

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 25 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 MRS SELINA CHOW LIANG SHUK-YEE, J.P.

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

MEMBER ABSENT:

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 MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

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

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

MR NICHOLAS NG WING-FUI, J.P.
SECRETARY FOR TRANSPORT

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

MR JOSEPH WONG WING-PING, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

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

MR LAM WOON-KWONG, G.B.S., J.P.
SECRETARY FOR HOME AFFAIRS

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

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

MR LEE SHING-SEE, J.P.
SECRETARY FOR WORKS

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

MRS CARRIE YAU TSANG KA-LAI, J.P.
SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING

MS SANDRA LEE SUK-YEE, J.P.
SECRETARY FOR ECONOMIC SERVICES

MR PAUL TANG KWOK-WAI, J.P.
SECRETARY FOR THE ENVIRONMENT AND FOOD

DR EDGAR CHENG WAI-KIN, J.P.
HEAD, CENTRAL POLICY UNIT

CLERKS IN ATTENDANCE:

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

MRS JUSTINA LAM CHENG BO-LING, 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>
Fixed Penalty (Criminal Proceedings) (Amendment) (No. 2) Regulation 2000.....	282/2000
Fixed Penalty (Criminal Proceedings) (Amendment) (No. 3) Regulation 2000.....	283/2000
Financial Resources (Amendment) Rules 2000.....	284/2000
Occupational Retirement Schemes (Recovery of Arrears) Rules	285/2000
Fixed Penalty (Criminal Proceedings) Ordinance — Resolution of the Legislative Council (L.N. 206 of 2000) (Commencement) Notice 2000	286/2000

Other Papers

- No. 12 — Sir Edward Youde Memorial Fund
Report of the Board of Trustees for the period 1 April 1999
to 31 March 2000
- No. 13 — Secretary for Home Affairs Incorporated
Statement of Accounts for the year ended 31 March 2000
- No. 14 — Statement of Accounts and Auditor's Report for the
Vegetable Marketing Organization for the year ended 31
March 2000
- No. 15 — Statement of Accounts and Auditor's Report for the Fish
Marketing Organization for the year ended 31 March 2000

- No. 16 — Marine Fish Scholarship Fund Report for the period from 1 April 1999 to 31 March 2000
- No. 17 — Agricultural Products Scholarship Fund Report for the period from 1 April 1999 to 31 March 2000
- No. 18 — Hongkong Post
Annual Report 1999/2000
- No. 19 — Office of the Telecommunications Authority
Trading Fund Report 1999/2000
- No. 20 — Estate Agents Authority
Annual Report 1999/2000

WRITTEN ANSWERS TO QUESTIONS

Supply and Demand for Primary School Places

1. **MR LAU KONG-WAH** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *in respect of each education administration district,*
- (i) *of the respective numbers of primary school places and classes needed in this and each of the next two school years; and, in order to meet the increased demand for school places, the number of additional classes and primary schools provided in this school year as well as the number of additional primary schools required in each of these school years; and*
- (ii) *in order to achieve the goal of enabling 60% of primary school pupils to study in whole-day schools by September 2002, of the number of additional classes needed and the respective numbers of primary schools to be required in this and the next school year;*

- (b) *of the number of pupils allowed for each class in deriving the above figures, together with a comparison of these figures with the ideal size of 35 pupils in each conventional class, as recommended in the Education Commission Report No. 5 (ECR5); and*
- (c) *whether it plans to implement the recommendation in the above report; if so, of the implementation date; if not, the reasons for that?*

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

- (a) (i) The demand for public sector primary school places and classes in the 2000-01, 2001-02 and 2002-03 school years in respect of each district is shown in Annex A.

The supply of public sector primary school places is planned on a district basis. The projected population of each district is used as a reference in projecting the number of additional school places required to satisfy future demand. In addition, we also take into account such factors as possible mobility of students across districts (for example, some parents may wish to send their children to study in schools not in their residing district), existing supply of school places (including those provided by private schools) in the relevant districts, and the need for new schools to replace schools demolished in housing redevelopment projects. Where it is considered that additional public sector school places are needed in certain districts through building of new schools, the necessary preparation and construction will normally start three to four years in advance.

The number of additional primary schools (and classes) in the 2000-01, 2001-02 and 2002-03 school years are at Annex B.

- (ii) Our interim target is to enable 60% of our primary school pupils to study in whole-day primary schools by the 2002-03 school year. The target is planned on a territory-wide, instead of a district, basis. In each of the 2000-01 and

2001-02 school years, 480 additional whole-day classes will be needed to achieve the target. These additional classes will be partly provided through constructing 12 new schools in this school year and seven in the next school year. The rest will be provided by converting existing bi-sessional schools through administrative means. These 19 schools are in addition to those provided in Annex B.

(b) and (c)

The ECR5, published in 1992, recommended that:

- (i) for primary levels, the size for each conventional class should be reduced from 40 to 35 and for each Activity Approach class from 35 to 30. In other words, the average class size will be reduced from 37.5 to 32.5;
- (ii) for secondary levels, the size should be reduced from 40 to 35.

The Government has accepted the above recommendations. Starting from the 1993-94 school year, we started to reduce the class size in Primary One, with a view to progressively extending the reduction to the next higher level a year at a time. The original target was to achieve an average class size of 32.5 in all primary levels by the commencement of the 1999-2000 school year, and a class size of 35 in all secondary levels by the commencement of the 2004-05 school year.

As the phased reduction of class size was being implemented, the Government had to respond to another pressing demand from the community. For many years, the education sector and the general public have been requesting the Government to speed up the progress of whole-day primary schooling. However, implementation of whole-day primary schooling requires a large number of additional schools. The major difficulty faced by the Government is the shortage of school sites.

In order to implement whole-day primary schooling as soon as possible, the Government had adopted a variety of measures to increase the supply of classrooms and schools. These measures included identifying more sites for building new schools, accelerating the School Building Programme to build more than 70 schools between 1998 to 2002, designing primary schools with fewer classes to suit smaller sites, converting existing bi-sessional schools to whole-day operation through administrative measures, and adding classrooms to existing schools.

But even with the above measures, we were still short of school places to achieve early implementation of whole-day primary schooling. In 1997, therefore, a decision was taken to adjust the class size slightly: two pupils were added back to each class in primary schools (that is, an average class size of 34.5), the reduction of class size in secondary schools was temporarily suspended. With the slight adjustment in class size, more land resources could be pooled together to enable 60% of primary school pupils to study in whole-day primary schools by the 2002-03 school year, and to work towards a tentative target of full implementation of whole-day primary schooling by the 2007-08 school year.

We are on course to achieve 60% whole-day primary schooling by 2002-03. We will regularly review a number of factors, such as school site availability and population changes, to see if the tentative target of 100% whole-day primary schooling by 2007-08 is achievable. In parallel, we will review from time to time when we could put an end to the interim adjustment to class size. We also welcome views from the education sector and the community on the relative priorities of reduction in class size and the early implementation of whole-day primary schooling, given that both initiatives are competing for land resources.

