, I must say that this proposal actually involves very drastic changes to the existing tax regime. And, I must also say that it is still open to question whether we can really narrow the gap by revising the profits tax regime. The Liberal Party therefore does have some reservation about this proposal. Technically, this proposal has one obvious drawback — it may induce large numbers of enterprises to split into many small or medium companies. In the end, the losses suffered by the Treasury may

outweigh the gains, and investment desire and the development of our enterprises may also be dealt a further blow.

Besides, in many countries, profits tax is also levied according to a standard rate, for this is actually the simplest way of calculating the tax. Hong Kong has all along adopted a standard rate for profits tax, and this has been well tested by time. One important reason for the success of Hong Kong so far is its low tax rates and simple tax regime, which have attracted many inward investments.

More importantly, we should realize that the comparatively high profitability of Hong Kong enterprises is often attributable to their good management, accurate commercial judgement and willingness to bear risks. In a free economy like Hong Kong, this is actually a very reasonable reward commensurate with the enterprising spirit all along upheld by its people. However, if the Government really introduces a progressive profits tax regime, will it in fact be trying to "penalize" those businesses with higher profitability? Will it in fact be telling people that the more profits a company makes, the more "benefits" it wants to get from it? At school, we were invariably punished whenever we misbehaved, and we regarded that as only normal and natural. However, people making this proposal are in fact advocating that those "outstanding" companies competing in a free market should be penalized. I do not think that such an argument is tenable at all, and I am also sure that it will dampen the desire of businesses to plough back their profits into any further expansion.

Regarding the proposal to repeal the requirement that an employee must have worked for the same employer for 18 hours a week over a continuous period of four weeks before he can be entitled to protection under the Employment Ordinance, I believe the motion must have been moved out of the very good intention of protecting part-time workers. However, I must still point out that the good intention of the proposal may well "spoil" the matter.

We must first ascertain whether the proposed legislative amendment will create more troubles for both employers and employees, or whether it may even lead employers to cut the number of their employees. If the rice bowls of employees are going to be affected, it is best for us not to introduce any amendment at all.

The existing Employment Ordinance is meant for the protection of full-time employees. The turnover of part-time employees is generally high. If the requirement on working for 18 hours a week over a continuous period of four weeks is repealed, the administrative costs of employment will go up, and not only this, many more companies will probably reduce the number of their part-time or temporary posts as a result of rising costs.

For example, large numbers of hourly-rated domestic helpers are now employed by many families to do household chores. Besides, many department stores and supermarkets will also take on large numbers of temporary workers in times of festivals like Christmas and the Chinese New Year. If employers are required to provide these workers with the same leave entitlement and other benefits enjoyed by full-time staff, their costs will certainly go up drastically. In that case, I believe many companies will reduce the number of their part-time posts or try to shift the costs onto these workers by reducing their wages.

At present, there are 110 000 part-time workers in Hong Kong. If the number of part-time vacancies is reduced drastically, I am afraid that many more people will become unemployed. I am sure that part-time workers will not wish to have their jobs taken away by what is otherwise a well-intentioned legislative amendment.

Moreover, the existing Labour Advisory Board has been operating smoothly, and employer and employee sides on the Board are able to exchange their views on labour issues. The Legislative Council simply should not bypass this mechanism and take any actions of its own to introduce such a major amendment.

The poverty problem plaguing Hong Kong in recent years, besides being a result of some underlying causes such as economic restructuring, is also caused to a great extent by the economic downturn and rising unemployment rate following the financial turmoil. As far as the problems of unemployment and poverty are concerned, the Liberal Party is of the view that the root causes are actually related to the shape of the overall economy and the quality of our people. In the policy address this year, the Government has already put forward a number of measures to ease the problem of unemployment, and it has also proposed to make huge investments in improving the quality of our people.

Following this, the Government should do the best it can to improve our business environment and explore the commercial opportunities brought about by China's ascension to the World Trade Organization, so as to launch our economy onto the path of recovery. This is the only ultimate solution to the problem of unemployment.

With these remarks, Madam President, I oppose the original motion and the amendment.

MISS LI FUNG-YING (in Cantonese): Madam President, the worst times of our economy are now over, and it is now back on the path of sustained recovery. According to government forecasts, the Gross Domestic Product of this year will see a rise of 8.5%. Meanwhile, the unemployment rate has also come down slightly, with the provisional unemployment rate for the period from July to September recorded at 4.8%. Unfortunately, the working masses have so far failed to benefit from our economic recovery. A survey revealed that the wealth gap in Hong Kong has widened drastically despite our robust economic growth. The number of "marginal workers", that is, workers earning less than \$3,000 a month, has increased by as much as 75% over the past three years to as many as 100 000 people. In 1999, the average monthly income of the bottom 200 000 households was just \$3,000. Early this year, Hong Kong was ranked among the top 10 places in the world worst-hit by the wealth gap. A government survey also revealed that the impoverished working population in Hong Kong is now approaching 390 000, and the average monthly income of these people is less than \$5,000. It should be noted that women actually account for nearly 80% of our impoverished working population, showing that our grass-roots working women are experiencing terrible impoverishment. When the masses fail to benefit from our economic growth, it is only natural that they would become discontented about the SAR Government. That is why the problems faced by "marginal workers" should warrant the attention of the Government, which should work out some ways to solve these problems and eliminate their effects on social stability.

As explained by the Chief Executive in his policy address, it is "difficult to narrow the wealth gap in the short term. One major reason is the rapid rise of the knowledge-based economy However, most low-income workers do not have the necessary skills or the education background to adapt to the new economy, let alone grasp the new opportunities to fundamentally improve their own financial position." For this reason, the Chief Executive has laid stress on

the provision of training and retraining to grass-roots workers, and he has proposed to earmark an annual recurrent grant of \$400 million to the Employees Retraining Board (ERB), as a stable source of income for the formulation of plans on a longer-term basis. This is indeed essential.

I agree that the main objective of the ERB should be to assist workers or unemployed people in upgrading their skills and employability. Therefore, I think that the courses so designed must keep pace with the development of the knowledge-based economy. Besides, employers should also give retrainees reasonable wage adjustments, so that they can enjoy the fruits of their upgraded skills. However, there is also a need for the Government to pay special attention to those low-income workers, and to offer them financial assistance for on-the-job training, so that they can upgrade their skills and enhance their competitiveness. That way, low-income people can then improve their position and extricate themselves from long-term financial hardship.

Moreover, the Government should also give vigorous forms of support to small and medium enterprises (SMEs) through the provision of information and financing channels. That way, SMEs will be able to achieve technical transformation, increase their productivity, produce larger numbers of high value-added products and ultimately make more profits. The Government should, at the same time, bring home to employers the importance of employees' retraining and higher productivity. This is the only way to enable local SMEs to continue to survive.

The problem of "marginal workers" should receive the attention and concern of our society, and their rights should be given legitimate protection. The Government should take immediate steps to amend the existing labour legislation and plug their loopholes, so as to prevent employers from evading their responsibility of providing protection to their employees. Therefore, I support the proposal to repeal the requirement that an employee can be entitled to the protection under the Employment Ordinance only after he has worked for the same employer for 18 hours a week over a continuous period of four weeks. That way, hourly-rated employees and employees on short-term agreements can also receive protection.

In addition, the Government should also conduct a comprehensive review of the existing importation of labour policy, which covers the Supplementary Importation of Labour Scheme, the Importation of Talents Scheme and the

Foreign Domestic Helpers Scheme, so as to protect the employment priority of local workers. In the long run, the Government should explore the feasibility of an unemployment insurance system for the provision of better unemployment protection. That way, we can ensure that while unemployed workers are looking for jobs, they can still enjoy a minimum standard of living and upgrade their skills. To sum up, "marginal workers" are in urgent need of "timely assistance" from society, and the Government must promptly put in place some satisfactory measures to protect these low-income people.

With these remarks, I support the motion.

MR ANDREW CHENG (in Cantonese): Madam President, whenever topics like labour rights and the creation of job opportunities are discussed, most of the Members belonging to the industrial and commercial sector will refer to the principles of a free market and react negatively. Besides, government officials, and even the Chief Executive, have repeatedly stressed that people need not worry too much because the economy has started to recover and employment prospects will improve as a result. However, in its 1999 report on the labour market situation of its member states, the Organization for Economic Co-operation and Development (OECD) points out that economic growth will only be useful in helping to solve the problem of cyclical unemployment. What Hong Kong is facing now is not simply a cyclical unemployment problem caused by the economic downturn after the financial turmoil. It is also faced with the structural unemployment of low-skilled workers as our economy moves towards high value-added and hi-tech activities.

Madam President, as revealed by a City University study commissioned by Oxfam Hong Kong, the number of marginal workers has soared by 45% over a matter of four years, from 450 000 in 1996 to 640 000 in 1999. Moreover, as disclosed by the Financial Secretary last year, there are now more than 700 000 workers in Hong Kong who are aged 40 or above, and who are only educated up to junior secondary level. These workers frequently have to work very long hours with low wages, and they also have to struggle for survival on the verge of unemployment and poverty. The number of these marginal workers has become quite substantial, representing 20% of the total working population. For this reason, the Government should no longer turn a blind eye to their existence and problems.

Training and retraining are naturally very important, but if we are to make the most effective use of our resources, we must make sure that training courses must meet the needs of the market. One simply should not think that the aim of a retraining course is achieved once its participants have completed the course. Instead, we must make real efforts to assist the unemployed in re-joining the workforce. This is the only way to really tackle the unemployment problem and to ensure that training resources are spent in the most efficient manner to benefit people. The Government has been making continuous capital injections into training institutions. For example, the policy address proposes to make an annual recurrent grant of \$400 million to the Employees Retraining Board (ERB) starting from the next financial year. We can of course appreciate the good intention of the Government, and we agree that financially speaking, it seems that huge amounts of resources have been spent on the provision of retraining. However, we still have one question in mind. I mean, if people simply fail to find any stable jobs even after receiving retraining, the resources spent on retraining would be wasted. That is why the Democratic Party maintains that besides injecting resources into retraining, the Government should work out some measures to assist workers in equipping themselves with the skills required for responding to the changes in the labour market, when it reviews the manpower training policy of Hong Kong. We propose that tax concessions should be offered to employers, in particular private-sector employers, to encourage them to take on those unemployed people who have received retraining. That way, the private sector can be encouraged to take the lead in employing more unemployed people who have completed retraining. We maintain that this is more effective than simply injecting resources into the ERB, because we believe that besides the Government, the private sector can also create more job opportunities. I am sure that our proposal will produce better results in the labour market. Regarding the creation of job opportunities, the Democratic Party has worked out a series of recommendations, and we shall discuss them in greater detail during the debate on Mr Fred LI's motion a moment later.

Madam President, in any case, it will be very unlikely that the unemployment rate of Hong Kong can ever drop to the pre-1997 level of around 2%. That is why the Government should really actively consider the introduction of an unemployment insurance system, a proposal which we have been urging it to look into. We hope that this can offer workers some kind of protection in times of unemployment. From the statistics of the OECD, we can see that unemployment insurance schemes are very common, and they are found

in 26 out of its 28 member states. The funding for these insurance schemes may come from the contributions of employees, or employers, or both. Generally, a person who has been making contributions up to the time he is unemployed, or who has worked for a specified period of time, can be eligible to apply, and he is not required to undergo any means test. The amount of assistance may be linked to his wage level before unemployment, subject to a ceiling and a specified period of assistance. Generally, in developed countries such as the United Kingdom, the United States and Japan, the specified period of assistance ranges from half a year to one year in length. An appropriate amount of financial assistance can already assist the unemployed in making more positive efforts to look for a stable job, because they do not have to worry about any immediate livelihood difficulties. We maintain that the Government should not delay any further. More importantly, it should not refrain from discussing an unemployment insurance system altogether.

Madam President, I so submit.

DR RAYMOND HO (in Cantonese): Madam President, Hong Kong is an affluent society, but many of its people are still living in poverty. In the past, when our economy was in good shape and there were more jobs available, many people believed that as long as they were willing to work hard, they would have the chance to climb up the social ladder and improve their lot. However, given the current economic downturn and high unemployment rate, many people have to face the harsh reality of going jobless. And, even for those who are fortunate enough to retain their jobs, they still have to put up with reduced income. Owing to their lack of the required vocational skills, and also because of their age, sex and the overall economic conditions, many unemployed or low-skilled people can do nothing to extricate themselves from the predicament of poverty, or even worsening poverty.

Many recent surveys have in fact revealed that the problem of disparity in wealth in Hong Kong has shown signs of deterioration. The phenomenon of varying income levels is no doubt only normal in a free economy. However, if we continue to allow the gap to widen in Hong Kong, and if only a handful of people can enjoy the fruits of economic success, then those who are experiencing difficulties will certainly become more and more discontented. In the end, this will lead to social instability and adversely affect our long-term development.

In order to relieve the plight of the poor, the Government should of course take immediate steps to improve the overall economic conditions, so as to revitalize the economy and make the various trades and industries start to grow again. That way, when their business volumes grow again, job opportunities will be created. This is very important, but I must also say that this is not yet enough, because at a time when Hong Kong is undergoing economic restructuring, the recovery of our economy may not necessarily be able to benefit those unemployed or low-income people who are not highly educated and who lack the required vocational skills. Therefore, the Government must provide the necessary training to those in need, so as to enable them to find a job. This explains why I very much welcome the fact that the Chief Executive has proposed in his policy address to allocate more funds to the ERB. Having said that, I also hope that the Government can carefully study the actual needs of the labour market when designing the training courses. It would be best if the Government can consult the relevant chambers of commerce and employer representatives, lest our time and money are spent on training up those kinds of workers who are already surplus in supply.

The Government should also put in place some positive policies to enhance the assistance for small and medium enterprises (SEMs). SEMs have always been an important pillar of our economy, employing more than 1.39 million people. The development of SEMs will help accommodate those workers who have to switch to new kinds of jobs as a result of economic restructuring.

In order to ensure a basic living standard for unemployed and low-income people, the Government should seriously explore the possibility of implementing unemployment insurance and minimum wage in Hong Kong. Can unemployment insurance really give the unemployed any financial assurance while they are looking for jobs? And, can a minimum wage ensure a basic living standard for the low-income people? I do not have any answers to these questions yet. However, I must say that I do not support the introduction of a progressive profits tax regime into Hong Kong, because this will complicate our simple tax regime and adversely affect the desire of inward investment.

Madam President, if we really want Hong Kong to become a world-class city, we must look squarely at the problem of some people in Hong Kong still having to live under severe economic hardship. Therefore, we must put in place some effective measures to improve the lot of these people. I so submit. Thank you, Madam President.

MR YEUNG YIU-CHUNG (in Cantonese): Madam President, our economy sustained severe blows in the financial turmoil of 1997, but by now, it is already back on the path of robust growth. Earlier on, the Financial Secretary even adjusted his real growth forecast for this year, raising it to 8.5%, the highest ever in recent years. However, the unemployment rate of Hong Kong is still very high, with more than 160 000 people facing the plight of unemployment. The thing that arouses most concern is the unemployment of those aged 40 or above and with low academic qualifications. The surveys conducted by the Census and Statistics Department in the second quarter of this year reveal that the unemployment rate of these people is as high as 23.3% of the total working population of this particular age bracket. Besides, the participation rate of the female working population has also been persistently on the low side. As for the underemployment rate, it has remained at 3% over the past two years, far above the 1.2% recorded in 1997. A survey conducted by Oxfam Hong Kong last year also reveals that there are as many as 640 000 marginal workers in Hong Kong, with 320 000 and 70 000 of them earning a monthly wage of less than \$4,500 and \$3,000 respectively.

Madam President, all these figures can show that while the worst times of our economy are already over, people in general are still unable to share the fruits of economic growth. With the rapid advance of information technology (IT) in recent years, Hong Kong has undergone yet another round of economic restructuring, and market demands for IT professionals are ever increasing. However, for those numerous low-skilled people with low academic qualifications, what the current economic restructuring has brought to them is nothing but reduced job opportunities. Even those who are fortunate enough to remain employed cannot escape the fate of wage reduction. For all these reasons, the most pressing task for the Government should be to provide some appropriate training to people with low skills and qualifications, so as to upgrade their "outdated" skills and enhance their employability and ability to survive in times of economic hardship. That way, we can ensure that they will not be knocked out because of any failure to catch up with the times.

Madam President, in his policy address this year, the Chief Executive has proposed quite a number of measures to improve the quality of our people. Some examples are the earmarking of \$400 million to provide retraining to 500 000 employed or unemployed workers and the provision of a one-stop service on employment counselling and training courses to about 2 000 long-term unemployed workers. All these proposals should be welcomed. However, the

Democratic Alliance for Betterment of Hong Kong (DAB) still maintains that the Government must first formulate a set of concrete policy objectives on the training of low-skilled workers. It must then seek to realize these objectives by implementing some integrated measures, so as to avoid the recurrence of "piecemeal" efforts. Besides, the Government should also set up a learning resources centre to provide assistance to low-skilled workers with low qualifications who wish to pursue further studies. In addition, the Government should also review the effectiveness and role of the Hong Kong Productivity Council, so as to ensure that the Council can effectively enhance the productivity of the various trades and industries and train up people who can catch up with the development trends of society. The Government should also take proactive steps to co-ordinate the work of the different training institutions in Hong Kong, including the Hong Kong Productivity Council, the Vocational Training Council, the Employees Retraining Board, and so on. That way, there will be better co-ordination for the provision of different skills upgrading courses, and we can thus ensure that social resources will not be wasted. Apart from continuing to inject resources into manpower training, the Government should also step up its publicity efforts and encourage employers to make more investment in manpower training.

Moreover, the Government should also lay particular emphasis on the employment needs of women. In addition to providing them with systematic training based on different ages and qualifications, the Government must at the same time provide the back-up services required, one example being the provision of more day-time nursery places and occasional care places, so that women can give full play to their abilities without any worries. In June this year, the DAB conducted a survey, and it revealed that 60% of the respondents thought that there was serious employment discrimination against women in our society. For this reason, the Government must take steps to see to it that the Convention on the Elimination of All Forms of Discrimination Against Women is properly implemented, so that women can enjoy equal opportunities in respect of employment and participation in social affairs.

Madam President, I now wish to say a few words on enacting legislation to protect elderly workers against age discrimination. The DAB has always maintained that the Government should pay serious attention to this problem, so as to ensure that people of working age can all receive equal treatment in respect of employment. For this reason, the DAB agrees in principle that in the long run, there is a need for Hong Kong to legislate against employment-related age

discrimination. However, we also notice from the experience of other countries that society at large will need quite some time to adapt to the notion of legislating against age discrimination. As a result, the DAB also maintains that Hong Kong must avoid any rash actions in this respect. Before actually implementing this proposal, we must seriously study the experience of other countries and then work out a scheme that suits the context of Hong Kong.

With these remarks, I support the original motion.

MR ALBERT CHAN (in Cantonese): Madam President, all people living in a prosperous society should be allowed to enjoy the fruits of prosperity, workers are no exception. Over the past few decades, with all their enterprise and perseverance, the people of Hong Kong have worked hard to build Hong Kong into an international metropolis of worldwide fame. However, although Hong Kong has been so successful, this does not mean that all its people have been able to share the fruits of such success.

In the 1930s and 1940s, when the economies of the United States and Canada prospered, the workers there were all able to benefit from economic growth, and this was evidenced by their increasing wages and fringe benefits and their rising social and political status. In recent years, Hong Kong has been undergoing a period of economic restructuring. All along, the working class have worked as hard as ever before, but their wages have been going down steadily instead. More and more workers have now been forced to live in poverty or on the verge of poverty. And, the widening wealth gap is bound to drive even more workers into poverty.

If the Government continues to turn a blind eye to the plight of the poor and the widening wealth gap, we should condemn it for this.