Demand for public sector primary school places and classes

<i>District</i>	<i>2000-01 school year Number of public sector primary school places (classes) needed</i>	<i>2001-02 school year Number of public sector primary school places (classes) needed</i>	<i>2002-03 school year Number of public sector primary school places (classes) needed</i>
Central and Western Wan Chai	13 569 (393) 7 179 (208)	12 879 (373) 6 732 (195)	12 295 (356) 6 396 (185)
Hong Kong East	34 635 (1 004)	33 219 (963)	31 979 (927)
Southern Islands	15 271 (443) 7 012 (203)	14 380 (417) 8 976 (260)	13 386 (388) 10 578 (307)
Yau Tsim Mong	15 969 (463)	15 103 (438)	14 757 (428)
Kowloon City	20 234 (587)	19 374 (562)	18 374 (533)
Sham Shui Po	20 346 (590)	19 260 (558)	18 645 (540)
Wong Tai Sin	27 104 (786)	27 649 (801)	27 154 (787)
Kwun Tong	32 626 (946)	32 391 (939)	32 584 (944)
Sha Tin	43 336 (1 256)	42 821 (1 241)	41 871 (1 214)
Tai Po	27 237 (789)	25 429 (737)	23 854 (691)
North	26 062 (755)	25 028 (725)	24 123 (699)
Sai Kung	25 855 (749)	26 539 (769)	27 770 (805)
Kwai Tsing	31 869 (924)	31 816 (922)	31 142 (903)
Tsuen Wan	21 364 (619)	20 650 (599)	19 714 (571)
Tuen Mun	46 978 (1 362)	46 960 (1 361)	45 546 (1 320)
Yuen Long	42 951 (1 245)	47 457 (1 376)	50 291 (1 458)
Total	459 597 (13 322)	456 663 (13 237)	450 489 (13 058)

Annex B

Number of Additional Primary Schools (and Classes)

<i>District</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>school year</i>		<i>school year</i>		<i>school year</i>	
	<i>Number of additional</i>	<i>schools (classes)</i>	<i>Number of additional</i>	<i>schools (classes)</i>	<i>Number of additional</i>	<i>schools (classes)</i>
Central and Western	0	(0)	0	(0)	0	(0)
Wan Chai	0	(0)	0	(0)	0	(0)
Eastern	1	(30)	1	(24)	0	(0)
Southern	1	(24)	0	(0)	0	(0)
Islands	2	(60)	0	(0)	1	(30)
Yau Tsim Mong	0	(0)	0	(0)	0	(0)
Kowloon City	0	(0)	0	(0)	0	(0)
Sham Shui Po	0	(0)	0	(0)	0	(0)
Wong Tai Sin	0	(0)	0	(0)	0	(0)
Kwun Tong	1	(30)	3	(90)	1	(24)
Sha Tin	0	(0)	0	(0)	0	(0)
Tai Po	0	(0)	0	(0)	0	(0)
North	0	(0)	1	(24)	0	(0)
Sai Kung	0	(0)	0	(0)	2	(60)
Kwai Tsing	0	(0)	0	(0)	0	(0)
Tsuen Wan	0	(0)	0	(0)	0	(0)
Tuen Mun	0	(0)	0	(0)	0	(0)
Yuen Long	5	(150)	4	(114)	1	(30)
Total	10	(294)	9	(252)	5	(144)

Flat Fare Scheme of Ferry Services Company

2. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, it has been reported that New World First Ferry Services Limited (First Ferry) plans to standardize the weekday and holiday fares of three ferry routes from Central to Cheung Chau, Peng Chau and Mui Wo. The weekday fares will be higher than current fares but holiday fares will be lower than current fares. In this connection, will the Government inform this Council:*

- (a) *whether it has received proposals submitted by First Ferry on the standardized fare scheme and its implementation timetable, or whether it has held discussions with First Ferry regarding the scheme; if so, of the relevant details and the implementation timetable;*
- (b) *whether it knows if First Ferry will consider providing fare concessions for residents of outlying islands; if so, of the details; and*
- (c) *of the measures in place to enhance transparency in the determination of fares by licensed ferry service operators and public participation in the fare determination process?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, the Administration has not received any application from First Ferry to standardize weekday and holiday fares for outlying island ferry services. The Company has confirmed with the Transport Department that there is no plan to pursue such arrangement. We understand from the Company that the present fare concessions it provides for outlying island residents during holidays which are available in the form of monthly tickets and holiday return tickets would remain unchanged.

In considering fare adjustment proposals of licensed ferry services, the Commissioner for Transport takes into account all relevant factors including the financial position of the operator, the service performance of the operator, and public acceptability of the proposed fare levels. Fare adjustment proposals are presented and explained to the Islands District Council Traffic and Transport Committee and their views taken into account before a decision is made.

Early this year, the Transport Department conducted passenger opinion surveys on outlying island ferry services to obtain passengers' views on ferry matters including fares. The relevant District Council and Area Committees were briefed on the results of the surveys. The Transport Department intends to conduct similar surveys and discussion sessions with the local bodies in the future.

Disposal of Unsold Vegetables

3. **MRS SOPHIE LEUNG** (in Chinese): *Madam President, it has been reported that the wholesale markets managed by the Vegetable Marketing Organization (VMO) discard large quantities of unsold fresh vegetables every day. In this connection, will the Government inform this Council:*

- (a) *of the respective quantities of vegetables discarded by the various wholesale markets in each of the past three years;*
- (b) *of the average cost incurred in disposing of each tonne of discarded vegetables;*
- (c) *whether it has charged the wholesalers concerned for the disposal of discarded vegetables; if not, of the reasons for that; and*
- (d) *whether it has considered adopting measures to reduce the quantities of vegetables being discarded; if so, of the details; if not, the reasons for that?*

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

- (a) The quantity of unsold vegetables disposed of by the Cheung Sha Wan Wholesale Vegetable Market of the VMO was 3 711 tonnes (1.6% of market throughput) in 1997, 3 969 tonnes (1.6%) in 1998 and 3 254 tonnes (1.2%) in 1999.
- (b) The average cost incurred by the VMO in disposing of unsold vegetables is \$110 per tonne.
- (c) The VMO is a self-financing organization. It charges a 10% commission on the total value of vegetable sales for the provision of wholesale and related facilities and services for market users including the disposal of unsold vegetables.
- (d) The VMO provides regular information updates on market movement/trend to vegetable suppliers and farmers to help them to

adjust their supply to meet market demand. The VMO also donates unsold vegetables to old people's homes and other charitable organizations and a total of 21 tonnes of unsold vegetables have been collected by these organizations so far this year.

The Environmental Protection Department will soon be experimenting new composting techniques to recycle organic waste, including vegetable waste. The trial will cover unsold vegetables.

Charging of Service Fees by Mobile Telephone Service Operators

4. **MISS EMILY LAU** (in Chinese): *Madam President, regarding the charging of service fees by mobile telephone service operators, will the executive authorities inform this Council:*

- (a) *whether they know the criteria currently adopted by such operators for determining the fees for various services;*
- (b) *of the total number of customer complaints about charges received by the Office of the Telecommunications Authority (OFTA) in the past 12 months, together with a breakdown by the contents of such complaints; and*
- (c) *how the OFTA monitors the determination of service fees by such operators, and of the plans in place to strengthen its monitoring efforts with a view to protecting the rights and interests of consumers?*

SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING (in Chinese): Madam President,

- (a) The OFTA understands that the charging of service fees by mobile telephone service operators is currently based on usage (calculated on a per-minute basis). Customers usually pay monthly charges which include charges for a pre-determined usage level. Additional charges have to be paid for calls thereafter. Charges calculated on a per-minute basis may also vary depending on the time slots of the day or the receivers to whom the calls are made.

There are fixed charges for some value-added services (such as call forwarding and caller number display services). Some value-added services (such as voice mail box service) are charged by airtime or number of calls.

As to the levels of charges, they are determined by individual operators on a commercial basis.

- (b) From October 1999 to September 2000, the OFTA did not receive any complaint about the level of charges. However, the OFTA received 148 complaints against the six mobile telephone service operators who increased charges simultaneously early this year. The OFTA also received 78 complaints about billing and metering accuracy of telecommunications operators. The breakdown is as follows:

<i>Content</i>	<i>Number of Complaints</i>
1. Overcharging (including international calls and local calls)	29
2. Disputes over billing arrangement/billing accuracy	16
3. Disputes over rebates/value-added services	13
4. Unauthorized charges (for example, unauthorized calls)	6
5. Charging of international calls (for example, whether the calls forward the voice mail box should be included in the international call charges)	4
6. Other queries on the bills	10
Total	78

- (c) The responsibility of the OFTA is to ensure fair competition in the market. According to section 7G of the Telecommunication (Amendment) Ordinance 2000 which was passed and enacted in June this year, the Secretary for Information Technology and Broadcasting may by regulation subject a carrier licensee who is in a dominant position in the telecommunications market to price control measures. As the competition in the existing mobile telephone service market is intense and that there is no dominant operator, operators may determine their own service charges according to market circumstances without seeking prior approval from the Telecommunications Authority (TA). However, anti-competitive practice such as collusive charge adjustments should be prohibited to safeguard the interests of the consumers. For this purpose, the Telecommunications (Amendment) Ordinance 2000 which was passed and enacted in June this year has included provisions prohibiting anti-competitive practices and increasing penalties for any such breaches. The financial penalties that the TA may impose under the Ordinance has increased ten-fold to a maximum of \$1 million. The TA may also make an application to the Court of First Instance to impose penalty of a sum not exceeding 10% of the turnover of a licensee in the relevant telecommunications market in the period of the breach, or \$1 million whichever is the higher.

With a view to enhancing billing accuracy, strengthening its monitoring role in this aspect and safeguarding the interests of consumers, the OFTA consulted the industry on the implementation of the proposed Billing and Metering Approval Scheme in May this year. After considering the opinions of the industry, the TA decided in August to implement such an approval scheme so as to boost the confidence of customers on the billing accuracy of the industry. The OFTA then set up an industry forum with the aim of devising the details of the approval scheme, including billing and metering accuracy and standards, self appraisal system, auditing system, monitoring system as well as implementation and promotion of the scheme through the active participation of the operators, as well as representatives from consumers and user groups.

The OFTA anticipates that the measures and the details for the implementation of the scheme will be published in 2001 after completing all the technical work and formulating the monitoring mechanism.

Promoting Applications of Geographical Information Systems within Government Departments

5. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, the Administration revealed in its reply to a Legislative Council question on 8 December 1999 that at that time, "there were two initiatives within Government to integrate the spatial data assets held by them so as to exploit the full potential of their geographical information systems (GIS) applications in improving the provision of services". In this connection, will the Government inform this Council of:*

- (a) the spatial data assets held by the relevant government departments;*
- (b) the current progress of the above-mentioned two initiatives; and*
- (c) the specific plans to further promote broader application of GIS?*

SECRETARY FOR PLANNING AND LANDS (in Chinese): Madam President,

- (a) The two initiatives mentioned in the Administration's reply in December 1999 are:
 - (i) a consultancy study to be undertaken by the Planning and Lands Bureau (PLB) and the Works Bureau (WB) to examine the exchange among concerned government departments of geographic data collated for land, planning, development and other purposes. This study will involve a total of 13

departments, including all the department under the PLB and the WB, the Census and Statistics Department and the Rating and Valuation Department.

- (ii) A joint study undertaken by the Highways Department, Drainage Services Department, Water Supplies Department, and five major utility companies, to develop the technical infrastructure for exchanging underground utilities information electronically.

In general, the spatial data held by these departments include data on land administration, town planning, census and statistics, building regulatory control and enforcement, works projects delivery and facility management.

- (b) The progress relating to these two projects are as follows:

- (i) the consultancy study undertaken by the PLB and the WB

This consultancy study, which has started recently, will take six to nine months to complete. Its objective is to formulate a strategy for streamlining the exchange of planning, lands and public works data through harmonization of geographic data standards in the concerned departments. The consultants will study the data exchange processes between the participating departments and their business partners, identify the issues affecting these processes and formulate strategies for tackling them.

- (ii) the joint study undertaken by the works departments

After completing the feasibility study for the project early their year, the project participants have jointly appointed a consultant this month to design and implement a system for exchanging underground utility data. This will be completed in 15 months.

- (c) Pending the outcome of the aforementioned studies and the availability of resources, the departments concerned will further develop their GIS and establish more effective data administration to facilitate data exchange and utilization among them.

Allowances and Supplements under CSSA Scheme

6. **MR LAW CHI-KWONG** (in Chinese): *Madam President, will the Government inform this Council, in respect of each item of allowances and supplements under the Comprehensive Social Security Assistance (CSSA) Scheme, of the average sum payable to each recipient family every month, and to each group of these families, broken down according to the number of eligible family members?*

SECRETARY FOR HEALTH AND WELFARE (in Chinese): Madam President, according to a study on CSSA recipients conducted in November 1999, the estimated average monthly payment to each recipient family is:

	(\$)
Standard rate	3,790
Rent allowance	1,000
Other special grants and supplements	620
Total:	5,410

CSSA recipients are also eligible for free medical services at government clinics and hospitals operated by the Hospital Authority.

The average monthly payments to recipient families of different sizes are estimated as follows:

<i>No. of eligible member in family</i>	<i>Standard rate (\$)</i>	<i>Rent allowance (\$)</i>	<i>Other special grants and supplements (\$)</i>	<i>Total (\$)</i>
1	2,740	710	300	3,750
2	4,470	1,150	630	6,250
3	5,490	1,680	1,220	8,390
4	6,560	1,860	1,670	10,080
5	7,810	1,830	1,980	11,610
6 or above	9,810	2,080	2,640	14,540

Note:

- (a) It is assumed that the recipient families have no other income.
- (b) Rent allowance and special grants are payable only to recipients with the respective special needs.
- (c) The figures have been rounded up or down to the nearest \$10.