The population of Hong Kong is continuously ageing, and more and more middle and old-aged workers have been driven into unemployment. That is why we must pay attention to the employment problems faced by these workers. So far, the Hong Kong Government has not put in place any policy to protect the employment rights and opportunities of middle and old-aged workers. Many of these workers have thus been forced to accept extremely low wages because of the difficulty in securing a job. Monthly wages of \$3,000 to \$4,000 have become very common indeed. As a result of the drastic downward adjustments

of their wages, the working class has been pushed to the verge of abject poverty. Besides formulating some relevant measures on the poverty problem faced by marginal workers, the Government should also respond positively to the needs of society, so as to assist poor workers in easing their plight. Enacting legislation to eliminate age discrimination is precisely the most urgent task of the Government.

Age discrimination is one of the main factors leading to the unemployment problem experienced by middle and old-aged workers. Employers often think that middle and old-aged workers are old-fashioned, dull, clumsy and unable to work with younger colleagues. However, all these adjectives actually represent rather biased viewpoints.

Statistics reveal that middle and old-aged workers often fail to get any jobs because of their age, or they may be forced to accept lower wages for age reasons. For example, when a job seeker makes an inquiry over the telephone, the employer concerned may simply reply that he is not prepared to take on a middle or old-aged worker once he knows the age of the unemployed person. Sometimes, although the employer does not indicate his refusal openly and he may still interview middle and old-aged workers, he will still say in the end that he is not going to take on such workers. These practices have caused much inconvenience to these workers. In a commercial society when economic considerations prevail, employers will always try to reduce their operating costs by exploiting the workers. If employers are allowed to continue their discrimination against middle and old-aged workers, and if the attitude of society towards these workers remain unchanged, the unemployment problem faced by these workers will only keep on deteriorating.

To ensure that marginal middle and old-aged workers will not be refused employment because of age reasons, we should encourage employers to adopt a positive policy on employing this type of workers. The Government should also step up its publicity efforts on the elimination of age discrimination. More importantly, laws should be enacted to protect these workers against age discrimination in the course of seeking employment. Given the continuous ageing of the population of Hong Kong, middle and old-aged workers are bound to occupy a major proportion in our total workforce over time. For this reason, our society must eliminate discrimination and enact laws to protect these workers against age discrimination in the course of seeking employment, and efforts must also be made to gradually eliminate the negative stereotyped image of middle and old-aged workers.

Madam President, the existence of poverty in an affluent society is really a shame; and, it is even an inexcusable sin for the workers of an affluent society to be forced to live in poverty. We should do the best we can to fight for improvements to our policies and legislation, so as to enable the different strata of our community to share the fruits of economic success.

MR KENNETH TING (in Cantonese): Madam President, my colleagues have already expressed their views on introducing a progressive profits tax regime and reviewing our labour legislation. I will therefore focus only on the views of the Federation of Hong Kong Industries (FHKI) regarding job-seeking assistance and employees' retraining.

First, we are of the view that if we wish to tackle the poverty problem faced by low-income workers, we should start from formulating policies on boosting the economy and accelerating our industrial and commercial development.

Miss CHAN Yuen-han opines that we must put in place an economic development policy to "prioritize the provision of employment". We hold exactly the opposite view. The FHKI opposes such a proposal. We maintain that if we wish to give low-income employees any opportunities to get better jobs and improve their lot, the Government must implement a policy based mainly on promoting our industrial and commercial development, so as to foster accelerated development in these respects. As the business of our industrial and commercial organizations improves, the job prospects and wages of low-income employees will improve correspondingly. That way, they will be able to improve their lot.

It is pointed out by the Chief Executive in his policy address that "the fundamental way to address the poverty problem is to create ample employment opportunities through sustained economic growth". The FHKI shares this view.

Madam President, Miss CHAN Yuen-han proposes that the Government should implement a "re-employment support scheme" to provide financial assistance to the unemployed. We think that this proposal is rather passive in nature. What the unemployed need most is a new job. So, what the SAR Government should do is to promote our economic development as quickly as

possible, so that more new jobs can be created through the resultant economic growth. Under the existing system of social security, before an unemployed person gets a job again, he can still get some temporary assistance from the safety net provided by CSSA. For this reason, the FHKI opposes Miss CHAN's proposal.

In fact, when it comes to retraining, the best provider should be industrial and commercial organizations themselves, because they are the only ones who can best understand what kinds of skills employees should possess. As a result, the FHKI proposes that the SAR Government should consider the idea of providing financial assistance to employers, so as to encourage them to employ more workers on in-service training terms. That way, industrial and commercial organizations will be able to employ more staff. Employees, on the other hand, can also receive financial assistance for their in-service training, and they will thus be able to apply what they have learnt to their work. Besides, this can also enable the SAR Government to utilize its training resources more effectively. In brief, this can enable us to achieve multiple purposes.

To sum up, the FHKI is convinced that through the promotion of industrial and commercial development and effective retraining, we will definitely be able to improve the employment prospects and income of low-income workers. Thank you, Madam President.

MISS CHOY SO-YUK (in Cantonese): Madam President, we greatly appreciate the employment difficulties and deplorable living conditions faced by marginal workers. The question is how we can help them. Today, I will put forward the views of the Democratic Alliance for Betterment of Hong Kong (DAB) on making use of environmental protection to create employment opportunities as well as protection for the disabled.

On the environmental protection front, the DAB and green groups have vigorously advocated and actively promoted the development of the recycling industry. Recycling is a very labour-intensive industry that can create numerous employment opportunities for low-skilled workers. Under the general trend of economic restructuring, traditional manufacturing industries or other labour-intensive industries can hardly sustain their commercial viability in Hong Kong. But with an increasing public awareness of environmental protection, green industries will be a major impetus for economic development

apart from information technology. The recycling industry constitutes an important element in realizing the objective of environmental protection and can absorb a large pool of marginal workers who are consistently displaced as a result of economic restructuring.

Overseas experience shows that the recycling industry will produce many good results indeed. In London, for instance, 14 000 posts were directly created within nine years. Another example is the waste recovery system comprising Washington D.C., Baltimore and Richmond in the United States. When the waste recovery rate increased from 10% to 30%, the number of posts thus created increased from the original 1 000 to 5 000. This demonstrates that the recycling industry can indeed facilitate employment.

Overall speaking, promoting the recycling industry in Hong Kong will not only create employment opportunities, but also effectively reduce pressure from the demand for landfills and incinerators. The construction of incinerators cannot create a large number of

PRESIDENT (in Cantonese): Mr LAW Chi-kwong, do you have a point of order?

MR LAW CHI-KWONG (in Cantonese): I wish to ask Miss CHOY So-yuk whether she is speaking on the motion to be moved later or the one we are debating now.

MISS CHOY SO-YUK (in Cantonese): Madam President, in fact, I I hope that for the time

PRESIDENT (in Cantonese): I will make it up for you.

MISS CHOY SO-YUK (in Cantonese): In fact, I was talking about the benefits of creating employment opportunities to help solve the problem of marginal workers. I will also speak on this aspect later on and I would explain here

PRESIDENT (in Cantonese): Miss CHOY, you may continue with your speech. In fact, before this meeting, I was also worried that this situation would arise because the questions of marginal workers and the creation of employment opportunities are indeed somewhat related. Now, would you please go on.

MISS CHOY SO-YUK (in Cantonese): Thank you, Madam President. The construction of incinerators cannot create a large number of job opportunities. What is more, the enormous expenses incurred, which are paid out of public coffers, are only spent on importing expensive equipment from overseas countries, and this is not in the least conducive to the economy of Hong Kong. Therefore, instead of investing public money in the construction and operation of incinerators, it will be better to use the money to support the recycling industry, thereby providing long-term and stable green employment opportunities for local low-skilled workers.

In last year's policy address, the Chief Executive put much stress on environmental protection. However, no progress has since been made insofar as the policy on environmental protection is concerned. I hope that government officials responsible for environmental issues will desist from bureaucracy, take immediate steps to promote waste recovery and put forward concrete and substantial supporting measures.

Madam President, I wish to speak on ways to protect the disabled in employment. While the next motion will also touch on this issue, I will speak on this issue here for the next motion and this motion sponsored by Miss CHAN Yuen-han are very similar in substance.

In Hong Kong, many disabled persons do have the ability to work, but they are not given employment opportunities because of bias and misconception among members of the public. In order to provide them with assistance in employment so that they can give play to their talents to the benefit of society, the DAB proposed that a quota system for the employment of the disabled be set up by the Government.

The quota system for the employment of the disabled is three-fold. First, legislation should be made to require enterprises to employ a prescribed percentage of disabled employees. Second, a fund that aims at encouraging employment of the disabled should be set up to support the operation of the quota

system. An enterprise failing to meet the requirement must pay a sum of money which shall then be deposited in this fund. An enterprise that has taken on more disabled employees than is required by law can be granted a sum of money from this fund to assist the enterprise to install necessary facilities for the disabled workers. Third, there should be well-established training institutions where the disabled can acquire working skills that meet their needs so as to enhance their competitiveness.

To reduce the impact on small and medium enterprises, the DAB proposed that the quota system should apply only to larger enterprises employing over 100 employees. This system, if implemented by the Government, can certainly help the disabled seek employment and become self-reliant effectively.

Madam President, the quota system for the employment of the disabled can be traced back to Europe in the wake of the First World War when it was adopted by Germany and Austria at the time to reserve jobs for veterans who had sustained injuries in the War. Subsequently, countries like France, Poland and Italy also followed suit. In Asia, this system was adopted in many countries including Japan, China, Taiwan, South Korea, Malaysia, Thailand and India.

With these remarks, Madam President, I support Miss CHAN Yuen-han's motion.

MRS SOPHIE LEUNG (in Cantonese): Madam President, Mr WONG Sing-chi's amendment does not differ much from the original motion in substance. So, I will only state briefly the Liberal Party's position on unemployment insurance and anti-age discrimination.

Both the original motion and the amendment proposed to enhance the support under the Comprehensive Social Security Assistance (CSSA) Scheme for the unemployed and low-income groups. The original motion called for a re-employment support scheme whereas the amendment proposed an unemployment insurance system.

The Liberal Party holds that the existing CSSA Scheme of the Government has provided adequate protection for the unemployed. Statistics of the Social Welfare Department show that among all CSSA applications, the unemployed cases increased from 4.1% in 1993 to 13.7% in 1998. This shows that more

and more of the unemployed have become recipients of CSSA because of unemployment.

Certainly, there is every reason for society to lend a helping hand to those who are genuinely in need. But I believe no one would wish to continuously live on the dole given a job opportunity. The Liberal Party holds that the Government should not act rashly when considering an increase in CSSA payments because for any assistance on which one may rely for subsistence, it is always easy to give it out but difficult to take it away. Once the Government has given out a certain kind of assistance, any attempt to tighten expenditure in the future is set to face tremendous obstacles.

The Liberal Party does not support establishing an unemployment insurance system at this stage. As I said earlier, the existing CSSA system has already provided a social safety net with adequate coverage. What is more, the Mandatory Provident Fund (MPF) Scheme to be implemented by the Government this year will require both employers and employees to make contributions. As we all know, the cost of wages in Hong Kong is already on the high side and with the introduction of the MPF, the cost of wages in Hong Kong will increase by 5%. If we introduce yet another new institution in an unemployment insurance system, it would not only be redundant, but also putting additional burden on both the employers and employees in the end, irrespective of which party or parties are going to make contributions.

As regards legislation against age discrimination, the Liberal Party also has reservations about it. Of course, employers should not discriminate against an applicant or employee on the ground of his or her age. There is no doubt about this. However, the principal cause of the current unemployment problem is not age discrimination, but the lack of skills on the part of workers. This is evidenced by the fact that many middle- or old-aged workers with professional skills are still placed in important positions by their employers. In the final analysis, effective training is the key solution to the problem of unemployment among the middle and old-aged marginal workers. Moreover, we must also study ways to revive the existing industries.

Nevertheless, we appreciate that it is impossible to expect all those with a low level of education to acquire new skills and find a new job after certain training. Anyhow, there will certainly be jobs that require skills of a lower level in society, and the income of these workers is affected by the overall

economic conditions to a large extent. For instance, those in the service industry may bear the brunt and feel the economic pressures because of dampened consumer sentiments as a result of an economic downturn. To address this problem, the Government should improve the business environment to facilitate overall upward economic development and boost domestic demands, and there will naturally be better employment opportunities under these circumstances.

Meanwhile, I also hope that Honourable colleagues can adopt a new vision and join hands with the industrial sector to reassess the existing industries. Only by reviving the existing domestic industries can the future employment problem faced by low-skilled workers be genuinely resolved. If efforts are not made in this direction, the magnitude of the problem will set to expand by many folds.

Further, even if legislation against age discrimination is introduced by the Government, will it be beneficial to the living of marginal workers? I have misgivings about this. The reason is that whether an employer employs a person or not involves a host of considerations. Even physical factors, such as a person's eyesight, which is sometimes related to age, may also be considered by employers in respect of certain jobs. Therefore, we cannot make a sweeping generalization about these factors and allege age discrimination by employers. If legislation against age discrimination is put in place, does it mean that employers have to give repeated explanations whenever they rejected applications from middle and old-aged applicants? Will this lead to numerous unnecessary disputes and court proceedings? For these reasons, the Liberal Party opposes the amendment of Mr WONG Sing-chi.

With these remarks, Madam President, I oppose the original motion and the amendment.

MR FREDERICK FUNG (in Cantonese): Madam President, on the question of marginal workers, I accept the definition made by the Oxfam in its studies, and that is, marginal workers refer to workers who are driven to the periphery of the labour market and who are unable to enter the stable nuclear labour market for reasons of age, sex, race, job nature, disability or chronic illness. They are unemployed or on the brink of unemployment. According to the Oxfam's estimation, there are at present 650 000 marginal workers, accounting for about 20% of the labour force in Hong Kong.

Why has the problem developed to such a state? According to studies conducted by the Association for Democracy and People's Livelihood (ADPL), globalization has been a crucial factor in this decade. One of the most important developments under globalization is computer-based information technology. This development has brought about scientific communication facilities and modes of transport, enabling practices and operations worldwide to become more integrated than in the past. Under this circumstance, investors may choose to base their production and investment at places where the capital cost is lower but with higher returns. Hong Kong may thus become comparatively less competitive.

I think there are solutions to this problem. First, we should study how the new generation, particularly youngsters, can catch up with the needs of globalization under the formal education system, with a view to strengthening the competitiveness of Hong Kong people. I think the education section in the policy address recently released by the Chief Executive has pointed to a correct direction. Second, adults who have left the formal education system can seek employment through training or retraining. We found that the training or retraining endeavours in recent years have nevertheless failed to meet or dovetail with the needs of society. As I pointed out just now, we have seen rapid development in information technology and also in employees' language proficiency, standards in mathematics, physics and chemistry as well as computer knowledge in the course of globalization. Even after completing training or retraining, trainees or retrainees sometimes may not be able to find a job due to such factors as age or background.

How should we tackle this problem? I think we cannot just let these people take their course. The Government should conduct studies of the problem. For instance, during the Question and Answer Session held on the next day following the policy address, although the Chief Executive did not agree to drawing a poverty line, he agreed to a certain extent that the CSSA threshold or the CSSA line actually carried a similar meaning. That is, those people living below the CSSA line set by the Government are considered fairly poor. Therefore, assuming that the CSSA line is the poverty line or if the CSSA line is taken as the poverty line, the only and the largest difference between the Chief Executive's view and mine is how the causes of impoverishment of those under the CSSA line or poverty line can be identified. After the causes have been identified, we can then work out ways to handle and tackle the problem, with a view to making improvements to the livelihood of marginal workers or the impoverished.

For instance, our studies of poverty revealed that several groups of people warrant the Government's attention and care. They usually have the background as marginal workers and they include the disabled, old-aged workers, new immigrants and members of single-parent families. Some of them live below the CSSA line; some have a job but the wages are very low. I think the most important purpose of setting a poverty line is not to dish out money to those people living below it, but to understand the background and plights of those people who need assistance from the Government or society. Then, we have to consider if there are ways to help them become self-reliant and overcome their difficulties. If self-reliance is not an option, we have to consider how the Government can lend them a hand to make their living better.

In this regard, we already have a long-term target, that is, to focus on education and training as I mentioned earlier on. But I think at present, the Government lacks some short-term targets, that is, targets that can produce instant results. The problem we are discussing now is the impoverishment of some 600 000 people despite the fact that they have a job. We cannot wait for another 10 years or even another century before improvements are made.

I agree with the idea of an unemployment allowance proposed by Miss CHAN Yuen-han in the original motion. This is similar to the ADPL's proposal, only that we call it short-term unemployment assistance. By short-term, we mean that the assistance is provided only for a certain period of time. If, during this period of time, the assistance fails to help the recipients, the recipients will have to apply for CSSA. This assistance is meant for persons who had a job before but became unemployed subsequently, and they will receive from the Government an unemployment allowance for a period not longer than six months. During these six months, the recipient must register at the Labour Department which will help him seek employment, and the recipient must also try to find a job by himself. He must accept any job offer or else he can no longer receive the allowance. If he still cannot find a job within six months despite the assistance provided for him, his problem is not short-lived, but long-standing and therefore, he must apply for CSSA.

In this connection, I do not agree with Mr WONG Sing-chi's proposal to address the issue of unemployment assistance through the CSSA. If Mr WONG Sing-chi considered that Miss CHAN Yuen-han's proposal is nothing short of dishing out money, the CSSA Scheme is dishing out money too. The only difference is how much is being dished out, or whether it is \$1,800 or \$5,000

that is being dished out. If other allowances are also factored into this, it will actually be more than \$1,800 so the differential is not too big. However, the principles behind them are very much different. I do not agree that the unemployed should be provided with assistance through the CSSA for the elderly would be adversely affected. Recipients of the CSSA are very often branded as "lazybones" and "loafers". Those who are most upset by these comments are not the "loafers", but the elderly people. I hope the Secretary will take this view on board. To genuinely address this issue, I think the unemployed and CSSA applicants who need long-term assistance should be handled separately in order to produce instant results.

Moreover, I wish to speak on an area with which I am most familiar, and that is, efforts should be made to better our housing policies. Housing is not only an investment, but also a way to improve one's living environment and the best way to eradicate poverty, particularly to the low-income groups. We all know that the rental for a flat in the private sector may take up 40% to 60% of the income of a household, whereas that for public housing only accounts for 20%. So, public housing can help improve the financial conditions of marginal workers to a certain extent. Increasing employment opportunities is certainly another solution. I will not discuss this in detail because other colleagues have spoken on the need to support green industries and small and medium enterprises.

All in all, we agree with the Government's long-term direction, but I really hope that the Government can launch some initiatives which can produce instant results.

MR LAW CHI-KWONG (in Cantonese): Madam President, the strategy of helping marginal workers can be divided generally into two parts: first, intervening in the labour market, and second, helping marginal workers and their families cope with their financial difficulties.

The present plight of marginal workers is caused mainly by the unbalanced supply and demand situation in the labour market, especially the oversupply of low-skilled workers of low education level. To help the marginal workers, we must solve the problem of oversupply. There are obviously two ways to do this: by increasing demand or reducing supply. The principal means of increasing demand is creating jobs and increasing employment opportunities. Incidentally, this is the theme of the next motion debate, so I will not go into this now.

Supply can be cut by providing education and training. This will reduce labour supply immediately in the short term, since the workers will be attending training courses or pursuing studies. This is particularly effective during the ebbs of economic cycles. In the medium term, these training and education opportunities will also reduce the supply of low-skilled workers of low education level, and reduce the imbalance in the labour market of this particular group. Of course, as we all know, the long-term solution is to increase the social and personal investment in education as a whole.

Mr WONG Sing-chi has introduced the Democratic Party's proposal to improve the Comprehensive Social Security Assistance (CSSA) system, in order to help marginal workers and their families overcome their financial difficulties. Mr Andrew CHENG has also proposed studying the feasibility of establishing an unemployment insurance system. I will not repeat these points. I just wish to add a point, that is, how the CSSA can help low-income marginal workers.