Fake BNO Passports

7. **MR LAU KONG-WAH** (in Chinese): *Madam President, it was reported that a Hong Kong resident, who travelled to India last year on a British National (Overseas) (BNO) passport, had been wrongly detained for 23 days because his BNO passport was suspected by local officials to be fake and was certified as a forgery by the British High Commission in Bombay without seeking verification from the relevant authorities in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of fake BNO passports and fake passports of other countries and territories seized by the Immigration Department at immigration control points in the past three years;*
- (b) *whether it knows the number of cases in the past three years in which overseas immigration authorities sought verification of BNO passports from the relevant authorities in Hong Kong and, among these, the number of those certified fake after verification;*

- (c) *of the number of cases in the past three years in which Hong Kong people travelling abroad sought assistance from the Government of Hong Kong, because their BNO passports were suspected to be fake;*
- (d) *whether it has considered taking specific actions, such as establishing a mechanism to facilitate liaison between the Immigration Department and the various overseas consulates of the British Government, so as to enhance the assistance to Hong Kong people travelling abroad on BNO passports when they encounter similar incidents; and*
- (e) *whether it knows if the British Government has plans, or when it intends, to issue BNO passports with enhanced security features, and whether the Hong Kong Government will take the initiative, through the Ministry of Foreign Affairs, to advise the British Government in this respect?*

SECRETARY FOR SECURITY (in Chinese): Madam President, our reply to the question is as follows:

- (a) Between 1997 and 1999, the Immigration Department intercepted a total of 7 073 fake passports at immigration control points. Of these, 361, or 5%, were BN(O) passports. During the first nine months of 2000, 1 532 fake passports were intercepted at immigration control points. Of these, 107, or 7%, were BN(O) passports.
- (b) The British Consulate-General in Hong Kong is the authority for verification of BN(O) passports. Requests for verification of BN(O) passports are rarely addressed to the Immigration Department directly by overseas immigration authorities. If such requests are received by the Immigration Department, they will be redirected to the British Consulate-General for necessary action. The Immigration Department does not maintain statistics on such requests.
- (c) In the past three years, five Hong Kong residents who travelled abroad on BN(O) passports sought assistance from the Hong Kong

Immigration Department. Three of them sought assistance because foreign immigration authorities had doubts on the authenticity of their BN(O) passports. The other two persons were suspected to have unlawfully altered the limit of stay on their passports.

- (d) Pursuant to the relevant laws of the People's Republic of China, the provisions of international treaties which China has entered into as well as international practices, Chinese diplomatic and consular missions (CDCMs) are entrusted with the responsibility for providing consular assistance to Chinese citizens outside Chinese territory. Hong Kong residents of Chinese nationality whether holding Hong Kong Special Administrative Region passports or BN(O) passports may approach CDCMs for assistance if they need help when travelling abroad. If the Immigration Department receives any request for assistance from BN(O) passport holders when travelling abroad or from their relatives in Hong Kong, the Department will immediately liaise with the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region and the relevant CDCMs for assistance on the ground. In the cases referred to in (c) above, the relevant CDCMs had provided the necessary assistance upon request. We therefore do not see the need to establish a separate liaison mechanism between the Immigration Department and the various overseas British Consulates. The Immigration Department has issued a "Guide to Consular Protection and Services Outside Chinese Territory" (copy at Annex) which is available to members of the public.
- (e) Hong Kong has autonomy over its immigration control and the Immigration Department maintains close liaison with the British Consulate-General in Hong Kong on immigration matters including information sharing on matters relating to forgery of BN(O) passports. We understand that the British Consulate-General in Hong Kong will start issuing new BN(O) passports with enhanced security features such as digitized photograph and signature during the latter part of 2001 when the new computer supporting system is up and running.



Guide to Consular Protection and Services Outside Chinese Territory

In pursuance of the relevant laws of the People's Republic of China, the provisions of international treaties which China has entered into and signed as well as international practices, diplomatic representatives and consular organs of the People's Republic of China posted abroad are entrusted with the responsibilities of protecting the legal rights and interests of Chinese citizens outside Chinese territory. This guide helps you understand the scope of consular protection and services to be provided by diplomatic representatives and consular organs of China posted abroad.

Assistance provided by consular officers

- to issue, renew and replace travel documents, and extend the validity of travel documents for Chinese citizens or to endorse their personal particulars on travel documents.
- to provide notarization and legalization services for Chinese citizens (including notarization of translations of various certificates and documents), and subject to the laws and regulations of the receiving state, register marriages and transfer of judicial documents.
- to negotiate with the authorities concerned when the rights or freedom to be enjoyed by Chinese citizens under the laws are restricted or infringed upon in the receiving state and they could in no way safeguard their own rights and interests.
- to provide information on the prevailing situation to Chinese citizens in case of emergency such as natural disasters, political disturbances, wars and riots, etc., and to provide assistance.
- to liaise, on request, with relatives of Chinese citizens as far as possible, asking them for the necessary financial assistance.
- to notify relatives of the parties concerned in serious accidents of the case and casualties involved, and to give consultative advice on the related matters of procedure.
- to notify the concerned parties and his relatives on learning that the Chinese citizen has bequeathed a legacy, or has become a successor of an estate or a devisee; to receive and transfer the estate on his behalf.

- to provide, on request, the available names and telephone numbers of local lawyers, interpreters and doctors to the Chinese citizens.
- to visit Chinese citizens under detention, arrest or in prison. When necessary, to fight for lawful treatment on their behalf and give necessary assistance, and inform their relatives of their condition if appropriate.
- to render necessary assistance to Chinese citizens found not guilty or those released from prison on completion of their sentences so that they can leave the state early.
- to provide any other relevant consultative services.

Assistance cannot be provided by consular officers

- to intervene in court proceedings, shield your unlawful act, absolve you from sentences beyond the laws and regulations of the receiving state.
- to get better treatment for you in hospitals, in detention or in prison than is provided for local citizens.
- to pay your hotel, legal, medical, air/sea/land travel expenses or any other bills.
- to help you get a job or obtain a work permit.
- to help you in your application for permanent residence in that state.
- to accommodate you in the office of the diplomatic representative or consular organs.

Obey the law

Chinese citizens outside Chinese territory should obey the laws and regulations of the receiving state, respect the customs and practices of the people in that state and get along with them harmoniously. They should also participate actively in promoting economic prosperity of the receiving state, and foster co-operation and communication between our nation and the receiving state.

If you have anything stolen

If you lose your money, passport or any other things abroad, report it first to the local police and request for a documentary proof of the loss, and inform the diplomatic representative or consular organ of China in that state about the loss immediately and request for assistance.

If you are arrested

If you commit an offence, you should bear the legal consequences. If you are arrested or detained for any charge of offence, you have the right to request the authorities concerned to inform the diplomatic representative or consular organ of China in that state.

If someone dies

In case of serious accident happening to your relatives or companions or resulting in death for whatever cause, contact the diplomatic representative or consular organ in that state immediately, the consular officers will offer assistance whenever possible.