In my view, among government officials, Secretary YEOH Eng-kiong and Mrs Carrie LAM, Director of Social Welfare, did something commendable recently in saying that if the income of low-income persons was insufficient to meet their family needs, they could apply for CSSA. CSSA is calculated according to their income and their needs. For instance, if a family of four needs \$9,000 to cover their basic expenses and if their income is only \$5,000, the difference will be made up by CSSA. Over the years, rarely have we heard officials accurately stating the Government's basic stance on CSSA, because very often, the Government feared that all low-income persons may apply for CSSA if they knew this. Then, the Government would have to spend billions of dollars more. In my view, officials have recently shown a positive attitude. This also represents the Government's basic stance on the present CSSA policy. I hope the Government will make more similar comments to help to mitigate the stigma on the application for CSSA by low-income persons.

Dr LUI Ming-wah opposed the motion, pointing out that it intervenes in Hong Kong's free market. However, is it not true that his suggestion to assist the industries also amounts to intervening in the free market? Dr LUI also said that one should not intervene in the labour market, given this, I fail to see why the Liberal Party should agree to the policies on training, retraining and comprehensive education. These policies are also instances of government intervention in social and personal investment in human resources as well as acts of intervention in the labour market.

Mr Kenneth TING considered the content of the motion to be diametrically opposed to the Liberal Party's proposal to stimulate the economy. I find this totally incomprehensible. Today, I have not heard Members who support the motion say that they are against stimulating the economy. At most, they only said that developing the economy alone would not give workers enough help, but they did not oppose stimulating the economy. How can this be diametrically opposed to their idea? In my view, both proposals should complement each other. While stimulating the economy, we should also help marginal workers because, under certain circumstances, they may not be able to benefit from economic growth.

Thus, I hope that those Members who oppose the motion will not do so under the pretext that we should not intervene in the market, while asking the Government to assist in the development of industry and commerce. Such double standards smack of self-interest and are not conducive to the co-operation between different social strata and the development of harmonious labour relations.

Mr WONG Sing-chi fully expounded in his speech the reasons why the Democratic Party has reservations about some parts of Miss CHAN Yuen-han's original motion and why it has proposed an amendment to it. Notwithstanding this, I wish to point out that if Mr WONG Sing-chi's amendment is not passed, the Democratic Party will still support Miss CHAN's original motion. Since this departs somewhat from the Democratic Party's usual voting practice in the Legislative Council in the past, I would like to make some simple footnotes here. While we have reservations about some parts of Miss CHAN's original motion or even oppose them, we support the overall spirit and letter of the motion. The Democratic Party hopes to see more co-operation in the Legislative Council over the next few years, so that we can monitor and pressure the Government in its administration together. We will seek common ground while reserving differences as far as possible. In motion debates, we will strive to usher through motions that can monitor and pressure the Government in its administration. Thus, while we disagree to certain parts of Miss CHAN's original motion, we will still support her original motion, if Mr WONG Sing-chi's motion is not passed.

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

(No Member responded)

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, you may now speak on Mr WONG Sing-chi's amendment. You have up to five minutes.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, the remarks made by Mr LAW Chi-kwong just now are still resounding in my mind and I feel very glad about what he has said. I am so glad because despite the disagreement the Democratic Party has all along expressed to the unemployment assistance scheme or the re-employment support scheme put forward by us, its secretary, Mr LAW Chi-kwong, has offered us some support in his speech just now. I am appreciative of the support the Democratic Party has given us at this juncture. Frankly, with the exception of some major issues on which we differ with the Democratic Party and therefore cannot support them, I believe all of us must face up to the situation in concert if we are to help the unemployed and to resolve the problem of impoverishment of marginal workers. I hope we can have fewer disputes over issues relating to people's livelihood in the future.

Nevertheless, I still have reservation about the amendment proposed to my motion by Mr WONG Sing-chi from the Democratic Party; and my reservation is the same as that of Mr Frederick FUNG. As also mentioned by Mr LAW Chi-kwong just now, there is a stigma attached to the Comprehensive Social Security Assistance (CSSA) because some members of the community believe the CSSA will serve to nurture lazy bones. Originally, this comment should have nothing to do with the aged and the disabled, but because of this stigma, it seems that CSSA recipients are all feeling ashamed of themselves. The best approach should be putting in place a programme to implement the proposal made by Mr LAW Chi-kwong, that is, to set aside \$10 million to provide employment for about 2 000 long-term unemployed workers as promised by the Chief Executive, to subsidize the "Support for Self-reliance Scheme" for CSSA recipients, or to allocate more resources to provide training for the unemployed. Actually, the re-employment support scheme put forward by the Federation of Trade Unions (FTU) has also covered these points, only that the Government is willing to make just a little effort after we have repeatedly pressed with our demand. Then, after a while, we need to push it again to do a little bit more for

the people. As regards the short-term unemployment support scheme proposed by the Association for Democracy and People's Livelihood (ADPL), it is basically the same as the re-employment support scheme proposed by us.

Under this re-employment support scheme, any person who has been unemployed for more than a month is eligible to apply for assistance. Since applicants will be subject to a means test and applications from those who have assets of more than \$120,000 will be rejected, there is no question of the well-off receiving assistance as mentioned by Mr WONG Sing-chi just now. Under the circumstances, I consider our proposed scheme feasible, since it has included this means test requirement. What is more, successful applicants will only be provided with assistance for a period of six months — this is the point which our proposed scheme has in common with the proposal put forward by the ADPL. I do not know whether the ADPL has consulted our scheme or we have consulted theirs in this respect, but that does not matter because we are both working for the benefit of the community. Our idea is to offer assistance to the unemployed first through this scheme, so that they will not fall into the CSSA safety net right after they have lost their jobs. If we should allow people who have lost their job to fall into the CSSA net right away, the stigma mentioned by me just now would be attached to them. I have gained some deep understanding over the past few years. For many people who have been unemployed for a long time, even though we hope to help them through the CSSA Scheme, we may not be able to help them to get out of the CSSA safety net. They just cannot extricate themselves from this safety net.

I have been spending many of my evenings attending residents' meetings lately. Last night, I was invited to a meeting held in Chuk Yuen South Estate. There, I heard many people in their thirties and forties pouring out their grievances; they were at a loss as to how to tackle the many difficulties in their daily lives. Frankly, the Government could not really help these people if it should insist on sticking to the CSSA with just some minor modifications. It would be best if we could have programmes like the re-employment support scheme put forward by the FTU or the short-term unemployment support scheme proposed by the ADPL. Besides, we should also explain the relevant programmes very clearly to the public. Finally, regarding the question of which programme requires more resources and which requires less, I do not think this should be an issue. For example, even if the resources required amount to \$2.6 billion as in the extreme case mentioned by Mr WONG Sing-chi earlier, that still does not matter. According to Mr WONG's opinion, I am

afraid the proposal put forward by the Chief Executive to allocate \$2.7 billion to help the poor would be considered as undesirable as well. But then again, what I am talking about is the extreme case; the real situation will of course be a different story. Moreover, this extreme example is also very unfair to the Democratic Party. I just want to say that if Honourable Members take a look at the problems facing the unemployed and the way these people are being treated by the community, they will appreciate that our proposed scheme is indeed a moderate proposal. In the past, whenever we made reference to the unemployment assistance scheme or the re-employment support scheme, we would always provide Members with a draft copy of the schemes. Honestly, I am prepared to make amendments to the contents of these schemes. I just hope Members will not rule out some major and independent proposals that could really help the unemployed just because they do not agree with certain details of the proposed schemes.

As regards the unemployment insurance system proposed by the Democratic Party, the FTU has adopted an open attitude towards the proposal. However, my concern is that as a means to resolve the problem of unemployment, it might take some five to 10 years' time for an unemployment insurance system to prove its effectiveness, then how are we going to tackle the existing problems of poverty and impoverishment of the marginal workers? Why should we not make the best use of the resources we have obtained from the Government little by little through our persistent efforts over the past years to formulate a comprehensive set of programmes to help the unemployed? I am very glad that just now the Democratic Party secretary, Mr LAW Chi-kwong, said they would support my motion. Nevertheless, I still hope that Members can really understand our rationale. I think the Government of the Special Administrative Region has straightened out its ideas of voting funds to provide assistance, and thus decided to allocate resources to provide assistance for the unemployed. For this reason, I hope the Democratic Party can turn back on this issue.

Madam President, I think my speaking time is almost up and I believe I should have some four minutes left, so I will speak again later on.

PRESIDENT (in Cantonese): You may speak again later on.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, the Government of the Special Administrative Region (SAR) shares Members' concern on the well-being of grass-roots workers. We also keep a keen interest in the extensive discussion arising from underemployment among grass-roots workers and a drop in their income levels. Many people in society are earning a meagre income, but they insist on standing on their own feet. We hold their spirit in high esteem. The Government will make the utmost efforts to assist these marginal workers to strive for continuous improvement.

First, I wish to clarify the statistics on marginal workers released by the Oxfam as mentioned by a number of Members in the debate. The Oxfam quoted the figures in 1999 and those 640 000 people included the 193 700 foreign domestic workers. As our economic recovery continues, the number of marginal workers has actually come down significantly by 18.4% in the first half of this year. Speaking at this point in time, there are still about 390 000 marginal workers excluding foreign domestic workers. As Mr Frederick FUNG said just now, we should understand the background and the socio-economic status of these low-income families. In fact, the Census and Statistics Department has estimated that about 36% of them are elderly families, the householders of which are above 60 of age.

As Members have said, the reasons for low income and poverty are multi-faceted. The main reason is that some of these people do not have a high education level and have not received professional training, so they are unable to meet the needs of economic restructuring in Hong Kong. After the onslaught of the financial turmoil, many employers have cut the number of posts to streamline their structure and increase efficiency. Elementary posts for grass-roots workers are naturally hit the hardest. In a labour market underpinned by flexibility and openness, wages will naturally adjust downward in times of a surplus supply of manpower. Those who are less competitive are made to face the plight of unemployment. Looking into the future, we expect that the number of elementary posts will gradually increase as our economic recovery continues. However, given the continuous development towards knowledge-based economy, low-skilled jobs will increase at a rate slower than jobs that require a high level of skills. To alleviate the hardships of marginal workers, we must first tackle the fundamental problem of an unbalanced manpower supply and demand on the elementary level; and in order to tackle the problem at root, we must focus on education and retraining.

In the policy address, the Chief Executive proposed a host of specific measures on education and training with a view to upgrading the skills and enhancing the competitiveness of local workers. For example, ample school places will be provided so that capable students aspiring to continue with their studies can complete secondary or equivalent education. We will gradually expand tertiary education, including professional diploma courses and sub-degree courses. We will provide focused training for both employed and unemployed workers with secondary education or below to upgrade their skills and equip them to meet the needs of the future development in the relevant trade or industry. Starting from the next financial year, a recurrent subvention will be allocated for the Employees Retraining Board (ERB) so that it has a more stable source of funding and can therefore draw up plans for the longer term.

We believe that the employment problem in Hong Kong can be completely resolved only through far-sighted manpower policies with emphasis on education and training, supported by appropriate economic and social development policies.

We have a free and open economy in Hong Kong. Economic growth is the basis on which employment opportunities are created. This growth must be productivity-led for Hong Kong to maintain its edge in the globalization of economic activities. Our economic development strategy cannot aim only at creating employment opportunities to the neglect of productivity and competitiveness. In the advent of the new economy, repetitive jobs requiring a low level of skill will inevitably be replaced by machinery. If we deliberately retained inefficient and low-skilled operations for the sake of creating employment opportunities, we would only increase the operating costs of enterprises and the price of goods. This will in turn affect local investment or consumption and undermine Hong Kong's competitiveness *vis-à-vis* other countries. By the same token, if we force upon ourselves to retain poorly-managed or inefficient enterprises to ease unemployment, we will only jeopardize the long-term development of the overall economy. Providing direct or indirect subvention for certain industries or enterprises selectively will also violate the basic principle of fair competition.

Having said that, the Chief Executive has expressly stated in the policy address that as part of its social development policy, the Government has the duty to give the unemployed, the low-salaried and the disadvantaged assistance with the purpose of enhancing, not impeding, their will to be self-reliant.

Without compromising the principle of market economy, the Government has provided additional employment opportunities in areas where social investment is required, such as enhancing the services for patients, single-parent families and also for the elderly, the infirm and the disabled. All these services will involve the creation of long-term posts and help improve public services. This coincides with the views expressed by Mr LAU Chin-shek just now. In the past two years, the Task Force on Employment led by the Financial Secretary has launched an array of measures to alleviate the plights of the people and create abundant employment opportunities. These measures included tax concessions, freezing government fees and charges, expediting environmental improvement and infrastructural projects, allowing the Hong Kong Tourist Association the use of the Tamar site for large-scale events, and so on. Yet, we cannot rely on the public coffers entirely to create employment opportunities. Only those new posts created on the basis of economic growth will last long.

Honourable Members have made suggestions on ways to increase employment opportunities for grass-roots workers. They made these suggestions certainly out of their concern for people's livelihood, but the fact remains that Hong Kong people have their own requirements in choosing jobs. There are now many vacant posts in Hong Kong that do not require a high level of skills and offer a monthly salary ranging from \$7,000 to \$15,000 for just eight to nine hours' work daily. But still, no one is interested and the employers have to import workers to fill these jobs, such as high-rise cleaners, waste disposal workers, elderly care workers, farm technicians, barbecue chefs, and so on. Just now Mr CHAN Kwok-keung mentioned cases in which workers discovered only in the interview that the actual terms of employment were different from those advertised. I call on the labour sector to reflect any such case to us and we will definitely conduct investigation into it. Domestic helper used to be a job shunned by local workers and over 200 000 foreign domestic helpers have been imported to Hong Kong over the years. Now that time has changed and it is necessary for us to review afresh the manpower supply and demand in various trades. Speaking of domestic helpers, the Government is conducting a special survey to gauge the supply of and demand for domestic services in Hong Kong. In the course of the survey, if the family being interviewed has employed a domestic helper or plans to employ one, we will collect their views in order to understand the potential demand for local domestic helpers and the types of domestic services required. On the other hand, this survey also aims to find out from families being interviewed whether their family members wish to take up the job as domestic helpers. I believe the findings of this survey will help us

improve retraining for local domestic workers, thereby enhancing their competitiveness and increasing their chances of employment. But as I said just now, many trades or industries are actually shunned by Hong Kong people. I believe the people of Hong Kong must face the reality. Otherwise, even if the Government has the intention to promote the recycling industry or personal service industry as suggested by Members, there would not be a sufficient supply of workers who are willing to engage in these industries of an obnoxious nature. Miss LI Fung-ying proposed that the Supplementary Labour Scheme be reviewed. But in fact, the importation of workers for every post under this Scheme was subject to stringent vetting by the Labour Department. It was only after the need for importation was justified and approval sought from the subcommittee under the Labour Advisory Board (LAB) that workers were imported. It is the basic principle for labour importation that priority must be given to local workers and that only when there are posts that local workers are unwilling to take up or posts for which local talents cannot be tapped that we will resort to importation.

Miss CHAN Yuen-han proposed the introduction of progressive tax bands into the profits tax regime so as to improve social services and reduce the disparity in the living standards between the rich and the poor. The Government has all along upheld the principle of fiscal prudence in the management of public finance, that is, ensuring that government expenditure grows no faster than the economy over time. This has been expressly provided for in the Basic Law. In other words, the Government's decision as to whether public expenditure should be increased to improve social services cannot purely depend on the Government's ability to increase revenue. It must have regard for whether the growth in expenditure is commensurate with economic growth.

In fact, while ensuring the growth of government spending does not outstrip economic growth, the Government has consistently allocated additional resources to improve various social services in such areas as education, medical care, social welfare and training. The recurrent expenditure incurred for the provision of these social services has been consistently on the increase over the past few years. In the financial year 1996-97, the total expenditure for social welfare amounted to \$74.3 billion and further increased to \$107.3 billion in the financial year 2000-01, representing an increase of over 44% in four years.

We must point out that a simple tax regime with a low tax rate is part and parcel of Hong Kong's attraction to foreign investors. As the levels of rental

and wages in Hong Kong are higher than those in neighbouring countries and territories, a low tax rate may counterbalance part of the burden of operating costs. A simple tax regime can also pare down administrative costs and increase efficiency. In fact, uniform tax rate is still the mainstream system in Southeast Asia. In the Mainland, Australia, Malaysia, New Zealand, Singapore and Thailand, a uniform tax rate is also adopted for profits tax. On the proposal to introduce progressive tax bands, we must carefully assess it to ascertain whether Hong Kong's competitiveness in attracting inward investment will in turn be weakened.

Overseas experience shows that progressive tax bands which put undue emphasis on redistribution of income — I certainly understand that Miss CHAN's earlier argument does not entail undue redistribution of income — will undermine work incentives and have a negative impact on initiatives to increase productivity and stimulate economic development. Furthermore, progressive tax bands will complicate the calculation and collection of profits tax, thus increasing the inducement to and chance for tax evasion. Earlier on, Members pointed out that some companies may attempt to split into smaller entities in order to evade tax. To deter evasion, the Government will have to deploy more resources and manpower, and this may eventually lead to more losses than gains. Given a narrow tax net in Hong Kong, tax revenue is vulnerable to sharp fluctuations as a result of economic changes, and this will have an adverse effect on the stability of public finance. The introduction of progressive tax bands will very likely aggravate the situation. In fact, some advanced countries like France and Italy have all tended to adopt a simpler tax system in recent years. Is there a need for Hong Kong to go against the trend?

To ease unemployment and underemployment, there must be sufficient job vacancies available first, and efforts should also be made to address the existing mismatch between jobs not filled by anyone and jobless people not being able to land a job. Since early 1998, the Labour Department has constantly stepped up its employment counselling and job matching services, and has succeeded in seeking employment for 130 000 job seekers. Moreover, the Labour Department has specifically arranged services to cater for the needs of different job seekers, for example, job matching services for young people and employment services for domestic helpers. It also provides additional assistance for Comprehensive Social Security Assistance (CSSA) recipients, new arrivals and so on.

In the coming year, the Labour Department will continue to strengthen the provision of services for the unemployed. As regards information, the Labour Department will set up an employment service portal listing out job vacancies registered with employment agencies in Hong Kong. The dedicated website for local domestic helpers will also be enhanced to provide more comprehensive information in an effort to increase the chances of job-seekers to get employed. Moreover, with the Electronic Service Delivery system be implemented by the end of 2000, it will be easier for the unemployed to access to services provided by non-governmental organizations or register with the Labour Department at the 100-odd terminals located in various districts in Hong Kong. The Labour Department will launch, on a trial basis, a one-stop personalized service covering employment counselling, analysis of training needs, and pre-employment and induction training for people aged over 40 who have been unemployed for over three months. Training subsidies will also be provided for their employers.

To encourage CSSA recipients to rejoin the workforce, the Support for Self-reliance Scheme was implemented by the Social Welfare Department (SWD) in June 1999. Under this scheme, the first month's income of an unemployed recipient from a newly secured job can be discarded in full, and his income for subsequent months can also be discarded up to a maximum of \$1,805 a month. In July this year, the SWD further removed restrictions in calculating the discarded income, including the minimum income and minimum work hours.

A total of 23 500 unemployed recipients have participated in the Active Employment Assistance Scheme since its implementation, 2 300 of whom have landed a job, representing a success rate of about 10%. Prior to the implementation of the scheme, the success rate of CSSA recipients in finding jobs with the help of the Labour Department was only 1%. This shows that significant improvement has been made.

The existing CSSA system aims to provide an effective security net for the unemployed and low-income group to ensure that those with financial difficulties can meet the basic needs of subsistence. In formulating social policies, it has been our principle to cultivate a spirit of self-reliance. More institutional inducements should be incorporated to encourage our people to work hard and strive for constant improvements. Any arrangement that may undermine the work incentives of individuals should be avoided. For the unemployed, we

must help them rejoin the workforce earlier to maintain their employability. While an unemployment insurance system may perform a similar function as the CSSA, their underlying principles are very different.

Many overseas countries have in place an unemployment insurance system, but their experience showed that it is not conducive to alleviating the hardships of those who have been unemployed for a long time. When mandatory contributions are required from a majority of the working population to subsidize the unemployed who are in the minority, there is no doubt that the unemployed can be provided with better financial support. But the better the unemployment insurance coverage, the more the work incentives are weakened, and this would put a long-term burden on society. Despite stringent regulation, expenses often outgrow income under an unemployment insurance system. To people with comparatively stable employment, contributions for unemployment insurance is tantamount to an additional tax imposed on them. Are these people willing to pay for it? In formulating public policies, we must consider a diversity of factors in order to strike a balance among the interests of all sectors. The basic principle of the unemployment insurance system is not consistent with the established social policies in Hong Kong. Careful consideration and extensive discussion on this proposal are warranted.

Miss CHAN Yuen-han proposed that the Government should review expeditiously the existing labour-related legislation with a view to safeguarding the rights and interests of marginal workers by, for example, abolishing the requirement that only those employees who have worked continuously for the same employers for four weeks and at least 18 hours a week will be protected under the Employment Ordinance. In fact, the Labour Department will keep our labour-related legislation under constant review and submit to the LAB proposals to refine the legislation.

Under the existing Employment Ordinance, all employees are entitled to basic protection in such areas as wages, statutory holidays, and so on, disregarding the number of hours they have worked for their employers. For those employees who are employed on a continuous contract (that is, those who have been employed for four weeks or more, or at least 18 hours a week), they can certainly enjoy other benefits, including rest days, paid holidays and annual leave, sickness allowance, severance payment, long service payment, and so on. All these entail additional operating costs.

According to a survey conducted by the Census and Statistics Department in early 1999, there were only some 30 000 part-time employees who worked for less than 18 hours a week, accounting for less than 1% of all salaried employees. Furthermore, the operation of many industries genuinely requires employers to employ short-term workers on an ad hoc basis. Therefore, we consider that the present definition of continuous contract, which refers to employment for at least four weeks or 18 hours, actually strikes a reasonable balance between safeguards for employees' rights and interests and reduction of employers' operating costs. Certainly, we will pay attention to changes in the number of part-time employees. If there are signs of a drastic increase in the number of part-time employees or evidence of widespread abuse or exploitation by employers, we will reconsider the need to review the relevant legislation.

Some other Members also proposed that the Government must restructure the framework for providing training for workers and pool the training resources. In 1996, we conducted a comprehensive review of the role of the Vocational Training Council (VTC) and the Employees Retraining Board (ERB) as well as the division of responsibilities between the two institutions. A range of improvement measures were subsequently implemented to, for example, foster participation from the industry in the VTC's decision-making process and clearly identify the position of the ERB. To further enhance our assessment of the effectiveness of training, a Memorandum of Administrative Arrangements (MAA) was drawn up with the VTC in June this year and another MAA will also be drawn up with the ERB later. The VTC and ERB are required under the MMAs to set out output and outcome performance indicators to serve as criteria for the Government's resource input and benchmarks of effectiveness. In view of the economic restructuring and changes in the manpower supply and demand situation, I agree that we need to review the existing framework for training to ascertain whether it is the most effective option and whether it can flexibly and effectively respond to changes in society. I will carefully consider Members' input in this regard.

I also agree that we should encourage and incorporate the active participation from trade associations and trade unions in training. In fact, there is now participation from representatives of many trade associations and trade unions in the major training institutions. They have put forward many useful ideas in respect of the direction of development, types and design of training courses, and so on, to ensure that the training courses meet the needs of the market. For example, a majority of members of the 24 training boards and

general committees under the VTC are representatives of professional bodies and employees in the industries concerned. Membership of the ERB also comprises four employer representatives and four employee representatives. Moreover, Trade Advisory Groups were set up by the ERB last year to foster communication between the ERB and the industries, and to give advice on the trend of development and prospects of the trades and on manpower demand. Members of the Construction Industry Training Authority and the Clothing Industry Training Authority are nominated by professional bodies, trade associations and trade unions in the construction and clothing industries.

Mr WONG Sing-chi proposed the enactment of legislation against age discrimination. He made this proposal with good intention. To formulate legislation for this purpose obviously manifests a clear-cut position but its effectiveness is questionable. There are indeed practical difficulties to prove whether a middle- or old-aged person is considered not suitable for a job because of his low productivity and low education, or he was rejected purely on the ground of age. An opinion survey conducted last year showed that the respondents held divergent views on the propriety of legislating against age discrimination. In the final analysis, the fundamental way to eradicate discriminatory acts is to change the old concepts. To this end, we have undertaken to step up efforts in public education and publicity. I will be glad to arrange for another similar survey at the end of 2001 to review the effectiveness of our enhanced up publicity and education, and to collect the latest views from the public on age discrimination in employment.

Madam President, Honourable Members, the social policy of the SAR Government stresses goodwill and equal opportunities as its fundamental values. We hope to create employment opportunities by improving our economy and the business environment, enhance the competitiveness of grass-roots workers in employment through training and retraining, and assist grass-roots workers to seek employment and become self-reliant through the provision of job matching services. In a knowledge-based economy, talents and hard work are the major source of one's bargaining power. To eradicate poverty, it is most desirable to upgrade the education standard of the grassroots and develop in them the ability to pursue lifelong education so that they can strive for continuous improvement.

Today, I am very grateful to those Honourable Members who have spoken for their valuable input. On the many concrete proposals made by Members, I will study them with the relevant Bureaux and departments, and I hope that co-

ordination between Bureaux and departments on employment matters can be enhanced in future. While we may not always see eye to eye with Members on the principle of some issues and how they should be handled, we share a common goal, that is, to improve the quality of living of grass-roots workers. I also hope that communication with Members on this issue will continue outside this Chamber and that we will make a concerted effort to work for this pursuit. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr WONG Sing-chi to Miss CHAN Yuen-han's motion, be passed. 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 three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please press the "Present" button and then make a choice.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr LAW Chi-kwong and Mr Michael MAK voted for the amendment.

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Abraham SHEK, Mr Henry WU, Mr Tommy CHEUNG, Mr LEUNG Fu-wah and Mr IP Kwok-him voted against the amendment.

Miss LI Fung-ying abstained.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr LEUNG Yiu-chung, Mr Andrew WONG, Dr YEUNG Sum, Mr LAU Chin-shek, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr Albert CHAN and Mr WONG Sing-chi voted for the amendment.

Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Dr TANG Siu-tong, Mr Frederick FUNG, Mr David CHU, Mr NG Leung-sing, Prof NG Ching-fai, Mr YEUNG Yiu-chung and Mr Ambrose LAU voted against the amendment.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, four were in favour of the amendment, 18 against it and one abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 28 were present, 14 were in favour of the amendment and 13 against it. Since the

question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, you may now reply and you have four minutes 55 seconds.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, originally I had great hopes for the new Secretary, now I still want to place great hopes on her, but judging from what she has spoken, apart from the issue of retraining schemes which I may still have something to talk with her, there is nothing but disappointment for the rest. Being conservative and lacking a new thinking will offer no solution to our present plight.

It appears from the policy address that Mr TUNG and the SAR Government have awakened somewhat, but we still find the same adherence to and repetition of old views in the entire Civil Service on this question of the poor workers in Hong Kong. This especially applies to the economic development strategy that prioritizes the provision of employment. If this policy of assistance is put into force, it will open up new horizons for Hong Kong. We must not jump to the assertion that this will crush efficiency, send costs soaring and erode our competitiveness, and so on. I would like to tell Honourable Members that Mr James TIEN of the Liberal Party published an article in August 2000 the title of which, when translated into English, reads "Trades With Established Strengths More Likely to Create Jobs". I am grateful to Mr TIEN for the views he gave in the article. The content found in some paragraphs of the article is close to our beliefs, such as assistance should be given to labour-intensive industries. Why is the Government still holding views which are far more conservative than those of the Chairman of the Liberal Party? That is why I say that the Government is conservative and lacks in new thinking. I wish to comment the Government's view point by point, but unfortunately, there is insufficient time for me to do so.

As to the question of whether CSSA can be used to help the unemployed, I think Honourable Members have spoken a lot on that point already. The Government has made some changes in response to the pressure from labour groups and other non-government organizations. In the policy address, for example, Mr TUNG said that he would set aside \$10 million to help about 2 000

chronically unemployed. He also said that he would launch a self-reliance programme in the CSSA Scheme, plus a host of other programmes like the Youth Pre-employment Training Programme and the Project Springboard. But nothing has been launched specifically for the unemployed. We have spent a lot of money already, but why does the Government still refuse to pinpoint the problem, but insist instead only on its old way?

At first, I was quite happy about today's debate, for the Democratic Party agreed to change its stand and voted in favour of our motion at last. But why does the Government still refuse to listen to the views from the grass-roots workers on this issue? As a matter of fact, I do not think it would cost a lot of money to collate all of our views, and when this is done, a plan especially geared for the needs of the unemployed can then be formulated. It can be made different from the CSSA arrangements which are targeted at the elderly and the two schemes which are so different by nature can be clearly distinguished.

On the part on finding jobs, Mrs Fanny LAW has said something on this, which makes me feel rather indignified. She mentioned some workers in the dried bean sticks trade and in the pig-rearing trade. That shows the problems in the job matching programmes of the Labour Department. Last night, I went to a residents' meeting together with Mr CHAN Kwok-keung. There were many people there who were in their thirties or forties and they could not find any jobs. And as late as well past midnight yesterday, I had to return call to a man who would be going to an interview for a job in a cemetery today. He wanted this job because he could not find any other. What has the Labour Department done? What have all these schemes done? If the Government continues to act in a self-righteous manner, and if it continues to preach one thing to the public and practise another, then there is bound to be a great upsurge in discontent among the people. In just half an hour of my attendance at the residents' meeting last night, dozens of people came out to air their grievances, most of which were on the problem of employment. So I do hope very much that the new Secretary can take an open and progressive attitude and throw away the old mentality to take up this thorny issue of the employment of the marginal workers.

Now I wish to use some time to say a few words to friends in the business sector. Recently I have attended quite a number of seminars of various nature and I had asked those from the business sector whether they wanted Hong Kong to make good progress or not. If we all want it then I hope we can discuss these issues on the basis of our common grounds and please do not turn down all my

proposals flatly. I was quite upset when I listened to the speeches made by Members from the business sector just now, for at this point in time we are still harping on our own tunes. As a matter of fact, the Government has already made some policy changes on a micro scale, but the business sector is still holding onto their old thinking. For example, we ask that assistance be given to small and medium enterprises, but the business sector does not think so. Mr HUI seems to be one of them, but he also said at the same time that assistance should be given to the manufacturing industries. It really beats me. If this state of affairs is allowed to go on, it will certainly do no good to the overall business environment. So I think our friends in the business sector can work together for the common good of Hong Kong as Mr TIEN has suggested in his article. We should give some thoughts to the plight of the marginal workers and the employees who lack any bargaining power and what good it will do to Hong Kong if this is allowed to go on. It is hoped that Honourable Members from the business sector can find some grounds they can share with us through the debate today, and that a consensus can be reached. I hope very much to be able to gain your support. When I was drafting my speeches for this debate, I toned down the biting criticisms and rephrased them in the most placid manner. I have also shunned away from extreme positions and adopted balanced arguments. But unfortunately, I still fail to win the support of the Liberal Party.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Miss CHAN Yuen-han, as set out on the Agenda, be passed. 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)

Miss CHAN Yuen-han rose to claim a division.

PRESIDENT (in Cantonese): Miss CHAN Yuen-han has claimed a division. The division bell will ring for three 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 CHEUNG Man-kwong, Mr CHAN Kwok-keung, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr LAW Chi-kwong, Miss LI Fung-ying, Mr Michael MAK, Mr LEUNG Fu-wah and Mr IP Kwok-him voted for the motion.

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Mr HUI Cheung-ching, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Abraham SHEK, Mr Henry WU and Mr Tommy CHEUNG voted against the motion.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Andrew WONG, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Miss Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr SZETO Wah, Mr TAM Yiu-chung, Dr TANG Siu-tong, Mr Albert CHAN, Mr WONG Sing-chi, Mr Frederick FUNG and Mr YEUNG Yiu-chung voted for the motion.

Mr David CHU, Mr NG Leung-sing, Prof NG Ching-fai and Mr Ambrose LAU voted against the motion.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, nine were in favour of the motion and 14 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 28 were present, 23 were in favour of the motion and four against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negatived.

PRESIDENT (in Cantonese): Second motion: Creating Employment Opportunities.

CREATING EMPLOYMENT OPPORTUNITIES

MR FRED LI (in Cantonese): Madam President, I move that the motion, which has been printed on the Agenda, be passed.

The topic of the first motion debate proposed by the Democratic Party in the current term of the Legislative Council is on creating employment opportunities. It is because we wish to stress that the Democratic Party is very concerned about the persistently high unemployment rate in Hong Kong and the increasing number of low-income households in recent years. We would like to make use of this opportunity to urge the Government to review the philosophy behind its policies and to formulate expeditiously measures that will effectively improve the present situation. The motion debate will highlight a series of specific policy proposals. But as other colleagues from the Democratic Party will speak on them one by one, I would therefore concentrate on my views of the issue of high unemployment rate and low income. I would also speak on the reasons behind our proposals.

In recent years, the lower and middle classes in Hong Kong have been hard hit by the high unemployment rate and low income. They are leading a very difficult life. Despite the economy having registered a double-digit growth at the beginning of this year, and the year-round economic growth rate would be rising to as high as 8.5% according to government forecasts, there has not been

any sign of significant improvement in the unemployment situation. Households with a monthly income of \$4,000 still amount to 180 000. The Democratic Party is worried that the problems of unemployment and poverty cannot be solved by simply relying on a recovery in our economy. The argument of everything will become better as the economy recovers will unlikely hold.

In the 1990s when our industries relocated northwards across the border, the number of jobs in the manufacturing sector started to shrink and has remained so ever since. In 1996, the unemployment rate soared from under 3% in the past to an all-time high of 3.6% in 20 years. At that time, some economists pointed out that our workers might have to face the problem of structural unemployment. However, our economy boomed before the reunification and in 1997 the unemployment rate fell to 2.5%. Then the Government and certain economists attributed this success to the flexibility of our labour force. They were of the view that workers in the manufacturing sector had successfully switched to other jobs and that our economy had undergone a successful restructuring without too much intervention from the Government.

But does that story really tell the truth? Some local economists have cast doubts on that. For example, in his study on the statistics on the labour market over the past three decades, Dr W C SUEN of the School of Economics and Finance of the University of Hong Kong has made comments to the following effect: "The economy of Hong Kong is diversified and even though the unemployment rate has remained at a low level over the past decade, a substantial number of workers are still unemployed in certain industries where unemployment of a structural nature does exist. It is only that the problems have not become marked. As such, evidence of a good general performance in the economy will only serve to cover up the hardship that some of the unemployed in certain industries are experiencing."

According to statistics collected for 1988-1996, when there was a heavy demand for employees in the service industries, the employment situation in the manufacturing sector saw a marked growth. The disparity between wages in the manufacturing sector and other industries continued to widen. Starting from 1984, the growth in real wages for workers in the manufacturing sector fell conspicuously behind their counterparts in other industries. Ever since 1992, the real wages for workers in the manufacturing sector started to fall. No doubt,

quite a large proportion of these displaced workers from the manufacturing sector managed to switch to other jobs and earned a living in other trades and industries. But the skills they had gained over the years in the manufacturing sector became worthless in the new trades they were under employ. Such workers had a low market value and they could only find jobs in trades which were poorly paid. Hence their standard of living was greatly slashed. That might well explain why in the past decade of economic restructuring, the unemployment rate did not go up so much, but the income level was falling all the time. The disparity between the rich and the poor widened. It can therefore be seen that relying on a flexible wage system and hoping that a growth in the economy will pull wages up is not an assured effective solution to the unemployment problem. Even if some of the displaced workers are able to find a new job, the price they have to pay may be a drop in the living standards.

In the wake of the financial turmoil in 1997, coupled with a speedy onset of economic downturn, workers found themselves hit by seasonal and structural unemployment. Unemployment rate once stood at 6%. With the recovery of the economy, some of the seasonally unemployed may be able to find new jobs. However, with the development of information technology and globalization, there is bound to be some reshuffle in the economic structure. The problem of unemployment, the distribution of wealth and the developments in various trades and industries will become more and more polarized. In a bid to raise competitiveness and the flexibility in labour costs, companies switch to contract terms in employment and more work is briefed out. To cope with competition on a global scale, large companies will need to engage in acquisitions and mergers, streamlining their organizational structure, and so on. The result is that the employees' jobs become much less stable and openings for the low-skilled and middle-level employees have reduced.

With this state of affairs, even if Hong Kong can complete its economic restructuring successfully and pick up its momentum for growth, the price it will have to pay may be a further cut in the jobs for the lower and middle levels. Some of the low-skilled workers, the inexperienced young people, women who return to the labour market and the disabled will all become victims of chronic unemployment. Even if they can find a job, they will be dictated by market forces and have to concede for real wages which continue to drop given the competition.

Madam President, I think Honourable colleagues would agree that the real meaning of economic growth is not to benefit a minority of people only. Those from the lower strata should have a chance to raise their standard of living. In the past, despite favourable growth in the economy, the disparity between the rich and the poor has not been improved accordingly. The situation has aroused widespread international attention, too. For example, in a report made in August by an international investment bank, the ING Baring, reference is made to some figures of a survey conducted by the World Bank. The Gini coefficient for Hong Kong went up from 0.43 in 1976 to 0.453 in 1986. The figure climbed to 0.518 in 1996. It is even more serious than the figures of 0.49 for Latin America and 0.47 for Africa. The report further points out that if this disparity between the rich and the poor in Hong Kong continues to worsen, it will impede our economic growth and even lead to political instability. Madam President, the continual disparity between the rich and poor and acute unemployment will seriously affect our social development. The Government will need to implement suitable social and labour policies so that there will be sustained development in economy and quality of living.

Labour policies can be divided into two major aspects — supply and demand. On the question of labour supply, the Government can change the skills of the workers through education and retraining, for this will enhance their chances of employment. However, the question of whether retrained workers can land jobs eventually will depend on the demand of the companies for labour at that particular point in time. At a time of slackened economic growth and when companies are taking on technological innovations, hence reduced demand for labour in the production process, there will not be a direct increase in job vacancies as a result of retraining programmes. Workers will still be out of work. That is why policies aiming at the supply side can only be said to be passive.

Another policy direction is to increase the demand for labour. The Government can foster such a demand through all kinds of tax concessions or financial subsidies. These serve to increase the number of jobs available. Or statutory requirements may be imposed to compel companies to employ more socially disadvantaged workers of certain types. Another way is for the Government to create positions direct. All these measures will increase the overall number of positions available and will help workers increase their chances of employment.

The ideal way is certainly to adopt a two-pronged approach, that is, to improve the skills of the workers to meet the demands of economic growth and to actively create more jobs at the same time to really give those retrained workers more chances of employment. However, the current labour policies of the Government are obviously tilted to the former rather than the latter approach. In other words, there is only a reliance on retraining. But the fact remains that many middle-aged people who have undergone retraining still find it hard to get a job, while the unemployed young people still find it hard to get a first job owing to their lack of working experience. These people are disadvantaged in the labour market. Therefore, while we enhance and improve our retraining programmes, we must also proactively create favourable conditions to facilitate these retrainees really getting a job.

At present, there is still quite a large proportion of unemployed people who are barred by their age or educational level or their disability from receiving retraining. Even if they manage to complete retraining, their competitiveness in the labour market may not be as strong as that of the other people. The Government should provide other direct assistance to them. We must stop exaggerating the effectiveness of retraining programmes, thinking that they are a panacea to our manpower problems and can restore the earning power of the unemployed.

The Democratic Party is of the view that through tax concessions the Government can encourage the private sector to provide more employment opportunities, so that those capable will be able to find a job. As for those disadvantaged, they may not benefit so much from retraining programmes alone, so the Government should provide them with the necessary financial and technical support to help them set up their own business and achieve self-reliance. As for the disabled, the Government should draw reference from overseas experience in this area and enact legislation to protect and facilitate their employment. As for the creation of jobs by the Government direct, it should try to meet the needs of society in creating more jobs which are essential. Other Members from the Democratic Party will speak in detail later on each of the proposals in my motion.