Points for attention

- Consular officers are not allowed to exceed their scopes of duties in providing consular protection and services to Chinese citizens.
- The relevant provisions lay down that fees will be charged to some consular services.
- The Ministry of Foreign Affairs of the People's Republic of China is responsible for giving explanations on this guide.

Immigration Department
The Government of the Hong Kong Special Administrative Region

Annex

Separate Collection and Recycling of Household Waste

8. **MRS SOPHIE LEUNG** (in Chinese): *Madam President, regarding the separate collection and recycling of household waste, will the Government inform this Council:*

- (a) *of the progress made in the past three years in promoting such practice; and*
- (b) *whether it has considered requiring future residential developments to set aside space for separating household waste; if so, of the details; if not, the reasons for that?*

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

- (a) Promoting separation and recovery of household waste is a key component of our waste management system. Major publicity and education programmes have been launched since 1998 to arouse public awareness on waste separation and recovery. In addition, the following actions have been taken:
 - (i) All the 189 public housing estates are now provided with waste separation bins for waste paper, aluminium cans and plastic bottles. Over 480 private housing developments have also implemented waste recovery programmes. By now, more than 3 100 sets of separation bins have been placed in these housing developments.
 - (ii) A waste separation and recovery programme has also been launched in primary and secondary schools in 2000. About 400 schools have participated. We plan to extend the programme to cover all schools before 2003.
 - (iii) We have been collaborating with environmental groups, community organizations and District Councils to carry out pilot projects to experiment with different waste separation and recovery systems.

- (iv) We are also working with various departments to further improve waste separation and recovery in government buildings and public places.

- (b) The Legislative Council passed the Buildings (Amendment) Ordinance on 14 June 2000. The Ordinance requires, among other things, mandatory provision of space for the separation of waste and material recovery in new buildings. For residential buildings, large refuse storage chambers are required to allow for material recovery activities. As a further incentive for developers, the Building Regulations have also been amended such that refuse storage and material recovery rooms provided on individual floors will not count towards the calculation of permissible gross floor area. The new legislation will be effective on 1 November 2000.

HOS Flats Earmarked for Sale Transferred to Rental Use

9. **MISS EMILY LAU** (in Chinese): *Madam President, the Hong Kong Housing Authority decided in June this year to transfer to rental use 16 000 flats originally earmarked for sale under the Home Ownership Scheme (HOS) in the coming four years. In this connection, will the executive authorities inform this Council:*

- (a) *whether they know the number of HOS flats to be put up for sale under the revised schedule in each of the coming four years;*

- (b) *of the average time taken at present for an eligible person to be given the opportunity to select and purchase an HOS flat; and*

- (c) *of the measures in place to relieve the financial burden on those members of the public who, as a result of inadequate supply of HOS flats, need to purchase the more expensive private residential flats?*

SECRETARY FOR HOUSING (in Chinese): Madam President, the number of HOS flats to be put up in each sale exercise depends on market conditions and demand. At present, the Housing Authority has not yet decided on the number of flats to be put up for sale in each of the coming four years.

Unlike public rental housing, there is no waiting list for HOS flats. Applications are invited for each sale exercise. Ballots are drawn to determine the priority for flat selection and purchase. In the last sale exercise completed in August 2000, all eligible applicants were given the opportunity to select and purchase flats.

There is a steady supply of HOS flats. Eligible families which wish to purchase flats in the private sector may apply for loans under the Home Purchase Loan Scheme operated by the Housing Authority or under the Home Starter Loan Scheme operated by the Housing Society.

Procedure for Vetting and Approving Applications by Managerial and Professional Personnel to Work in Hong Kong

10. **MR JAMES TIEN** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the procedure currently adopted for vetting and approving applications by mainland and overseas managerial and professional personnel to work in the territory, and the average time required for that;*
- (b) *how the procedure and required time compare to those of Singapore; and*
- (c) *whether it has plans to simplify such procedure; if so, of the details?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Under the existing immigration policy, overseas managerial or professional personnel qualified for entry into Hong Kong for employment have to possess skills, knowledge or experience valuable to but not readily available in Hong Kong. The remuneration package offered to them should be broadly comparable to the market rate. Applicants may submit their applications to the Immigration Department direct or through Chinese Diplomatic or Consular Missions. In submitting their

applications, applicants need to provide documentary proof to demonstrate that they satisfy the abovementioned entry criteria for employment. Their employers are also required to provide information to justify the employment of foreign professionals and to prove that they have proactively tried to recruit locals but without success. Normally, the Immigration Department will complete the processing of an application within four weeks upon the receipt of all required documents. In special cases, the processing time can be shortened to less than a week.

As for managerial and professional personnel from the Mainland, they are generally not allowed to come to Hong Kong to work under existing immigration policy. The Chief Executive announced in the policy address that existing immigration policy on the entry of professionals would be reviewed in a proactive but prudent manner to admit more professionals from the Mainland and abroad. In conducting the review, we will take fully into account the supply and demand for professionals in the labour market. The review will be guided by our long-standing objective of facilitating economic development, whilst safeguarding job opportunities for the local population.

- (b) According to the information provided by the Singaporean Consulate-General, foreigners who wish to work in Singapore have to meet similar specified requirements in respect of skills/knowledge and remuneration level. Applications should be submitted together with the relevant supporting documents to the Ministry of Manpower in Singapore direct. The employers concerned also have to submit documents to justify the need for employing foreign workers. Eligible applicants are divided into three categories according to their skills and salary levels. They will be issued with different types of Employment Passes accordingly. Managerial and professional personnel belong to one of these categories. Normally, the processing of these three types of Employment Passes will be completed within approximately two weeks upon the receipt of all required documents.
- (c) The Immigration Department keeps in view our economic development and regularly consult relevant government departments

and other organizations on the demand for managerial and professional personnel in various sectors. In response to market demand, the Immigration Department has taken the following measures to streamline application procedures:

- (i) Separate files are kept on those companies/organizations with frequent needs to recruit overseas managerial and professional personnel. This saves the need for these companies to re-submit the same information each time an application is made.
- (ii) Multi-national corporations are allowed to bring in managerial and professional personnel from their overseas offices for internal deployment.
- (iii) For companies/organizations with frequent needs to bring in managerial and professional personnel, designated telephone communication channels have been set up to reduce the amount of official written correspondence required.
- (iv) Employers undertaking large-scale projects which require the admission of relatively large number of overseas managerial and professional personnel are allowed to submit entry applications to the Immigration Department in advance for consideration. Under this arrangement, the processing time can be reduced when the applications are formally submitted.

With these streamlined procedures, the average processing time for these kinds of applications have been shortened to two/three weeks. Under special circumstances or in special cases, the processing time may be further reduced to less than a week.

Hung Shui Kiu New Town Development Plan

11. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding the plan to develop a new town at Hung Shui Kiu in Yuen Long, will the Government inform this Council whether:*

- (a) *it will consider constructing housing units in nearby areas for rehousing affected residents before implementing the plan; if so, of the details; if not, the reasons for that;*
- (b) *it has adopted a "people-oriented" approach in formulating the details of the plan; if so, of the aspects in which the plan reflects such an approach; and*
- (c) *it will revise the existing policies on compensation, so as to alleviate grievances of the affected residents against land resumption?*

SECRETARY FOR PLANNING AND LANDS (in Chinese): Madam President, the relevant government departments are examining in detail the implementation measures and plan for the proposed new town development in Hung Shui Kiu in Yuen Long with a view to making the best possible arrangements for the affected residents.

- (a) Over 20 000 public rental housing flats will be supplied in the North West New Territories (NWNT), including Yuen Long and Tuen Mun Districts, in the next 10 years. These will comprise both new flats and refurbished flats in the existing public housing estates. Our preliminary assessment is that there will be sufficient public rental housing flats in NWNT to accommodate eligible residents affected by the development of the Hung Shui Kiu new town. For residents who are not eligible for public rental housing and having no residential properties of their own, we will provide sufficient interim housing flats to meet demand.
- (b) The "people-oriented" approach is an important element in the formulation of new town development plans. Its main purpose is to provide a comfortable living environment through better land use planning, provision of supporting facilities and so forth to enhance the living standard of the people.

The "people-oriented" approach is realized in the following aspects. Firstly, new towns are to be developed, as far as possible, along the railway to promote greater use of the environmentally-friendly and convenient mass transit system. To this end, we intend to

designate the areas close to railway stations for residential development. We will also build pedestrian network and cycle tracks segregated from the main roads to facilitate better access to railway stations. Major trunk roads will be built in the periphery of the new towns to reduce the impact of road traffic on their environment.

Moreover, land will be reserved in new towns for the provision of green belts and open spaces. We intend to designate about 60 hectares of land in Hung Shui Kiu for these two purposes. There will also be comprehensive government, community and recreational facilities in new towns to achieve a balanced development of the community. We will adopt as far as possible the stepped-height design for better compatibility with the existing villages. Traditional architectures, such as historical sites and monuments, will be preserved and incorporated into the design of new towns.

- (c) We plan to designate the proposed Hung Shui Kiu new town as a "New Town Development Area (NTDA)". Under the current compensation policies for land resumption, an NTDA will be granted the maximum (Zone A) rate in the calculation of *ex gratia* compensation for the land resumed. Concerned government departments will explain to the affected residents in detail the relevant arrangements. We will also consider providing the affected residents with one-stop social services. Furthermore, in line with the implementation of the Urban Renewal Authority Ordinance, we are reviewing the arrangements of granting *ex gratia* compensation to the parties affected by land resumption. We aim to complete the review as soon as possible and put forward proposals to the Legislative Council.

MEMBERS' MOTION

PRESIDENT (in Cantonese): Motion of Thanks. In accordance with the Rules of Procedure, Members will each have up to 15 minutes to speak on the motion.

MOTION OF THANKS

MRS SELINA CHOW (in Cantonese): Madam President, I move that "this Council thanks the Chief Executive for his address".

It is indeed my honour to be elected Chairman of the House Committee with the support of Honourable Members, and that is why I am particularly concerned with the relationship between the legislature and the executive. On the one hand, the relationship between these two institutions is the key to the effective operation of the Legislative Council; and on the other, it is also an essential factor in maintaining an executive-led administration while facilitating sufficient expression of public opinions at the same time. The object of these two institutions, the legislature and the executive authorities alike, is to strive for the well being of the people of Hong Kong. Notwithstanding the divergent perspectives and opinions they have, the executive authorities and the legislature should seek to complement one another while exercising checks and balances as mentioned by the Chief Executive in his policy address. For this reason, I welcome the Chief Executive to work together with Members of this Council to expand the scope for closer co-operation, as well as to examine ways of strengthening the existing mechanism of communication.

As a matter of fact, if the senior echelon of the executive authorities — in particular the Chief Executive, the Chief Secretary for Administration, the Secretary for Justice and the Financial Secretary — could more actively and frequently engage in dialogues with this Council, the impasse carried over from the past would certainly be broken promptly. Recently, this Council put forward a proposal to the Chief Secretary for Administration to invite four senior officials to give this Council a brief account of the discussions that they had with the Central Authorities or the heads of foreign states. However, the Chief Executive was of the opinion that the need or otherwise for such reports should depend on individual cases. In fact, we do not insist on requiring the relevant senior officials to report to this Council the details of their overseas visits. So long as they are willing to exchange views with this Council more frequently, in particular views on issues of public concern, they will certainly help this Council and members of the public to better understand the stance of the senior echelon of the executive authorities on matters that are of immediate concern to the people, and how they tackle the problems facing them. That way, the gap between the Government and the people can be narrowed.

The most heated subject of discussion in this past few days must be the first step towards a system of executive accountability announced by the Chief Executive in his policy address. To the Liberal Party, this first step is long overdue for we already highlighted the importance of political accountability in our party constitution when we founded the Party back in 1993. While we do welcome this general direction, we note with regrets that we have no idea whether this system of accountability will be complete and thoroughgoing, nor whether the Executive Council as part of the executive authorities will undergo what sort of reforms to dovetail with this.

Frankly, I am more concerned that the reform might turn out to be a half-baked. In that case, while the policy makers have to shoulder all the political responsibilities involved in policy formulation including proposal making, public consultation, peddling decisions, and lobbying the Legislative Council, yet more often than not the proposed policies will be rejected by the Honourable Members of the Executive Council who do not have any policy portfolios. This is simply unfair. I therefore hope that the so-called review of the composition of the Executive Council mentioned in the policy address will replace the existing part-time Members who have no policy portfolios with Cabinet Ministers, for only in this way can powers and responsibilities be really defined clearly.

Moreover, the executive authorities cannot rely only on the wisdom of the highest leader and the supervision of directorate grade officials; they just will not suffice without the efficient operation of the Civil Service as a whole. In all fairness, the civil servants in Hong Kong are by no means under par; they compare favourably with their counterparts in many places of the world. Our civil servants are admired for their efficiency and integrity. What they lack, in most cases, is a service culture of good manners, smiles, tenderness and understanding. In the final analysis, they are not objective enough. If they are willing to place themselves in the position of the public more, the public may be more appreciative of their work.

From another angle, however, have we put too much emphasis on exercising checks and balances and voicing criticisms these days to the neglect of the many difficulties confronting civil servants in practically discharging their duties? Would it be possible that because they are answerable to this Council, the media, the Independent Commission Against Corruption, the Ombudsman, the Audit Commission, and so on, they cannot but make every effort to protect themselves in whatever they do to avoid being held responsible afterwards,

thereby helping nurture the mentality of "work not, err not"? While the Audit Commission is responsible for auditing the accounts of government departments, who is responsible for auditing its accounts? All these are questions that our leading echelons and representatives of public opinion must take into careful consideration, since any failure to maintain the right balance will serve to cause the Government responsible for development and reform to halt in hesitation. Naturally, this will not be of benefit to the development of society as a whole.