With these remarks, I beg to move.

Mr Fred LI moved the following motion: (Translation)

"That, in view of the persistently high unemployment rate in Hong Kong and the increasing number of low-income earners, this Council urges the Government to:

- (a) encourage employers, through tax concessions, to create more new jobs and offer them to the unemployed who have undergone training;
- (b) assist the socially-disadvantaged groups to set up community co-operative societies, so as to create jobs and posts to provide services for the local community;
- (c) legislate for a quota system for the employment of the disabled, so as to increase their chance of getting employed;
- (d) create the posts of teaching assistants and information technology co-ordinators; and
- (e) set up referral centres for part-time domestic helpers so as to create more part-time employment opportunities for women."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Fred LI, as set out on the Agenda, be passed.

PRESIDENT (in Cantonese): Mr Howard YOUNG will move an amendment to this motion as printed on the Agenda. The Council will now debate the motion and the amendment together in a joint debate.

I now call upon Mr Howard YOUNG to speak and move his amendment.

MR HOWARD YOUNG (in Cantonese): Madam President, I move that Mr Fred LI's motion be amended, as set out on the Agenda.

The Liberal Party agrees in principle to proposals (a), (b), (d) and (e) in the original motion. But we do not agree to legislate for a quota system for the employment of the disabled. Therefore, we have introduced an amendment to

the motion. In this connection, the Liberal Party suggests that the Government can use tax concessions to encourage employers to employ the disabled.

The Liberal Party has all along supported the idea that the disabled should be encouraged to join the community and serve the people. They should enjoy the same rights as other people. However, we think that the use of legislation to mandatorily require employers to employ the disabled is inconsistent with the conditions and mode of operation of companies in Hong Kong. Any kind of regulation in the job market will contravene the principle of a free economy.

The economy in Hong Kong consists of mostly small and medium enterprises which take up altogether 98% of the number of companies here. Of these, 88% are mini companies employing less than 10 people. These companies have provided 1.33 million jobs in the market, or jobs for 40% of the workforce. If we enact legislation to require these small enterprises to employ the disabled, we are afraid this will only undermine the flexibility of these companies and add to their burden. At a time when we have just steered clear of our economic doldrums, any legislation to regulate the free operation of the manpower market will only serve to undermine our business environment.

In addition, most of the private buildings in Hong Kong are not equipped with facilities for the disabled. These include ramps for use by the disabled and special lifts and washrooms, and so on. Facilities inside an office may not serve the needs of the disabled, too. If we require all companies to install additional facilities for the disabled, that will be a heavy burden to the small and medium enterprises. On top of that, many of these office premises are not owned by these small and medium companies and they are under leases only. Notwithstanding these, the Liberal Party suggests that tax concessions can be given to encourage companies to employ more disabled persons. Such tax concessions can be an incentive to employers and will not produce any form of intervention in the labour market.

I notice that when Mr Fred LI was talking about the labour market just now, he mentioned the relationship between supply and demand. I admit that such a relationship does exist. Mr LI is of the view that the Government should take the approach of increasing the demand. We think that the quota system will in fact only cause a compulsory increase in the supply but not the demand. On the other hand, tax concessions are really able to boost the demand of employers to employ the disabled.

Next I will explain why we support the rest of the proposals made in the original motion. The recently delivered policy address states that the Government will create about 15 000 new jobs, by way of normal growth in social investment and government services. The Liberal Party welcomes this. However, as the prevailing unemployment rate remains at a high 4.9% and the population of the unemployed stands as many as 172 000, the creation of 15 000 new jobs would only ease the hardship of merely a handful of people. On the other hand, the cost for the Government to create these new posts is as much as \$645 million. If the unemployment rate continues to stand high, it would not be an ideal approach to rely on the Government to create jobs. The Government should adopt a positive approach to encourage the creation of jobs in the market.

During the financial turmoil, many companies laid off a lot of their staff in a bid to cut expenses and costs. Those who bore the brunt of it were low-skilled workers at the elementary levels. Though the economy has gradually recovered, it is still at the initial stages. Employers, especially those of small and medium enterprises, are still taking a conservative and hesitant stand on the creation of new posts. Companies which increase the number of posts are mostly large-scale companies. Therefore, the Liberal Party supports the idea that the Government should provide tax concessions to those companies which are willing to create posts and hire unemployed people who have received retraining. Companies will find these tax concessions attractive. However, the Government should also upgrade the quality of retraining programmes so as to ensure that the graduate retrainees will be able to meet the needs of the market. The Government should also consider setting aside more resources to helping the employers to enhance in-service training. The reason for this is that people in employment can meet the needs of an ever progressing society only by upgrading their knowledge.

There are precedents for this. I can recall that during the financial turmoil, many hotels trained half of their staff so that they could work in the hotels. That was a kind of in-service retraining. At that time, the Government made a part of the training expenses as subsidies to the companies. After the training courses were over, the staff would not have to look for jobs elsewhere and they could stay in the hotel to work. I think only when this is done that there will not be a situation of mismatch.

The Liberal Party supports the idea that the Government should support the socially-disadvantaged groups to set up co-operative societies. The policy

address also states that the Employees Retraining Board will organize some courses to assist people to set up their own business or to form co-operative societies. In fact, some rehabilitation and women groups have formed such co-operative societies to provide cleaning, courier, photocopying and typing services to individual members of the public or to companies. The Government should enhance publicity in this respect and make the public aware of their scope of business or range of services.

In the education reform proposals announced in September, the Government said that it would open 100 additional posts of information technology co-ordinators in 2000-01 to help promote the application of information technology. The Liberal Party is of the view that such a post should be set up in every school, for it will not only enhance information technology education in the schools but also increase the number of jobs available in the market. The Government can also consider creating the post of teaching assistants in primary and secondary schools. Apart from creating job openings, this measure can reduce the workload of teachers, and students can also benefit from improved efficiency in their learning.

If we want to increase the number of jobs available on the market, what the Government may do is to take the initiative to create jobs. But in the long run, efforts must be made to upgrade and improve our business environment. Only by so doing can the demand for manpower be increased, are more people attracted to invest here and more new posts created.

With these remarks, Madam President, I beg to move.

Mr Howard YOUNG moved the following amendment: (Translation)

"To delete "legislate for a quota system for the employment of the disabled," after "(c)" and substitute with "encourage employers, through tax concessions, to employ the disabled"; and to delete "chance of getting employed" and substitute with "employment opportunities"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr Howard YOUNG to Mr Fred LI's motion be passed.

MR ALBERT HO (in Cantonese): Madam President, I would like to speak on the section on creating more employment opportunities for the disabled.

At present, it is estimated that there are in total 420 000 disabled people in Hong Kong. A survey conducted by the University of Hong Kong in 1995 estimated that 47% of these people were of working age while the Green Paper on Rehabilitation of 1992 estimated that the unemployment rate of the disabled was 49%, much higher than the overall unemployment rate. On this basis, it is estimated that around 97 000 disabled people in Hong Kong are unemployed.

Actually, many disabled people are capable, but they fail to give play to their capabilities for various reasons. For instance, a deaf-mute person is fully capable of taking up the post of computer programmer, but as quite a number of companies require computer programmers to concurrently take up customer service duties, such as answering customers' inquiries and even promoting programmes to customers, so these deaf-mute persons are certainly not competent and they are thus considered unsuitable for the post. In fact, so long as the company adjusts its division of work, for instance, by deploying other colleagues to take up customer service duties, this disabled person can competently perform his programming duties and the problem can be solved. However, unless the Government implements a more positive quota system for the employment of the disabled and requires institutions to employ the disabled, otherwise, even if tax concessions are given as proposed by Mr Howard YOUNG, most companies will not take the initiative to implement policies to meet the special needs of the disabled. Thus the disabled will hardly have an opportunity to give play to their capabilities and find a suitable job.

Actually, quota systems for the employment of the disabled have long been widely implemented in the international community. For example, Germany, France, Austria, Poland, Italy, Japan, Malaysia, India, South Korea, Thailand, China and Taiwan have implemented such systems and there are abundant examples of success.

The Democratic Party requests the Government to establish a quota system for the employment of the disabled, but we are not asking it to require all enterprises, big and small, to employ the disabled in a tyrannical and broad brush manner. The quota system proposed by us will protect employment opportunities for the disabled and ensure that the daily operation of enterprises

will not be affected, otherwise, it will be unfair to private enterprises and unfavourable to the disabled. Therefore, we need to deliberate over the particulars of the quota system, such as which companies are suitable to implement the quota system, how to formulate the quota system and determine the penalties for non-compliance, as well as what matching measures we should provide to the enterprises. The Democratic Party thinks that the community needs to hold more open and in-depth discussions.

Different countries have different provisions on which companies can or are suitable to implement the quota system and the number of disabled people to be employed. The United Kingdom has stipulated that a company of 20 people or more must employ registered disabled people accounting for 3% of its staff; Germany has stipulated that a company of 25 people or more must employ 6% while France has stipulated that 6% of the administrative work and government posts must be taken up by the disabled. As large enterprises divide work more meticulously and can deploy work more easily, employing a small number of disabled people will definitely not affect their operation. We certainly understand that the employees of small enterprises very often have to be jacks-of-all-trades, and they have to take up different work concurrently whenever necessary, and their business will fail to run smoothly if they are rigidly required to employ the disabled. Therefore, the Democratic Party is of the view that the quota system should only be applied to enterprises of a certain scale. Furthermore, before implementing the quota system, the Government should first collect statistics of the number of disabled people in Hong Kong who are fit for work before formulating the quota system, so as to ensure that the quota system can create adequate employment opportunities for the disabled.

As to the penalties for companies that fail to comply with the quota system, we can make reference to United Kingdom laws. The United Kingdom has stipulated that the maximum penalty for the person-in-charge of a default company may be imprisonment but this only remains a stipulation and most companies are only fined. For instance, in Germany, an enterprise will be fined US\$130 monthly for employing one disabled person short of the quota, and the fine will be used for vocational training for the disabled. In China, an enterprise has to make contributions equivalent to 80% of the average wage of the city to the disabled employment fund for employing one disabled person short of the quota. Hong Kong can consider adopting these methods.

Provided that a quota system is formulated well, with adequate matching measures, we believe that the quota system for the employment of the disabled will not affect the operation of enterprises and it can also allow the disabled to give play to their capabilities. Undoubtedly, this is a win-win proposal.

With these remarks, I support Mr Fred LI's original motion. Thank you, Madam President.

MR WONG YUNG-KAN (in Cantonese): Madam President, the question of "creating employment opportunities" under discussion today is similar in nature to the motion moved by Miss CHAN Yuen-han in relation to "impoverishment of marginal workers" earlier. I think this is unprecedented in the history of this Council. A number of Members of the Democratic Alliance for Betterment of Hong Kong (DAB) have spoken just now. They have probably expressed all the views held by the DAB in this aspect. Now I will add some points briefly.

As Hong Kong is now facing an economic restructuring, coupled with the fact that tens of thousands of immigrants from the Mainland will settle in Hong Kong every year, non-skilled workers will find it even harder to land a job. We can thus predict that the number of low-income families will continue to rise. Therefore, the DAB considers it necessary for the Government to formulate a set of comprehensive strategies for the purpose of improving our investment environment and creating more job opportunities.

The DAB has all along kept a keen interest in the question of job opportunities in Hong Kong. We have put forward a number of proposals, which include encouraging and assisting voluntary organizations to organize youth venture programmes, setting up a youth venture city and providing young people with low-rent sites for starting business, setting up a venture loan fund, providing business starters with loans, relevant counselling and support services, expeditiously launching various railway and road infrastructure projects, as well as setting up a social welfare service development fund to create more job opportunities. At the same time, the Government should offer tax concessions to employers of retraining graduates in order to encourage employers to provide graduates with more job opportunities.

Insofar as short-term measures are concerned, the Government should encourage various government departments, based on the needs, to engage non-skilled staff on a short-term basis in such work as regular opinion surveys,

registration of illegal structures, Clean Hong Kong Campaign, and so on. In addition, the Labour Department should set up an ad hoc group to co-ordinate and arrange long-term unemployed people and Comprehensive Social Security Assistance (CSSA) recipients referred by the Social Welfare Department to take part in various social services, such as paying visits to singleton elderly people, occasional child care service, home help service, domestic maintenance service for singleton elderly people and the disabled, hotline counselling, cleaning of beaches and the countryside, tree-planting, and so on.

All these are targeted at the employment problem of the working population in general. At the same time, the DAB is also greatly concerned with the employment of the socially-disadvantaged groups. At present, there are quite a number of disabled people with the ability to work in Hong Kong. Due to the prejudice and misunderstanding of the public, they are unable to secure a job.

In order to help these people in seeking employment to bring their abilities into full play in contribution to society, the DAB proposes that the Government should set up a quota system for the employment of the disabled. Our recommendations include requiring enterprises by way of legislation to employ a certain percentage of disabled people. At the same time, the Government should set up a fund to give incentive to the employment of disabled people. If an enterprise fails to meet the relevant requirement, it will be required to pay a certain sum of money into the fund. On the contrary, if the number of disabled people employed by an enterprise meets the statutory requirement, it will be granted tax concessions. Furthermore, if the number of disabled people under its employ exceeds the statutory requirement, it will be given grants from the fund to help it meet the expenses required for installing additional facilities for its disabled employees. In the DAB's view, this proposal that combines legislation, tax concessions and financial subsidies is the best option for helping the disabled to seek employment.

Madam President, I so submit.

DR LUI MING-WAH (in Cantonese): Madam President, what a coincidence it is that we are now discussing the motion moved by Mr Fred LI in respect of "creating employment opportunities" right after the question of "impoverishment of marginal workers", proposed by Miss CHAN Yuen-han earlier today.

It is only right and proper that we should care for the well-being of the socially-disadvantaged groups and the increasing impoverishment of the grassroots. Indeed, the Government should welcome any constructive recommendations put forward by us. However, we should also understand that, in the course of doing so, we must take the availability of resources into consideration. Although Hong Kong has huge reserves, we do not have an inexhaustible treasury after all.

Madam President, Mr Fred LI has put forward a few recommendations worthy of our consideration. However, I find it unacceptable for the Government to provide for the number of disabled persons to be employed by enterprises by way of legislation. Secondly, there are approximately 2.8 million people working in commercial and industrial enterprises in Hong Kong. If there are 300 000 people working in enterprises employing more than 20 people, and it is stipulated that these enterprises must employ disabled people to fill 3% to 6% of their posts, then only 9 000 to 18 000 vacancies will be provided. Will such a small number of vacancies not represent just a drop in the bucket insofar as the disabled are concerned? At the same time, will it be fair to these enterprises if the quota is raised? In any case, we can consider offering tax concessions as a form of compensation to encourage these enterprises to employ the disabled. Therefore, I support the motion on "creating employment opportunities" subject to the amendment by Mr Howard YOUNG. Thank you.

MR SIN CHUNG-KAI (in Cantonese): Madam President, with the economy reviving since the first half of the year, the unemployment rate in Hong Kong has dropped from 6.3% to 4.8%. But conditions have improved mainly for professionals and associate professionals. For some lower-skilled workers (such as clerks, machine operators and assemblers) and non-skilled workers, the unemployment rate still stands high. Statistics on job vacancies also showed that the unemployment situation has polarized. Whereas vacancies at executive level and professional and associate professional level have increased sharply to 36% and 81% respectively, the vacancy rate of jobs for lower-skilled workers has recorded a meagre increase of less than 10%.

While this phenomenon is attributable to the "hysteresis effect" in employment statistics, more importantly, it may also be reflective of the problem of structural unemployment currently confronting the lower-skilled workers.

As Hong Kong develops further towards a knowledge-based economy, the lower-skilled workers will see their employment opportunities and bargaining power in the labour market keep on declining. In the end, either the unemployment rate remains persistently high or the market wage levels continue to fall.

Madam President, according to the 1998 data of the Organization for Economic Co-operation and Development (OECD), most of the OECD countries have used "wage subsidy" as a means to improve the employment opportunities of lower-skilled workers. In this connection, some countries grant tax concessions to employers, while some others offer direct grants; some countries set the subsidy level at a certain percentage of the employees' wages, while others disburse the subsidy in fixed amounts to employers. Despite the modal difference, the objectives of these countries' policies are identical, that is, to provide employers with some form of government subsidy to enable them to cut back on cost of labour without reducing the income of workers, thereby encouraging employers to employ more lower-skilled workers on the one hand, and alleviating the downward adjustment pressure on the wage levels of such workers on the other.

Overseas experience shows varying degrees of success when the above policies are implemented. By and large, they are effective if the schemes are properly designed and the targets of assistance well defined. In Australia, for example, only enterprises employing jobless people are given subsidy. And it is found that 60% of the jobless people under the scheme have successfully secured a job, comparing favourably with the rate of 30% for other groups. In the United States, people who are subsidized are required to undergo on-the-job training, and this scheme has achieved satisfactory results in helping single-parent women and middle-aged unemployed people to secure a job. As regards the scheme implemented in the United Kingdom, in order to ensure that the scheme will not be abused, enterprises joining the scheme are required to prove that they will not be able to employ the people concerned without the subsidy provided under the scheme. As a result, it is found that nearly 43% of the employees who joined the scheme are still keeping their jobs, while another 37% have obtained employment in other companies.

To put it simply, we could draw on the overseas experience in these examples to make use of tax concessions as a means to encourage employers to create new jobs and offer them to the unemployed who have undergone

retraining. The proposal of the Democratic Party has three advantages: firstly, through tax concessions, costs can be lowered and employers will then be encouraged to create new jobs. This approach has a better leverage effect and is more cost-effective than direct funding by the Government to increase the number of temporary posts. Secondly, as the unemployed are encouraged to undergo retraining, the target of human resources redevelopment can be achieved. Thirdly, this may assist the unemployed to get real employment opportunities after training.

This is a "through train" approach. In fact, the Government has spent vast amounts of resources on training. If the Government should provide tax concessions for designated organizations which offer training programmes and employ those people who have undergone such training, these organizations will be given incentive to provide more training that meets the demands of the market. That is an advantage. To put it simply, employment and training must be linked to achieve the best results. The day before yesterday, the Honourable Eric LI said if the Government should intend to allocate \$2 billion to provide support for small and medium enterprises (SEMs), it might well provide such support in the form of tax concessions, so that those \$2 billion could be used directly to assist SEMs to recruit workers. This can achieve the same effect as tax concessions. This is exactly the method proposed by the Democratic Party, for we consider that an employment-led approach is also one way to provide support for SEMs. I hope the Secretary can consider establishing a link between employment and training.

The second point that I would like to discuss is related to information technology co-ordinators. I am grateful to Mr Howard YOUNG for supporting our proposal. Let me draw an analogy. The Government hosts a banquet and distributes what it thinks are the costumes required, yet it distributes only the shirts but not the trousers. By the same token, it is now distributing computers without teaching people how to use them. At present, we have over 1 200 schools but only 250 information technology co-ordinators. In fact, after injecting these resources, the effectiveness of the entire information technology education will be enhanced. How much are 40 computers worth? What we need is the salary. Honourable Members should know the work might not be permanent for the coming 10 years. So, the Government should have at least a fund for, say, five years. In five or seven years' time, perhaps every teacher might have learnt how to use the computer. By then, the Government could consider whether there should be any changes. In the meantime, the

Government has to tackle at least the problem of having just 250 information technology co-ordinators to serve over 1 000 schools. Hence, resources in this regard will be indispensable to the Government if it is to achieve good results in information technology education. I hope the Government can think about this point. I believe there is going to be little difference among all parties in the debate on this subject today.

Thank you, Madam President.

MR WONG SING-CHI (in Cantonese): Madam President, I rise to speak on the proposal to assist the socially-disadvantaged groups to set up community co-operative societies.