For the past more than three years since the reunification, the Government of the Special Administrative Region has all along been making an effort to as forward-looking as possible. Nevertheless, there are still a number of policies and decisions that have indeed attracted public censure. Farther back, there were the housing policy, the request for the interpretation by the Standing Committee of the National People's Congress of the Basic Law and the policy on mother-tongue teaching. Recently, we have two examples in the Public Order Ordinance and the Language Benchmark Examinations. Looking deeper, actually all these policies and decisions do have their own merits. What is more, some of them were in fact made in accordance with the needs then or at the requests of the people. But why then were they considered later on as policies doing Hong Kong injustice? In this connection, while it is probable that the public tends to perceive everything negatively due to their lack of confidence in the Government, the lack of objectivity and tolerance on the part of government departments has also served to amplify trivialities into big troubles. Let me take the Public Order Ordinance as an example. In an orderly society, there is nothing wrong with law enforcement agencies requiring to be informed beforehand of large-scale activities to be held in public places, so that they could make arrangements necessary for the preservation of public peace. Is this not a requirement in force in civilized and democratic countries and societies in general? In the view of the Liberal Party, the Public Order Ordinance is by no means a draconian law. I therefore personally consider that no amendments to the Ordinance are called for. Moreover, the Police Force responsible for the enforcement of the Ordinance do not seem to have abused the law to prohibit proper public processions and meetings. At the same time, however, law enforcement agencies are duty-bound to ensure fairness and consistency of enforcement actions. For this reason, the police have to give an account of its rationale for targeting at only the students concerned but not instituting any prosecution against the other 300-odd similar cases. The Government has now decided not to prosecute the relevant students; yet in retrospect the Government could have spared the community the many arduous and controversial

discussions before arriving at the present decision. With regard to the manner in which this matter is being handled, it is indeed very difficult for the Government to win the public around.

Next I should like to speak on some issues of concern to the wholesale and retail functional constituency which I represent.

With the progress of time, the operation of wholesale and retail businesses has undergone significant changes. In particular, with the wholesale sector being subject to impact by market liberalization in recent years, many large-scale retailers have conversely assumed a dominant position. Apart from that, the accelerated development of electronic trading and direct trading has also reduced further the business opportunities of wholesalers. Even though this is an irreversible trend, the Government still has a responsibility to ensure fair competition and to safeguard the interests and rights of consumers. More importantly, special care must be taken to prevent the markets in Hong Kong from being completely dominated by cheap commodities at the expense of "quality" and "value". In this connection, the dispute over parallel imports arising from the passage of the Trade Marks Ordinance in the last Legislative Council term has yet to be resolved. I therefore hope that the Government can expeditiously put forward measures to discuss and resolve the relevant problems before the relevant provisions come into operation.

With social advancement, more importance has been attached to the rights and interests of consumers. Yet despite this positive and desirable development, the rights and interests of businesses dealing as consumers have regrettably been overlooked. There is generally a major psychological barrier on the part of the Government to intervening in complaints in this regard, such as exceedingly high charge rates, sharp increases in price, attempts made by suppliers to cash in on tax concessions granted by the Government, and so on. Such unfair and unreasonable treatment of businesses dealing as consumers will in the end increase the cost of operation which will eventually be transferred onto consumers. Thus, the Government must not turn a blind eye to these problems. The charges of the Electronic Payment System and fuel prices are two typical examples, and the affected trades and businesses earnestly hope that the Government can come up with measures to rectify the situation.

Avian flu has once again become the talk of the town lately. Actually, the impact on the business of chicken dealers is just the tip of the iceberg. I am afraid there are also innumerable problems facing other food and non-staple food traders under the Five Guilds Union, namely, fish merchants, vegetable merchants, fruit merchants, egg merchants and poultry dealers. Although Hong Kong is famous for its cuisine, the catering industry has all along been complaining about the quality and price levels of foodstuffs. The price of chicken, for example, has been standing high since the avian flu incident in 1997. Before the outbreak of the avian flu, the prices of chicken were set in the light of the port city (source of origin), breed and grade through negotiation and bargaining by the three relevant parties, namely, the local buyers in Hong Kong, the poultry farms in the Mainland, and the importing agency. However, in the wake of the avian flu, the local buyers in Hong Kong have lost both their bargaining power and their right to purchase different breeds and grades of chicken from different sources of origin. As a result, the people of Hong Kong have to pay expensive prices for the chicken they eat without any choice. As regards the policy of separating geese and ducks from chicken for centralized slaughtering, I have put forward reasonable arguments to strive for the interests of the poultry dealers during heated debates in this Chamber. Nevertheless, the then Agriculture and Fisheries Department still insisted on merging the Kowloon Poultry Laan which accounted for 85% of the market's supply with the Hong Kong Poultry Laan which accounted for the remaining 15% under the Western Wholesale Food Market. The Department just turned a deaf ear to the industry concern over transportation, the undersized market facility, and other insurmountable problems. As a result, the live geese and ducks markets just died without any known cause.

The wholesale fish trade has not fared any better as a result of dwindling supply. Since more and more fishermen are conducting transactions outside Hong Kong waters, the volume of transaction in the local markets has kept on dropping. Given the gradual improvement of the economy of Hong Kong, the demand for seafood and delicacies should be on the increase. But why is the volume of transaction in the wholesale markets declining instead of increasing?

Although the business of the Kowloon Cheung Sha Wan Wholesale Vegetable Market can still be considered as acceptable, the conditions in the Market are so deplorable that the relevant government departments should feel ashamed of themselves. With regard to the stall tenants of the Market who must move out by 2005, they are now in great distress because so far they have not been informed of the place where they will be relocated.

The problems facing the Five Guilds Union are indeed innumerable. The Government must square up to the problems and help the relevant merchants to formulate measures to address and resolve the problems. The foodstuffs supplied by these merchants are daily necessities, so they are closely related to and have immense influence on our daily lives.

The difficulties confronting the retail sector are totally different. Although the deflation rate has reduced, it is still harassing our economy. On the other hand, however, operating costs are poised to rise, including the two major items of expenditure on wages and rentals. In order to stimulate the consumer sentiment, the Financial Secretary has urged the retail sector not to impose a freeze on wage levels. However, with the wage levels and rental rates being poised to rise while commodity prices are still falling, retailers will very easily incur losses if they are not careful enough. For this reason, please excuse my sparing no trouble to urge the Government once again to not introduce the sales tax on the one hand, and shelve its proposals to increase the various government fees, charges and rental rates on the other, so as to give the retail sector a chance to recover.

Lastly, Madam President, I should like to speak on how the Government should give assistance to several important sectors of our businesses and industries.

The problem of financing facing small and medium enterprises has yet to be resolved. In last year's policy address, the Chief Executive pointed out very clearly that instead of following the general practice of taking property as the main form of collateral, the banking sector should put more emphasis on the performance and business prospects of the borrowing enterprises in granting loans. Regrettably, despite the talks, no improvements have been made so far. I hope that the Small and Medium Enterprises Committee can address this first and foremost problem in its new term of office. In order to genuinely benefit small and medium enterprises, this first and foremost problem must be dealt with before anything else. Other problems can just wait.