Actually, many people, including those with a low level of education, the disabled, single-parent women, and the new arrivals, are having difficulties finding a job. Despite the retraining and vocational training they have received, many a time they were unable to secure a job due to some social conditions or constraints. In this connection, single-parent women and the disabled are hindered respectively by their family responsibilities and their special needs. In view of the greater flexibility offered by the idea of assisting these socially-disadvantaged groups to set up community co-operative societies, it may be one feasible proposal to help these people to get out of their plight.

It is pointed out in this year's policy address that the Government will allocate funds to the Employees Retraining Board (ERB) to offer courses on self-employment and to help retrainees to start businesses or co-operatives to provide such services as cleansing or home help on contract terms. In addition, the Government will also discuss with the ERB the establishment of a fund to provide one-off loans or shared facilities like fax machines for retrainees who start such co-operatives. In fact, the Democratic Party welcomes very much this first step made by the Government out of its own initiative, and we also hope very much that the aforesaid fund can be established as soon as practicable to benefit the people in need.

Nevertheless, on the whole the Government has only made the first step, but we need support and assistance on a number of fronts to help the socially-disadvantaged groups to become self-sufficient. If these co-operatives should be left to chart on their own courses without any support after the retrainees concerned have completed the training courses, it would simply be impossible for these co-operatives to survive.

For instance, many social service agencies have already helped some ex-mental patients and young people at risk to establish working teams or co-operatives; and they have made many precedents of success in this respect. The social service agency I work for has also provided a group of unemployed young people with free venue in a youth centre to help them to start a snack shop. Through this avenue, we hope to enable these young people to start their own business or to set up community co-operative societies. We tried to help them through the provision of venues because rental concessions and the priority target client groups for their services are very important to the establishment of this kind of community co-operative societies.

During the process, however, a lot of problems have been identified. For example, since they do not have enough knowledge about the trade, they may have no idea where to contact the goods suppliers, how to bargain with the suppliers, how to set the prices of goods, conduct promotion work, or keep detailed accounts. Many a time they have to turn to some social workers or staff members of voluntary organizations for help. However, when it comes to business operation, the employees of voluntary organizations are also laymen themselves. Moreover, since there is no government subvention in this respect, the relevant social workers or employees of voluntary organizations are using their spare time to help those people who are interested in setting up community co-operative societies. As such, it is quite impossible for them to find more time to offer more help.

With regard to these situations, there are in fact many ways the Government can help. We feel that the Government should draw on overseas experience to provide intermediary agencies with subsidy, so that they can take up responsibilities for organizing the co-operative societies, acting as guarantors for loans, making arrangement for leasing equipment and venue, and so on. Apart from that, during the early stage after their establishment, support should be provided for these co-operative societies in such areas as administration, management and financial control. After a period of time, say, six to 12 months, these co-operatives may then start to take up the administration and management work on their own. However, the coverage of subsidy provided by the Government in this connection is restricted to only those people who have completed the courses on self-employment offered by the ERB. Actually, many voluntary organizations and social service agencies are capable of organizing such co-operative societies, only they lack a sufficient supply of resources or

some professional support. If the Government can provide these voluntary organizations with the necessary resources or support, this idea of setting up co-operative societies can in fact be further promoted.

Another important type of support required by co-operative societies is the right kind of business. Given that they can hardly compete with any enterprises in the market, the services provided by co-operative societies are generally confined to those required by the local community, such as nursery, home cleansing, as well as other community care services. Actually, the Government should set up think-tanks to be responsible for providing training opportunities for people who are interested in setting up co-operative societies, with a view to helping them to conduct more market research and grasp more market information, thereby enabling them to set up the co-operative societies in a more effective manner.

Indeed, in addition to giving them a chance to become a part of society and to become self-reliant, assisting the socially-disadvantaged groups to set up co-operative societies can also help them to learn to resolve problems in co-operation with others and to enhance their understanding of business operation. For these reasons, I hope the Government can formulate a comprehensive set of policies on services in this respect to assist the setting up of co-operative societies instead of simply providing the ERB with more funds, so that the hope of the impoverished to start a business will not be destroyed as a result of the half-hearted efforts of the Government.

With these remarks, I support the motion moved by Mr Fred LI.

DR RAYMOND HO (in Cantonese): Madam President, the rate of unemployment in Hong Kong has remained at a high level since the regional financial turmoil. Even though there have been some improvements recently, the figure is still on the high side. On the other hand, because of the excess supply of labour in the market, the wage levels of many jobs have adjusted downwards, thereby adding to the size of the low-income groups and aggravating the problem of disparity between the rich and the poor in our community. This will very easily affect social stability and impact on the long-term development of Hong Kong.

I have been urging the Government to expand investment in infrastructural projects since the economy of Hong Kong first went into trouble. With more infrastructural projects, we can create a large amount of job opportunities for both our professionals and the local workers on the one hand. On the other hand, with improved infrastructure, the competitiveness of Hong Kong can be enhanced to attract more inward investments, thereby speeding up the pace of recovery of the economy of Hong Kong.

In this connection, the Government has made active response and put forward a series of infrastructural project. Moreover, the Chief Executive has also mentioned about speeding up the start of government construction projects in paragraph 90 of his policy address published only recently. However, the realistic situation is another story, for the pace in which the infrastructural projects are being carried out is getting slower and slower. The past performance of the Government in this respect has indeed been disappointing. To begin with, the administrative procedures of the Government are very complicated; and secondly, the land resumption procedure is equally complicated as well. Added to this is the problem of manpower shortage. As a result, there are plenty of old and new projects that have yet to be started. These problems are well known to members of the industry, who cannot help but doubt whether the Government can really invest \$240 billion in infrastructural projects within five years' time as scheduled.

In order to create employment opportunities, the Government should step up the maintenance and repairs for those ageing infrastructural facilities. In addition to the original repair projects. I have suggested the Government to consider investing an additional \$30 billion (let me repeat, an additional \$30 billion) to carry out repairs and improvement works for the existing infrastructural facilities, including buildings, electrical and mechanical installations, slopes, water mains, roads, bridges and tunnels. This is because if these facilities were not adequately repaired and maintained, it would cost the Government a lot more to replace them in the future. Repair and maintenance works of this kind are smaller in scale and less complicated in nature; as such, local companies would have a better chance in bidding for such projects, thereby helping to resolve the problem of unemployment in Hong Kong. Moreover, repairing and improving the existing infrastructural facilities will also help to create a more advantageous environment for the future development of Hong Kong.

During the debate on the impoverishment of marginal workers earlier on, I also spoke on the importance of small and medium enterprises in the creation of employment opportunities. Hence, I do not intend to repeat my points here. Insofar as the employment of the socially-disadvantaged groups and the disabled is concerned, the Government really should not duck out of its responsibility in this respect. In this connection, I believe the proposal to assist the socially-disadvantaged groups to set up community co-operative societies to create jobs and posts that provide services for the local community is worthy of in-depth examination by the Government.

Speaking of the employment of the disabled, it is imperative that the Government adopts more active measures to rectify the unfavourable conditions faced by the disabled currently. I used to be on a Red Cross committee responsible for the management of five schools for the disabled. Actually, many of the students in these schools did score rather good results in the Certificate of Education Examination, but still, it was very difficult for them to find a job. Undeniably, the prejudice against the working abilities of the disabled among our community has been improved in recent years; but then many employers still have a tendency to employ able-bodied employees. As such, it is indeed time for the Government to consider, on top of the promotional and educational efforts aimed at dispelling people's prejudice against the disabled, adopting some concrete measures such as tax concessions to encourage employers to employ the disabled who have working abilities.

Madam President, the creation of employment opportunities is the first and foremost task facing Hong Kong. In addition to catering for the needs of the unemployed, we should also keep the needs of the disadvantaged and the disabled in concern, for they are also members of our community. I so submit. Thank you, Madam President.

MR AMBROSE LAU (in Cantonese): Madam President, the United Nations published a report on the 29 member countries of the Organization for Economic Co-operation and Development (OECD) in June this year, indicating that poverty is still a grave problem among the advanced economies. The report also points out that in an information technology-led new economy the lower strata of the labour force can neither get any benefit nor enjoy the fruits of the new economy, as they are unable to take up any of the jobs created by the knowledge-based new

economy. The current situation in Hong Kong is quite similar to that of the OECD countries. Hence, as a response to the voices of the people and an attempt to address the needs of our community, this year's policy address has made helping the poor and the needy one of its three major issues.

The economy of Hong Kong has started to revive vigorously, but about 8.4% of the families in Hong Kong are still earning a monthly income of less than \$4,000. On the other hand, the rate of unemployment has remained high continually. Despite the single-digit overall unemployment rate, relevant surveys indicate that the unemployment rate of the low-income strata stands as high as 20%; besides, the number of marginal workers has also been on the increase. Under the circumstances, it is an urgent task of the Government to adjust its policies, to adopt measures to help the poor, and to actively create more employment opportunities.

As regards the proposal to encourage employers, through tax concessions, to create more new jobs and offer them to the unemployed and the disabled who have undergone training, I believe it is an essential measure. Some people are of the view that the target for subsidy under this proposed measure is the business and industrial sector rather than the labour sector, and that the provision of subsidy will only serve to distort the supply and demand relationship in the market, thereby causing the economic restructuring process to slow down. In their view, it is similar to the old case of the Government could not retain the traditional industries through tax concessions. While this view does have a certain degree of validity, the fact remains that the provision of tax concessions by the Government to encourage employers to offer jobs to the unemployed and the disabled who have undergone training cannot be equated to an attempt to distort the supply and demand relationship in the market. Nor can it be equated to an attempt seeking to retain certain sunset industries through concessions. Rather, the purpose of this proposal is to help the socially-disadvantaged groups to become self-reliant, with a view to preventing Hong Kong from developing into a welfare society.

On the other hand, there are some industries which are a necessity to society or which are required by sustainable development. Further still, they can absorb the lower-skilled workers with low levels of education. It is therefore all the more necessary for the Government to encourage and support the survival and development of these industries through tax concessions.

Examples of such industries include the recycling and other environmental protection industries, agriculture and fishery, community and personal care services. As seen in many advanced economies, these industries have not vanished but are developing vigorously. In addition to absorbing a large proportion of the workforce with low levels of education, these industries have also made improvements to the eco-environment and helped to resolve a large number of social problems. Thus, rather than supporting the sunset industries, through the provision of tax concessions the Government will be giving support to environmental protection industries and social services that are indispensable to society.

As regards the proposal to assist the socially-disadvantaged groups to set up community co-operative societies, actually similar programmes have already been implemented in certain parts of the United States and Canada. Through such programmes, the unemployed living in these areas on government assistance have been provided with on-the-job training and eventually succeeded in securing a job, and thus do not need to rely on the welfare assistance provided by their Governments. In Canada, for example, the Government has set aside a small amount of resources under the relevant programme for application by voluntary organizations. In this connection, voluntary organizations have to submit their "business" proposals to the Government for vetting and approval, and will be responsible for operating the businesses concerned. As for the participants working under the programme, they will enjoy the same labour protection as that of other general workers. However, their term of employment will not exceed a year and a half, lest the programme will be turned into a haven for the unemployed. According to the experience in the United States and Canada, there is still no conclusion yet on whether the programme of providing employment opportunities through co-operative societies is a success or otherwise. Some people are of the view that given their limited capital, these co-operative societies could hardly compete with other organizations with strong financial support. Nevertheless, I still believe it is worthwhile for Hong Kong to try setting up such co-operative societies, with some modifications, so as to provide single-parent women and the new arrivals a chance to receive on-the-job training.

As regards the proposal to set up referral centres for part-time domestic helpers so as to create more part-time employment opportunities for women, I believe the proposal also merits consideration. Taking a long view, however,

the existing mechanism for employing domestic helpers should be reviewed, bearing in mind the sustained high unemployment rate in Hong Kong and the worsening problem of women losing their jobs in particular.

Madam President, I so submit.

MR LEE CHEUK-YAN (in Cantonese): Madam President, during the previous motion debate, Mr LAU Chin-shek, Chairman of the Confederation of Trade Unions (CTU), spoke on the two motions today together. Since Mr LAU has already expounded his views on the motion on creating employment opportunities moved by Mr Fred LI, as secretary of the CTU, I have no choice but follow the example of our chairman and discuss the two motions together. Indeed, the two motions are related. Even if more employment opportunities were created, if such newly created opportunities could only generate low levels of income, there would still be marginal workers. The proposals made in these two motions are indeed very important to genuinely resolving the poverty problem.

According to a study on marginal workers conducted by the Oxfam, of the 650 000 marginal workers in Hong Kong, about one third or 220 000 were unemployed in 1999, while another 50% or 320 000 were poverty-stricken workers earning a monthly income of less than \$4,500. Among these 320 000 workers who are earning a monthly income of less than \$4,500 and thus living in poverty, about 180 000 have to work more than 50 hours a week. Although these workers work more than 50 hours every week, their monthly income is still less than \$4,500. What is more, over 100 000 of them are earning less than \$3,000 monthly. Moreover, another one sixth or 100 000 of these workers are facing underemployment. All these are the problems that we must tackle.

In the face of these workers, the Secretary for Education and Manpower still said earlier today that there should not be any problem. According to the Secretary, with the provision of education and training, when the economy starts to grow, the problems would eventually be resolved, very much like a boat rising with the swell. The Secretary also said that the present problems were attributable to the unbalanced and mismatched manpower supply and demand. In my view, the way of thinking of the Secretary belongs to the old economy,

just like the arguments held by the rightists when they were having disputes with the leftists during the '70s. But we have now entered the age of the new economy. Not only the leftists have to turn right, but also the rightists will need to make left turns. Hence, we must have a new thinking. For this reason, it is not enough for the Government to rely solely on education and training. It must also conduct detailed studies. In the age of the new economy, changes take place at such a rapid pace that we can no longer rely on training alone to help the lower-skilled workers to catch up with the new economy. Otherwise, the lower-skilled workers will end up struggling endlessly within the vicious circle of unemployment, underemployment and low income as a result of the unbalanced supply and manpower demand situation mentioned by the Secretary just now. They will find themselves perpetually trapped in poverty. We need to have a new thinking to destroy the trap of poverty and to remove the curse of the vicious circle.

The motion on creating employment opportunities moved by Mr Fred LI today aims at making available more job opportunities for the lower-skilled workers, thereby helping them to resolve their unemployment problem. However, even if more employment opportunities were created, if such opportunities could only enable them to earn very low levels of income, it would still be impossible for them to support their living or that of their families. If we do not tackle the problem of low income but concentrate our effort only on the provision of education and training, a portion of our population will still be struggling on the brink of poverty. Under such circumstances, not only will social stability be impacted, the people of Hong Kong will also have difficulty uniting together to contribute towards a more robust economy and to ensure equal opportunities for all members of the community. Just now I heard allusions to love, peace and equality. It is indeed very pleasant to listen to such remarks, but if our society does not resolve the problem of low income, such ideal situations just will never emerge. In the face of this low-income problem, both the Government and the Secretary are unwilling to touch upon the crux of the problem, that is, the low bargaining power of workers. In this connection, the CTU has all along been advocating the right to collective bargaining of the labour and the determination of a minimum wage. If the Government should refuse to consider these two issues, these workers would be struggling in the vicious circle incessantly. They would always be earning a very low level of income.

With regard to the issue of minimum wage, I heard the Secretary say earlier that Hong Kong is a community which holds fast to the notion of standing on one's own feet to support one's own living. Indeed, the people of Hong Kong go to work simply because they want to stand on their own feet and support their own lives. But the problem remains that although the people have put in their best effort to stand on their own feet, they are still unable to support their own living. They work very hard to the best of their abilities to earn a living, but in the end they are still unable to support their own living. As I pointed out to Honourable Members just now, over 100 000 workers in Hong Kong are working more than 50 hours every week for a monthly income of less than \$3,000. How could these workers support their own living? How can we talk about people standing on their own feet to support their own living? The method is to let people know that they will be rewarded with respectable income if they go to work. Even though we are not debating the need or otherwise for a minimum wage today, I think we can still consider the issue from the perspective of encouraging people to stand on their own feet to support their own living.

Here, I should like to share with Honourable colleagues two news stories I read in the papers today. The two stories are related to fast food shops, but it is a pity that the Honourable Tommy CHEUNG is not in the Chamber now. The first news story is about a girl called Ah-lin who came from a family of four. Ah-lin's father is 59 years old, living on Comprehensive Social Security Assistance (CSSA). Since Ah-lin has newly arrived Hong Kong for a period of less than a year, she is not eligible for CSSA. Every day, Ah-lin has to work part-time in a fast food shop after school for a monthly income of slightly more than \$1,000. The living environment of Ah-lin and her family is indeed deplorable, for their dwelling used to be a pigpen. In the end, it was after Ah-lin had run away from home that the Social Welfare Department finally raised the amount of CSSA payment for this family.

The second news story is about a little boy named Tat — please do not mistake him for Mr LEE Wing-tat, a former Member of the Council. Little Tat asked his mother to take him to the McDonald's for a meal, but his mother refused because his father is a security guard earning \$5,500 monthly to feed a family of four. According to the news story, after spending \$4,000 on tuition fees of the two children, the family just could hardly make their ends meet every month. Eventually, the McDonald's held a birthday party for little Tat. I just wonder whether Ah-lin was working part-time at the McDonald's. Actually, it was out of goodwill that the McDonald's held a birthday party for little Tat, and

naturally I do not object to that. However, I find it ironical that on the one hand, the McDonald's is holding a birthday party for this little boy, yet on the other, it is hiring part-time workers at such a low rate of \$12 per hour. I would rather the McDonald's formulate its own minimum wage standards and set a reasonable and respectable wage rate for its employees instead, for this is the only way to help workers to resolve their problem of low income.

Earlier the Secretary also referred to the importation of labour and asked why nobody was willing to work in the homes for the elderly. I can tell the Secretary that there are indeed people working in the homes for the elderly. They work 12 hours daily for a monthly income of only \$5,000. But then why are employers claiming that they are unable to recruit employees when they seek to apply for importation of labour? Actually, if these employers want to recruit imported labour, they would put in their best efforts to make the local applicants unwilling to take up such jobs. For example, some employers may treat the local employees in a very unfriendly manner, while others may impose very harsh working terms and conditions on them. In any case, I should like to remind the Secretary that the wage level for people working in the homes for the elderly has now dropped from \$7,100 to \$6,800.

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

MR DAVID CHU (in Cantonese): Madam President, the fact that the policy address delivered by the Chief Executive earlier and the two motion debates held today have focused on employment and poverty demonstrates that these two problems must be dealt with without delay. As unemployment and poverty will adversely affect social stability, the Government must address them seriously and alleviate the relevant problems in practical terms. The Government's measures to promote employment and help the poor should embody long- and short-term measures.

As a short-term measure, the Chief Executive decided to provide an additional 15 000 temporary posts to carry out work related to environmental improvement and community building. Although there is still a considerable gap between this decision and the proposal put forward by the Hong Kong Progressive Alliance (HKPA) and I for the Government to launch a three-year programme to benefit 30 000 people from the labour sector, the Government has

been able to sympathize with the feelings of the people by taking the initiative to create jobs so as to put out a nearby fire with water nearby. This is worthy of our praise and support. As temporary staff will be recruited by the Government on contract terms, this will provide an instant relief to the unemployment problem. Moreover, the salaries will transform into internal spending and, to a certain extent, stimulate the economy. Nevertheless, the Government will still need to examine how these additional posts can help the most needy socially-disadvantaged groups.

Insofar as long-term measures are concerned, the promotion of economic development still remains the only way to create employment opportunities for the people and help them rid of poverty, so as to benefit more members of the public in the course of economic recovery. It is therefore imperative for the Government to provide the commercial sector with an ideal business environment by introducing such measures as suitable tax concessions and incentives to boost investment, with the ultimate aim being to encourage them to employ more staff. More importantly, the Government should help the small and medium enterprises (SMEs) for they account for over 90% of the total number of companies in Hong Kong and employ more than 1.3 million staff, that is, over 60% of the local workforce. Insofar as SMEs are concerned, financing is not only the most difficult but also a perpetual problem. The Government should indeed examine the feasibility of exploring more financing avenues not relying excessively on taking property as collateral, including giving the banking sector more incentives to develop a system for the sharing of credit rating information and setting up a long-term loan fund for SMEs. A steady development of SMEs will surely boost employment opportunities greatly.

Lastly, the Government should examine the impact of the new economy and globalization on employment in Hong Kong and consider formulating an employment-oriented economic policy.

Thank you, Madam President.

MR NG LEUNG-SING (in Cantonese): Madam President, the economy of Hong Kong has been subject to adjustment over the past few years. The challenge brought about by the financial turmoil and economic transformation resulted from information technology development have affected the livelihood and employment of the members of the community to a certain extent. The

creation of job opportunities has become an issue of social concern. Of course, all these have been mentioned in the policy address.

Against this background, it is essential for this Council to discuss problems related to the people's livelihood and employment. Though the previous motion touches upon certain labour strategies, not all of its contents are desirable. This motion proposes to use tax concessions to encourage employers to offer jobs to the unemployed who have undergone training and to provide employment assistance to facilitate the taking up of part-time domestic work by interested people, and so on. Although these two motions are largely identical, these recommendations still merit our discussion and reference.

If we decide to implement an economic strategy that "prioritizes the provision of employment", then in this period of economic transformation, we should promote the development of innovative industries of high value and high technology on the one hand, and identify on the other some worthy newly-developed or traditional industries with high demands for manpower but relatively low demands for skills, in particular the services industries, and give them assistance by such means as providing convenience in terms of policy, tax, infrastructure, and so on, in order to encourage the business sector to invest in and develop these industries. If the Government can grant employers of these industries tax concessions so as to encourage them to offer jobs to the unemployed who have undergone training and focus on the skills required by these industries in providing retraining, vocational training will become more effective in helping the unemployed. As regards the provision of employment assistance to facilitate the taking up of part-time domestic work by interested people, I think the Government should, as the Secretary said, review the existing foreign domestic helper system and consider introducing a principle that prioritizes the provision of employment to local people or even examine the formulation of a set of training and employment programmes for local domestic helpers. Actually, the existing system, which took shape during a special period of Hong Kong, is a unique exception. Under the current economic and social conditions, it is essential to review the system.

Madam President, in discussing the question of creating employment opportunities, we should not forget that Hong Kong, being a free economy, should be market-oriented. In order to resolve our employment problem at root, we need to adhere to the principle of promoting healthy economic development that will in turn pull employment. The first and foremost task of the

Government is to enhance education and training and upgrade the quality of our people and skills of the workforce. Should the Government run counter to this market principle and the growth pattern of the economy, blindly injecting resources into the creation of jobs, or even opt to boost the employment opportunities for certain categories of people by employing administrative means or imposing a quota, it would only bring about short-term improvements to the economy and people's livelihood rather than sustainable healthy growth. The business and employment opportunities of the general public will suffer in the end.

This explains why I have reservations about the original motion, which calls for the enactment of legislation on a quota system for the employment of the disabled. In my opinion, the provision of employment for certain categories of people by way of a quota definitely runs counter to the principle of free economy. The Disability Discrimination Ordinance provides protection for the disabled who are discriminated against in employment. If someone should consider the Ordinance to have offered inadequate protection, the proper way of dealing with it should be to make improvement to the Ordinance. This will enable every one of us to have an equal opportunity and prevent us from being prejudiced against because of disabilities. This has no bearing with a quota system.

The theme of this motion is creating job opportunities. However, the proposed quota system can only redistribute existing opportunities through administrative intervention, instead of boosting employment opportunities. On the contrary, it will defeat fair competition in the manpower market. On the basis of equal opportunities, a person who is better qualified for employment will very probably be deprived of his employment opportunity under this quota system. Likewise, employers will be affected. Therefore, the negative impact of the system on the operation of our free market warrants our attention and careful assessment.

Madam President, I so submit.

MR JAMES TIEN (in Cantonese): Madam President, both motions today are related to labour, employment or employers. As the Chairman of the Liberal Party, I speak on both motions for the Liberal Party takes them very seriously.

We voted against the previous motion without proposing any amendment for we found it difficult to support certain points raised in Miss CHAN Yuen-han's motion as well as Mr WONG Sing-chi's amendment. As for the motion moved by Mr Fred LI with respect to creating employment opportunities, as Mr Howard YOUNG said, except for items (a), (b), (d) and (e), there are certain points in the motion that we disapprove of though we support the general direction of the motion. Therefore, we have not introduced any amendment to it.

As regards the proposal of legislating for a quota system for the employment of the disabled in item (c), we are of the view that it will only "complicate the matter" or "worsen the matter despite good intentions". Actually, this was the view taken by the Liberal Party when the Disability Discrimination Ordinance was introduced in 1995. Before the enactment of the Ordinance, many employers were prepared to employ the disabled. As far as I know it, many manufacturers even took the initiative to offer jobs to the disabled. Although the wages offered to them were lower than those offered to workers of other job types, they could at least have a job. At the same time, employers felt that they had at least done something for the disabled by giving them a job. Furthermore, promotion and salary increment of the disabled were not subject to any legislative constraints. Nevertheless, evidence shows that what the Ordinance has done so far is to "complicate the matter". At present, many employers are of the view that if they employ the disabled out of "kind-heartedness", they will on the contrary be restrained by the Disability Discrimination Ordinance. For instance, disabled people shall enjoy the same salary increase as others, irrespective of the rate of increase. In addition, employers will need to explain why a disabled person is not chosen for promotion. As a result, many disabled people cannot find a job. Of course, this is not the only reason. The fact that the economic depression has provided more choices for employers is also one of the reasons for the employment of less disabled people.

As regards legislation for a quota system, Mr Fred LI suggested during his submission of information that we could follow the examples of overseas countries. This will mean that companies hiring less than 20 employees will not be regulated by the quota system. According to Mr Howard YOUNG, it has been pointed out in the policy address that 1.4 million workers are now working in small and medium enterprises (SMEs) in Hong Kong. We will therefore have 2 million employees if 1.4 million people are subtracted from the existing

workforce of 3.4 million people. Based on the proportion provided by Mr LI with respect to legislation for the employment of the disabled — about 2% in Japan, about 1.5% in China (uncertain about Taiwan), and an exceedingly high 6% in Germany — if the proportion for Hong Kong is 2%, it will translate into 40 000 posts calculating on the basis of 2 million employees. This figure is certainly not small. However, both the Democratic Party and the Administration held that there were 417 000 disabled people in Hong Kong. Should this system be adopted so that 40 000 disabled people are given a job, only 10% of the 417 000 disabled people in Hong Kong are given a chance to work. In his speech, Mr Albert HO even suggested that further analysis could be made to determine which categories of disabled people are suitable for taking up employment. I find this even more complicated. The disabled people are very unfortunate indeed. Are we going to discriminate against and divide them further by differentiating those who are capable of working from those who are not suitable for employment? Some employers might have hired them but finally change their mind. This is even more impracticable.

As regards major countries like Britain, the United States, Canada and Australia, Britain is the only country practising this system at present. As the system is still far from perfect, Britain is reviewing whether this mandatory quota system should continue. So why should Hong Kong implement this system when it has been considered impracticable by overseas countries? The Liberal Party does not want to see both motions being negated in this very first meeting, as Miss CHAN Yuen-han remarked today. We have actually tried to avoid proposing too many amendments for fear that the Democratic Party or Members of the labour sector will vote against them. Insofar as items (a), (b), (d) and (e) in the original motion are concerned, only the item calling for legislation for a quota system for the employment of the disabled is truly impractical. This is why we have proposed an amendment to it. Our amendment is not aimed at deleting that item only. Rather, we have made use of the first proposal made by Mr Fred LI, that is, to encourage employers, through tax concessions, to employ the disabled. We consider this more acceptable. In our opinion, tax concessions are wage subsidies in disguise. Let me cite an example in which a disabled person earns \$6,000. If we ask for a subsidy amounting to one third of his salary, the Government will find it difficult to meet our demand for there will be financial implications. It will be simpler for the Government to grant tax concessions for what it needs to do is to require employers to pay less tax. The Liberal Party is of the view that encouragement given in this form will provide an incentive to many

enterprises — SMEs as well as big enterprises. Even if we look at the proposal from the Government's angle, the Government will not incur "great losses" for many disabled persons will need to apply for Comprehensive Social Security Assistance if they cannot find a job. For these reasons, the provision of tax concessions will benefit both the employers and the Government.

To prevent all motions moved today from being negated, I would like to urge Members of the Democratic Party to consider supporting Mr Howard YOUNG's amendment. We in the Liberal Party have decided not to support the original motion moved by the Democratic Party if Mr Howard YOUNG's amendment is negated.

PROF NG CHING-FAI (in Cantonese): Madam President, the creation of employment opportunities is currently an important social concern. I agree that the Government should create an environment aiming to promote employment and provide training for the unemployed on the one hand and encourage employers on the other to employ them and help them enter and adapt to the employment market by means of financial incentives. Of course, we will need to rely on a full economic surge as a fundamental solution to the employment and income problems.

Many low-income persons simply cannot afford the expenses of travelling from their home to work. The development of community economy can therefore help their employment. From the perspective of the market, community economy has room for survival and development. For instance, waste recovery can improve the community environment and reduce wastage of resources. The working population also needs services related to elderly home care, child care, and so on. Such proposals as setting up co-operative societies and referral centres for part-time domestic helpers will not only boost employment but also bring voluntary organizations into full play and enhance people's identification with the community, thereby bringing actual benefits to the community.

As for the employment of the disabled, I believe the Government should encourage them to integrate into society and improve their living. It is most crucial for the disabled that there is a level playing field where they can give play to their talents. They should not be deprived of their employment opportunities simply because of their physical disabilities. Therefore, we need to step up

promotion of the notion of equal opportunities and anti-discrimination publicity. If we rely solely on the imposition of a mandatory quota system for the employment of the disabled, enterprises will bear the brunt of unnecessary restriction. The impact on small and medium enterprises will be particularly serious. On the contrary, will the imposition of the quota give rise to reverse discrimination so that the employment opportunities of other job seekers will be restricted instead? Therefore, I have reservations about this part of the original motion.

Madam President, the major problem faced by the disabled in seeking employment is that they need a certain degree of support. This is because employers in general might not be capable of introducing matching measures even if they are willing to employ the disabled. In this respect, the Government may consider encouraging employers, through tax concessions, to employ the disabled.

Lastly, on the education front, the creation of posts of teaching assistants and information technology (IT) co-ordinators can promote IT education and relieve the pressure on teachers, improve the essence of teaching quality to benefit both teachers and students, and at the same time create more job opportunities. I consider this proposal desirable.

With these remarks, I support Mr Howard YOUNG's amendment.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, the unemployment rate in Hong Kong is still standing high. Worse still, the number of low-income earners is constantly rising. According to the most conservative estimate, there are currently 640 000 people making a monthly income of less than \$4,500 in Hong Kong. In the face of such difficulty, the general public held high hopes for the Chief Executive to come up with practical solutions in the policy address to help this group of people who are the poorest and in a socially-disadvantaged position. Unfortunately, there is little to write home about insofar as the policy to help the poor as espoused in the policy address. What the Government has offered is, at most, 7 000 temporary posts, a futile attempt to solve the problem. The creation of these 7 000 temporary posts is actually only a manifestation of the Government's spirit in implementing its other programmes (such as the Youth Pre-employment Training Programme). It can only provide temporary relief to the current unemployment problem but

basically do nothing to provide a solution in concrete terms. In the policy address, the Chief Executive repeatedly mentioned the point that the unemployment problem is not going to be resolved by subjective will. We must wait patiently for the problem will be resolved naturally once the economy recovers. The Chief Executive also remarked that the economy had been improved for the economic growth rates for the last two quarters were 14% and 10.8% respectively. Despite this slight improvement, have we really seen a marked improvement in our unemployment problem? Undoubtedly, the Hong Kong economy has been improved slightly. However, it is still far from satisfactory. In particular, those people who hold jobs are still facing the problems of low income and long working hours. This illustrates that their hardship has not yet been relieved, nor their quality of life improved. It is necessary for these problems to be addressed. The public will not feel at ease if the Government only focuses its attention on short-term measures instead of long-term solutions.

It is most important that the public should feel at ease. For the moment, what worries them most is the failure to land permanent jobs on the one hand, and the low wages and poor working conditions on the other. They are thus caught in a dilemma. Therefore, many people — particularly the non-governmental organizations — constantly stress that activities pursued at non-government level can help ameliorate the unemployment problem. As mentioned by Honourable colleagues in the previous motion debate, environmental protection industry is one of such examples. Unfortunately, the Government is still looking on with folded arms, failing to provide concrete assistance. As a result, it is still unable to resolve the problems it actually faces. The proposal raised by Honourable colleagues with respect to the development of community network is a terrific idea for it can enable a community to support itself. At least, travelling expenses can be saved despite low wages. Therefore, this is going to be a positive development. However, the success of developing community network hinges on support from the community. What can be done with such support? The answer is the recovery industry mentioned by Members earlier. Nevertheless, the Government has not provided concrete assistance for this. Every road seems to lead to a dead end for the Government has done nothing to help. Therefore, I earnestly hope the Government can reconsider this idea.

Just now, many colleagues mentioned the problem faced by the disabled people. Actually, working is not only a means to earn money or to earn a living. It is also a goal for it can enable the unemployed or the disabled to gain satisfaction and spiritual sustenance, thus preventing them from feeling insecure in life. At the same time, it will give them meaning and dignity to live. I believe we all need to live with dignity. If we still look at the disabled in the way we did in the past, we will easily give them the impression that they are not being respected and that their lives are meaningless.

Many Honourable colleagues rebutted enactment of legislation for a quota system because they considered this approach grossly inappropriate. I understand that regulation by way of legislation is not good. However, no one will comply without the necessary legislation. Of course, it will be perfect if the problem can be resolved by education and publicity alone. Over the years, however, Members could see that the result was far from satisfactory. Although some colleagues suggested the Government to encourage enterprises to employ the disabled through tax concessions, can the Government really achieve its objective in doing so?

Madam President, I would like to cite a recent example to illustrate my point. This example may not fit in the question we are discussing at the moment, but it reminds me that this is a realistic problem: Can the disabled be truly benefited even if tax concessions are given to small and medium enterprises? I am really worried. Let me cite the Mandatory Provident Fund (MPF) Scheme as an example. What I saw recently was really terrible. First, let us not bother about the unscrupulous government. It is commonly found that employees were told by their employers that starting from 1 October, their salaries would be deducted by 10%, half of which would go to employees' contributions, and the other half to employers' contributions. Should employees reject the proposal, they would be told to look for another job. As a result, many employees were forced to accept the proposal, despite their reluctance. We can thus see that even with legislation in place, employers can still "take advantage of the legal loophole" and employees are not going to be benefited. This is what happens in reality. If the Secretary does not believe in me, I can present some figures and witnesses to support my remarks. Let me come back to the MPF. The Government is applying the same method to its contract staff by making a deduction from their gratuity to contribute to the MPF. Therefore, tax concessions will probably only benefit employers rather than employees, particularly the disabled. This is my gravest concern. I think we

must attach importance to one's dignity to live. Therefore, I hope the Government can enact legislation to put in place a quota system to enable the disabled to be truly respected and protected.

In today's motion debate, the arguments raised by Honourable colleagues with respect to starting business and employment are actually nothing new, and there are not many indeed. Still, I hope the Government can take on board our suggestions.

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

MR LAW CHI-KWONG (in Cantonese): Madam President, the Democratic Party has earlier submitted some proposals to the Government, outlining a myriad of suggestions. According to our estimation, these would create about 50 000 job opportunities. As we cannot list out in Mr Fred LI's motion all the suggestions made by us earlier, I will add a few points later.

Before discussing the specific proposals, I wish to talk about the policy principles first. In the previous motion debate, one of the issues discussed was whether the Government should intervene in the market. The Democratic Party and the majority of Hong Kong people agree that the Government should not interfere with the operation of the free market economy. However, free market is actually non-existent or not working in many sectors of the Hong Kong economy. Market monopolization or market failure thus becomes part of the justification for government intervention.

Insofar as the creation of employment opportunities is concerned, the Democratic Party is not asking the Government to create new posts with public money indiscriminately. In this connection, we need to consider two factors: first, the sustainability of the posts and second, whether the work involved in these posts or the services provided by them are for the public good. We can cite some examples in respect of the sustainability of the posts. A good example is that when the market has yet to mature, the Government can intervene to enable the market to mature gradually and to operate on its own, after which the Government can reduce the degree of intervention. The proposal to set up a referral centre for part-time domestic helpers is based on this principle.

According to statistics of the Immigration Department, there are more than 210 000 foreign domestic helpers in Hong Kong. They have dominated the market and are estimated to cost Hong Kong about \$4 billion in foreign exchange each year. In fact, many families may choose to employ part-time domestic helpers who do not stay overnight for the benefit of more privacy. Local domestic helpers can replace some foreign domestic helpers, and they can meet the demand for part-time domestic services in the market. Due to cramped living space, many families are unable to employ foreign domestic helpers for whom they must provide accommodation. To assist the development of the market for local part-time domestic helpers will also help reduce the number of flagrant violations of law that frequently occur. Many people are illegally engaging the Filipino domestic helpers employed by their friends to do part-time jobs for them, but this is a violation of the existing legislation on employment contracts.

Under the present economic conditions, we believe that many women from low-income households are willing to work as part-time domestic helpers. Currently, there are about 178 000 households with a monthly income of less than \$4,000. By working as part-time domestic helpers, women from these households can earn additional income to help make ends meet. Although there is supply as well as demand in the market, those women who wish to work as part-time domestic helpers are often unable to find these part-time jobs due to a lack of information and an intermediary organization. A reputable intermediary organization can make employers and employees feel secure. As we can imagine, if we employ a domestic helper to work at our home, we must have some trust in the domestic helper. Conversely, a person who is going to work at someone else's home also needs to have some trust in the owner or employer. Therefore, a reputable intermediary organization will help address their concerns and enable the market to mature gradually. That is why the Democratic Party proposes that the Government should consider setting up a referral centre for part-time domestic helpers to provide referral services for families in need and women workers in the district.

The second principle mentioned by me just now is the factor of public good. The environmental protection industries, especially the recycling industry, provide the best illustrative example. There are three processes in the recycling industry that are particularly labour-intensive and provide job opportunities to grass-roots workers, and they are recovery, separation and

transportation. If the Government can take over these three processes, the cost of recycled industrial products can be greatly reduced, thus enhancing the competitiveness of these products together with the industry. What the Government should do is to allow these industries to benefit from the public good brought by the industries through government intervention. This can promote environmental protection and also increase employment opportunities. The Democratic Party made this proposal on the above principle. According to our calculation, this can create about 8 000 jobs.

I wish to lobby the Liberal Party to reconsider this and support the Democratic Party's original motion if their amendment is negated later on. Just now the Democratic Party proposed an amendment for we could not agree to some parts of Miss CHAN's original motion. But after our amendment was negated, the Democratic Party voted for the original motion as we broadly agreed with the other parts of the motion. With regard to this motion, the Liberal Party only opposes part of it and has moved an amendment. Since we have clearly put on record which part the Liberal Party opposes, I hope that if its amendment is negated, the Liberal Party will, on the principle of seeking common ground on major issues while reserving minor differences, consider voting for the original motion so that at least one of the two motions today can be passed.

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

(No Member responded)

PRESIDENT (in Cantonese): Mr Fred LI, you may now speak on Mr Howard YOUNG's amendment. You have five minutes.

MR FRED LI (in Cantonese): Madam President, the amendment moved by Mr Howard YOUNG to my motion is actually very simple. It is mainly about item (c) of my motion, that is, about legislating for a quota system for the employment of the disabled. This is also the focus of many Members in this motion debate, and surprisingly, very few Members have talked about items (a), (b), (d) and (e) of the motion.

I hope Members can realize that laws on a quota system for the employment of the disabled are actually nothing new, radical or unprecedented. Such a quota system is already widely adopted elsewhere in Asia — Japan, Malaysia, South Korea, Thailand, Taiwan and, not least, Guangzhou in China.

The Democratic Party is not asking for a uniform requirement under which all enterprises must employ disabled workers irrespective of their sizes. We note that there are lots of examples in other countries where only enterprises employing more than 20 people are subject to such a legal requirement, or where this requirement is applied only to enterprises employing more than 50 or even 100 workers. From this, it can be seen that such a quota system is actually not that terrible, we can reach a consensus in society before drafting the relevant laws and putting them into operation. If, in the end, only those enterprises employing more than 100 people are to be affected by the legislation, the small and medium enterprises (SMEs) of Hong Kong will, in actual effect, be exempted. That is why this proposal should not create any burden for the SMEs of Hong Kong.

Mr Howard YOUNG mentioned the point on SMEs. The economy of Taiwan is also underpinned by SMEs, but there is also a law requiring an enterprise employing 100 people to take on one disabled worker. So, we can see that there is also legislation in Taiwan in this respect. Mr Howard YOUNG also mentioned that the employment of disabled workers may cause inconvenience to enterprises. For example, an employer may be renting premises in a building of an old design, and his wheelchair-bound employees may thus encounter inconvenience in going to and from work. However, the failure of money to resolve some particularly problems is precisely the reason why legislation must be enacted to lay down a requirement, so that the Government can step in and take the lead to improve the situation. Tax concessions alone cannot possibly tackle the problems arising from buildings of an old design. That is why we very often have to count on the initiatives of employers. Actually, over the years, the Government has been saying that it encourages private-sector employers to take on disabled workers, and we have also been urging the Government to take the lead. To be fair, the Government does employ many disabled workers, but these are mainly persons suffering from colour blindness, or, in other words, disabled people with the mildest degree of disability. But when it comes to the employment of other categories of disabled workers, can encouragement alone achieve any real effect?

Before the recent Legislative Council elections, many organizations of the disabled were interviewed by various political parties, and I believed that these organizations must also have met with colleagues of this Council. The representatives of these organizations invariably asked the candidates to support their proposals and urged them to make relevant undertakings in their election platforms. As far as I am aware, before the Legislative Council elections, a questionnaire survey was conducted by these organizations, and in this survey, some candidates belonging to the DAB and the Liberal Party, and even most of the independent candidates, all expressed support for the introduction of a quota system. I hope that when they vote on this motion later on, these colleagues will not act against their avowed position in the survey. I hope that they will not vote against what they previously supported. I hope that they will keep the promise they made during the time of election.

My last point is on free economy principles. Mr Howard YOUNG said that any legislation on the introduction of a quota system is bound to violate the principles of free economy. I wish to refer to countries like Japan, Germany, France and Italy which are implementing such a system, and I wish to ask these questions: Are they free economies? Or, are they instead planned economies? Or, are they communist countries? Why are all these advanced economies not considered violating the principle of free economy when they are implementing such a system? Why then is the implementation of such a quota system in Hong Kong a violation of the principles of free economy? Why then do some people fear that such a quota system in Hong Kong will violate the principles of a market economy? Therefore, I am really puzzled. There must be a double-standard, I am afraid.

Madam President, I so submit.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, earlier when I spoke on Miss CHAN Yuen-han's motion, I have expounded our policy intent on alleviating the problem of unemployment and raising the competitiveness of the working population, and so on. Now I would like to respond to the specific proposals put forward by Mr Fred LI.

I would like to clarify some of the figures quoted by Mr LEE Cheuk-yan just now. He quoted some figures released by the Oxfam in that there were 180 000 people who worked for more than 50 hours each week. We have checked with the Oxfam concerning these figures. According to the information from the Census and Statistics Department, there are at present 33 000 local people of the low-income bracket who work for more than 50 hours each week. Many of them are employers, the self-employed and non-salaried family members who tend their family business. If we take these people away, those salaried people from the low-income group who work for more than 50 hours every week would amount to about less than 20 000. The Oxfam also admits that their figure may have included foreign domestic helpers.

Mr Fred LI proposes that the Government should encourage employers to hire retrainees and the disabled by giving employers tax concessions. As a matter of fact, under the current profits deductible, all costs which contribute to the making of profits are tax-free. Hence when employers calculate their taxable profits, they may deduct the salaries of their employees and the expenses in paying for any job-related training of their employees. However, I believe Mr LI means that he hopes that the employers should be encouraged to create new posts to hire unemployed people who have received retraining. Mr LI suggests that the deduction rate be increased so that the deduction for employers who hire retrainees would be more than the actual salary which they give to these employees. This is not permissible under the existing taxation principles, unless there are some very drastic changes to prevailing policies. The existing practice is that any tax exemptions and deductions can not exceed the actual expenses. On the proposal to provide tax concessions on a long-term basis, the Honourable Member seems to hope that the Government can give a boost to employment so that employers can create some posts which are otherwise unnecessary were it not for tax concessions. We are not sure if this will happen. There may be some counterproductive results in that some employers may dismiss the serving members of the staff to make way for retrainees. In that eventuality, it will not help solve the unemployment problem, but will create confusion in the labour market instead.

The focus of this year's policy address is to give assistance to the socially-disadvantaged. Apart from putting in a lot of resources to subsidize community and personal services, the Government will also create 7 000 new posts. Some of these new posts are permanent posts, such as those in the Social Welfare Department especially created for the provision of services for the

elderly. Together with the Employees Retraining Board (ERB), we will examine the establishment of a Business Start-up Fund. Conceptually, we agree that there can be some kind of growth in the community network to enable low-skilled workers to set up co-operative societies. That will help them to become self-reliant. But as these societies do lead to mixed results and both overseas and local experience tells us that there are both successes and failures, so we need to make some trials.

The ERB is offering some training programmes for the self-employed on a regular basis. We hope to provide a "one-stop" service whereby trainees will receive training in their trades to upgrade their skills and when they have reached a certain basic level, they can join some training programmes for the self-employed and learn skills in management and finance. Then there will be a six-month follow-up period during which we will assist them to start their business. After that, we will set up the Business Start-up Fund to give them some substantial financial assistance in the form of loans and centralized support services. It is hoped that we can set up a "one-stop" service systematically and later expand it when the pilot programme proves to be successful.

Mr WONG Sing-chi has mentioned that on the community level, certain government-subsidized NGOs have launched similar services before and there are certainly some successful examples. But there are also many cases of failure. I hope the ERB will make the scheme a success.

As for the problem of the employment of the disabled, the Labour Department has a Selective Placement Division which is specifically tasked with the duty of placement work for the disabled. The Division will offer free placement advice to the disabled and make arrangements in employment and undertake follow-up service. In the first nine months of this year, 2 789 disabled job seekers have registered with the Division and the Division has found as many as 2 768 job vacancies for the disabled. Of the registrants, 1 528 have been offered placement. The success rate is 55%. Such figures have broken the record of the Division for the past 20 years and the result is encouraging.

The Labour Department has started a trial placement programme since this September to encourage employers to hire disabled people on a trial basis. This will serve to give employers a better understanding of the abilities of the disabled. We hope that more employers will hire disabled persons on a voluntary basis and that the disabled can really sense their integration into society by virtue of their

personal abilities. That is precisely what Mr LEUNG Yiu-chung has said, that is, the disabled must be made to feel a sense of dignity and be respected. We have placed great hopes on this scheme and we have got very enthusiastic response from employers. Given time, we hope that the scheme will prove to be a success.

The Selective Placement Division also holds all sorts of public education and promotional activities regularly. These include talks, seminars and exhibitions. The Division also gives awards to employers for their open attitude and disabled employees for their outstanding service. It also compiles work manuals for the disabled and publishes placement newsletters. There are also programmes jointly produced by the Division and Radio Television Hong Kong to foster a public acceptance of the disabled as members of the community. All these efforts will hopefully raise the employment opportunities of the disabled.

In the course of drafting the 1995 White Paper on Rehabilitation, the Government conducted extensive discussions and consultations on setting up a quota system for the employment of the disabled. The conclusion reached then was that if such a quota system was put in force, some employers would be compelled to hire some disabled persons who might be regarded as a burden to the company and hence not accepted by other staff members. When this happens, the disabled persons may not feel like working in an unfriendly environment. Moreover, if a levy is collected from those employers who do not hire the required quota of disabled persons, employers will regard it as an additional tax liability. It will have negative impact on the disabled.

It is true that there are many foreign countries which have implemented such a quota system, but their experience tells us that although there is a quota system for the disabled, as many as 80% of the employers would prefer to pay the levy rather than hiring the prescribed quota of disabled persons. In Austria, which has just been mentioned by Miss CHOY So-yuk, this is precisely the case. Our information has shown that the quota system in Britain has been abolished as a result of criticism from the Audit Commission. The criticisms made at that time were: enforcement difficulties, high administrative costs, failure to genuinely facilitate social integration of the disabled, difficulties encountered by employers in recruitment when they wanted to comply with the quota system and that the exemption arrangements were time-consuming. Given these problems, we must examine this idea very carefully.

To promote information technology (IT) education, we will provide schools with IT co-ordinators. One of the major considerations to be made when allocating these posts is that the schools concerned must apply IT in teaching and that there is ample preparation and sound matching facilities. For if not, the allocation of an IT co-ordinator to a school will not achieve the desirable effect.

For the year 1999-2000, a total of 120 schools are provided with an IT co-ordinator for a period of two years. We will provide IT co-ordinators to a further 130 schools in 2000-01 for a similar two-year period. We are aware of the fact that many schools were well-prepared to respond to the IT in education strategy, but at that time we were financially only capable of providing not more than 250 IT co-ordinator posts. Then with the support of the Quality Education Fund, we were able to provide IT co-ordinators to a further 163 schools well prepared for the IT in education strategy and programme. If a school thinks that it is well-prepared and does have clear objectives and vision, we are willing to allocate funds from the Quality Education Fund to enable that school to hire an IT co-ordinator. To date, a total of 413 schools are provided with an IT co-ordinator. We also need to consider, however, the question of whether there exist enough people in the market who are qualified for such posts for the 1 000-plus schools in Hong Kong.

We are presently reviewing the effectiveness of the IT co-ordinator scheme and the preliminary work in this respect is expected to complete at the beginning of next year. By then we will decide whether the scheme should be expanded to cover more schools and whether the post of IT co-ordinator should be made part of the permanent establishment of schools.

In addition, starting from the school year of 1999-2000, the Government will make an annual supplementary grant to primary and secondary schools to subsidize their implementation of the school-based management scheme. Schools may purchase services to suit their needs and hire teaching assistants or other contract staff to help teachers cope with their workload. On average, each primary school will receive a grant of \$120,000 and each secondary school will receive a grant of \$155,000. The initiative has been undertaken since the last school year.

To provide more room for development to the teachers and to reduce their workload, we plan to provide additional resources to schools starting from the

current school year. This will enable schools to hire contract staff outside their establishment or to purchase services. The grant can be used in curriculum development, to raise language proficiency of the students and to meet various needs of the students. Take the example of a school with 19 classes or more, one such primary school of this size will get an annual grant totalling \$550,000, while a secondary school of the same size will get \$300,000. Schools may use the grant to hire teaching assistants. We will submit the relevant proposal to the Finance Committee of the Legislative Council at the beginning of next month and apply for funding. I hope Honourable Members will give their support then.

Ever since 1998, the ERB has been actively organizing retraining programmes for local domestic helpers and offering matching placement services. The training organizations under the ERB have also formed community networks to help graduate trainees to find jobs. To facilitate job matching, most of the training organizations keep registers on the information of the trainees and employers who are looking for domestic helpers. Those organizations which mainly offer courses for domestic helpers have classified job vacancies according to the working hours and locations required. That will help putting together a number of jobs in the neighbourhood as a part-time job combination so that trainees can be available for a number of part-time jobs so as to increase their income, reduce their travelling expenses and save their time. So a certain amount of referral work is being done for domestic helpers.

The results of these measures are encouraging. Trainees who have finished courses for domestic helpers amount to 9 884 in 1999-2000, representing an increase over the previous year by 87%, and the placement rate of graduates is as high as 79%.

Since February 1999, the Labour Department has launched a number of measures to enhance placement counsel services and to help local job seekers to look for jobs as domestic helpers. In the coming year, the Labour Department will work to tap the enormous potentials of the local domestic helper market. It will enhance publicity work, update the website for domestic helpers, and centralize the dissemination of information on graduate trainees of domestic helper courses and on job vacancies. In this way, it is hoped that better placement and recruitment services can be provided. I have mentioned in the previous motion debate that we will conduct systematic surveys to assess the current supply and demand situation for domestic helpers.

We have taken a number of initiatives on easing unemployment, providing training and creating employment. These initiatives have seen certain effect. However, looking at the solution of the problem of unemployment from a long-term perspective, there should be favourable economic conditions before employment opportunities can increase continuously. We have undertaken assessments of the effects of economic restructuring and China's accession to the World Trade Organization on the supply and demand of manpower in Hong Kong. We hope to release the details of our findings within two months. I can tell Honourable Members that in this connection, we will continue to strive for an excellent business environment and improvements in our economy so that more job opportunities can be created. We will continue to train low-skilled workers with a low education level and enable them to upgrade their skills so that they can share the fruits of new economy. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr Howard YOUNG be made to Mr Fred LI's motion. 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 Howard YOUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Howard YOUNG has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Have all Members cast their votes?

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 Kenneth TING, Mr James TIEN, Dr Raymond HO, Dr LUI Ming-wah, Mr HUI Cheung-ching, Mrs Sophie LEUNG, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Henry WU and Mr Tommy CHEUNG voted for the amendment.

Mr Eric LI, Mr CHEUNG Man-kwong, Mr CHAN Kwok-keung, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr LAW Chi-kwong, Miss LI Fung-ying, Mr Michael MAK and Mr IP Kwok-him voted against the amendment.

Geographical Constituencies and Election Committee:

Mr David CHU, Prof NG Ching-fai and Mr Ambrose LAU voted for the amendment.

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr SZETO Wah, Dr TANG Siu-tong, Mr Albert CHAN, Mr WONG Sing-chi, Mr Frederick FUNG, Mr NG Leung-sing and Mr YEUNG Yiu-chung voted against the amendment.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present, 11 were in favour of the amendment and 10

against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 25 were present, three were in favour of the amendment and 21 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Fred LI, you may now reply and you have four minutes 35 seconds.

MR FRED LI (in Cantonese): Madam President, first of all, I should like to express my gratitude to the 15 Members who have spoken in this motion debate. But as I said just now, most of these colleagues actually focused their remarks only on legislating for a quota system for the employment of the disabled. I do not intend to repeat what I said in response to the proposals of Mr Howard YOUNG, and I only wish to ask Members one question: Why do they regard the idea of "legislating" such an important consideration when deciding whether to support this motion?

I must thank the Secretary, for she has sat through the whole of the two motion debates today. I now wish to cite an example which, I hope, she will look into. The example is about the existing shopping arcades, about the requirement that all shopping arcades must be equipped with a toilet for the disabled; and, I also wish to cite the example of assigning a cubicle for the disabled in all public toilets. In this connection, if there is only encouragement but no legislative requirement, will such facilities for the disabled have been provided? If we just encourage shopping arcade owners, just encourage them, to look after the disabled, to spare some space for disabled toilets, and if we have not laid down any legislative requirement, would they have done all this? In some cases, people will simply refuse to do anything if there is no legislative requirement. And, even when the legislative requirement is in force now, violations are still found in some shopping arcades where disabled toilets are used as store rooms for various objects. The possibility of being prosecuted is totally ignored. We can therefore easily imagine what the situation will be if there is no legislative requirement at all. I have cited this example because I want Members to also realize that encouragement alone will simply not work in some cases. If encouragement alone sufficed, it would have worked 10 years ago, or even a much longer time ago. Therefore, there is in fact no alternative, and we must go ahead with legislation.

The Secretary cited the case of the United Kingdom, saying that they once enacted a law but had now decided to repeal it. I would of course study the case of the United Kingdom, and I must thank her for drawing our attention to it. But I am also puzzled as to why the Secretary has not talked about Japan and other countries. Taiwan and Guangzhou, for example, have not removed such a requirement. I hope that the case of the United Kingdom alone will not make people think that other countries do not support such a quota system. In fact, many countries are still practising this system. Are we going to say that they should also discard it? Should we argue that they have all violated the principles of free economy? Why should Hong Kong be regarded as an exception anyway?

Tax concessions are in fact a form of market intervention. In a free market in the strictest sense, there should never be any measures aimed at giving stimulus or encouragement to any sectors. Tax concessions are, however, meant to encourage employers to take on disabled workers. Actually, the Democratic Party also accepts them. But disabled people would certainly think that tax concessions are at best a form of encouragement only. We have actually been giving encouragement for more than 10 years. So, we hope that we can now at least take one more step forward and consider the feasibility of laying down a legislative requirement by studying the experience of other countries. Unfortunately, many colleagues here today, particularly those representing the commercial and industrial sector, obviously think that there is simply no need for any consideration or studies. They are satisfied with tax concessions or simple encouragement.

I hope that whenever Members think of disabled toilets, they would think of what Fred LI has said. I hope that they would then consider whether simple encouragement alone is already enough. Members may have made up their mind, but I still wish to do the best I can to appeal to them. I hope that we can escape the fate of negating both motions today. I hope Members can support my original motion, because many of them do not actually oppose items (a), (b), (d) and (e) of it. Regarding my proposal, I hope that Members can at least give themselves an opportunity to do some studies.

With these remarks, I move the motion. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is : That the motion moved by Mr Fred LI, as set out on the Agenda, be passed. 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 Fred LI rose to claim a division.

PRESIDENT (in Cantonese): Mr Fred LI has claimed a division. The division will ring for three 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 Eric LI, Mr CHEUNG Man-kwong, Mr CHAN Kwok-keung, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr LAW Chi-kwong, Miss LI Fung-ying, Mr Michael MAK and Mr IP Kwok-him voted for the motion.

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Dr LUI Ming-wah, Mr HUI Cheung-ching, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Mr Miriam LAU and Mr Tommy CHEUNG voted against the motion.

Mr Henry WU abstained.

Geographical Constituencies and Election Committee

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr SZETO Wah, Mr TANG Siu-tong, Mr Albert CHAN, Mr WONG Sing-chi, Mr Frederick FUNG and Mr YEUNG Yiu-chung voted for the motion.

Mr David CHU, Mr NG Leung-sing, Prof NG Ching-fai and Mr Ambrose LAU voted against the motion.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present, nine were in favour of the motion, 11 against it and one abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 25 were present, 20 were in favour of the motion and four against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negatived.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 25 October 2000.

Adjourned accordingly at one minute past Ten o'clock.

WRITTEN ANSWER**Written answer by the Secretary for Health and Welfare to Mr WONG Sing-chi's supplementary question to Question 5**

As regards the number of Comprehensive Social Security Assistance (CSSA) cases involving applicants over the age of 21 and still receiving secondary level education, the Secretary for Health and Welfare already pointed out in his reply at the sitting that the Director of Social Welfare may exercise discretion to grant assistance to those applicants. In 1997, 1998 and 1999, 62, 22 and 97 cases were granted assistance under discretion respectively. Since the Department has only maintained statistics of such cases approved under discretion, the total number of applications in this regard is not readily available.

Annex II

WRITTEN ANSWER

Written answer by the Secretary for Housing to Mr LAU Kong-wah's supplementary question to Question 6

Attached please find a record of asbestos abatement measures carried out by the Housing Department in HOS courts during the period. The names of courts involved cannot be disclosed without the consent of owners.

Appendix

Asbestos abatement measures implemented by Housing Department in
Home Ownership Scheme courts between 1989 and 1996

<i>Year of Completion</i>	<i>Asbestos Abatement Measures</i>
1993	Removal of six sets of asbestos lagging fixed to chimneys, silencers and flexible joints of an emergency generator in one Home Ownership Scheme court.
1994	Removal of 15 sets of asbestos lagging fixed to chimneys, silencers and flexible joints of emergency generators in three Home Ownership Scheme courts.
1995	Removal of 27 sets of asbestos lagging fixed to chimneys, silencers and flexible joints of an emergency generator in one Home Ownership Scheme court.