Considerable importance has been attached to the waste recovery industry in the policy address. However, according to my understanding, so long as the problems of recovery, separation, transportation and storage remain unresolved, the rates of waste recovery and recycling can never be increased significantly. It takes time to educate the public to separate waste into different types before

disposing of them. The most practical measure in this respect is to set up waste separation points in the various housing estates and districts, so that wastes can be separated before transportation. What is more, the Government may also set aside areas in public housing estates for letting out at lower rent levels as an incentive to encourage operators to recover, separate and resell the waste materials in situ. That way, the rate of waste recovery could be raised significantly.

Madam President, following the northward relocation of most of our manufacturing industries, the service sector has become an important pillar of the Hong Kong economy, with the tourism industry continuing to grow in importance in the future. While the promotion of Hong Kong as a tourist destination overseas is the responsibility of the Hong Kong Tourist Association, the product being promoted is the collective responsibility of the people of Hong Kong. In recent years, not only have our neighbouring countries and regions stepped up investment in tourism-related services and products, infrastructural facilities and promotion activities, the National Tourism Administration has also encouraged the various provinces and municipalities in the Mainland to put in more effort in this respect. In the meantime, Hong Kong remains the first choice of many tourists. However, with regard to such unattractive attributes of ours like poor language abilities, services provided with efficiency but not any smile, discrimination against certain visitors, and even dishonest practices, we need to do away with them expeditiously. In their place, we must also strive to create a friendly atmosphere and nurture a culture of hospitality. In this connection, the wholehearted promotional efforts and support of the Government will be indispensable if we are to make it a success.

Mrs Selina CHOW moved the following motion: (Translation)

"That this Council thanks the Chief Executive for his address."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That this Council thanks the Chief Executive for his address.

Honourable Members who wish to speak today please be reminded to press the "Request-to-Speak" button in front of you. Since the Motion of Thanks debate is unlike other motion debates, the Secretariat has asked Members beforehand whether or not they intend to speak today. Nevertheless, for those

Members who have already informed the Secretariat of their intention to speak today, will you please also press the "Request-to-Speak" button, so that I can jot down your names immediately?

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan 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 LEE Cheuk-yan to speak and move his amendment.

MR LEE CHEUK-YAN (in Cantonese): Madam President, I move that Mrs Selina CHOW's motion be amended, as set out on the Agenda.

I move the amendment on behalf of the Confederation of Trade Unions (CTU), and this is not the first time I do so. Back in 1996, I moved an amendment to the motion to thank the former Governor Chris PATTEN for his policy address to express our regret that the British Government had failed to pursue full democraticization in Hong Kong.

In the past, some Honourable colleagues voted down the amendment on account of the tradition of the Council. But I believe the most important point is that Honourable Members should consider the content of my proposed amendment. More importantly, I hope Members will not consider my amendment in a dichotomy of "support/no support for TUNG". If any Members should vote down the amendment on the ground of "support for TUNG", they are in effect doing harm to TUNG Chee-hwa. This is because in so doing they will once again mislead TUNG and bring him further away from the people. On the contrary, giving support to the amendment will in effect point out to the Chief Executive that his emphasis on education, helping the poor and the governance of the Special Administrative Region (SAR) in his policy address this year is in line with the opinion of the people. Regrettably, however, despite the right choice of topics, the answers in the policy address are not so satisfactory. When it comes to the actual implementation of the policies, the slogan of "serving the community, sharing common goals" has been reduced to "drawing on the community, sharing no common goals". As regards the three main topics, they are, in effect, reduced to the following: "drawing on the community but making limited investments in education; helping the poor and

the needy with nothing; governing the SAR with no democracy but to my will". The object of my amendment is to urge the SAR Government to take more positive measures to narrow the wealth gap and to help the poor to get rid of poverty and to immediately review the political system with a view to achieving full democracy, thereby resolving the legality problem of the governance of the SAR and other "popular acceptance".

Actually, my amendment is in a way modeled on the example made by Vice Premier QIAN Qichen, who has encouraged the various senior government officials to give better support to TUNG Chee-hwa. On our part, we seek to encourage the Chief Executive to respond better to public sentiments. Now, I should like to further comment on the philosophy behind the social policies on education, helping the poor and the governance of the SAR espoused in the policy address.

With regard to drawing on the community but making limited investments in education, I make this comment because despite the series of long-awaited education reform proposals put forward in the policy address, the resources committed by the Administration are disproportionately limited. To implement the various proposals, the recurrent expenditure on education will increase by only \$2 billion per annum. Since this represents an increase of less than 5% over the current year, I consider the investment in education far too limited.

Let me cite the early childhood education as an example. While we welcome the proposal of the Administration to improve the teachers to children ratio, it is regrettable that the Government has only undertaken to relax the requirements of the Kindergarten Fee Remission Scheme. I inquired with the Student Subsidy Office about the proposal and was told that despite the relaxation of the requirements, no full remission would be granted for families of four with a monthly household income of \$8,300, and they would need to meet 50% of the kindergarten fees. How much money could a family have after deducting the kindergarten fee of \$1,086, which accounts for 12% of the household income? Given that the kindergarten fee for a young child costs more than \$1,000, how can a family with a monthly income of \$8,300 make ends meet? So, the lower strata of the sandwich class will still need to shoulder the heavy burden of expenses on kindergarten education. Since the Government has not included early childhood education into the scope of formal education eligible for subsidy, young children from poorer families can only receive substandard early childhood education. As a result, they would lag behind other children from the moment they start competing in the long distance race of education.

In his policy address last year, the Chief Executive stated that Hong Kong would catch up with countries like the United Kingdom and the United States and strive to become one of the major metropolitan cities in the world. This year, he also says that we will follow the example of developed countries and aim to enable 60% of our senior secondary school leavers to receive tertiary education within 10 years, which is a 100% increase over the current figure. Notwithstanding that, the Government will not correspondingly increase the amount of recurrent subsidy provided for tertiary institutions, adhering to the principle of self-sufficiency. Instead, it only undertakes to offer land and one-off loans to those institutions and to extend the scope of assistance of the Non-means Tested Loan Scheme. Without the recurrent subsidy of the Government, we are afraid that tertiary education would become a product too expensive for the middle and lower strata of the community. Given that students have to go into debts to complete their education, is our Government not drawing on the community for its expenditure on education?

As regards the proposal to help the poor and the needy, it is regrettable that the Chief Executive has coldly refused to draw a poverty line on the specious ground that Hong Kong is not a welfare state. Without an objective definition of "poverty", the Government could only formulate policies to help the poor by wild guess. But then again, this might exactly be the objective of the Government, because it could at least muddle through very easily.

Earlier on, in order to fill the "black hole" of poverty-related statistics on the part of the Government, the CTU conducted an initial analysis of the poverty situation in Hong Kong basing on the consolidated household survey statistics. According to these objective data, we can easily see that the proposals put forward by the Chief Executive to help the poor and the needy have failed to address the crux of the problem or to square up to the difficulties facing poverty-stricken working households and the elderly. For these reasons, the policy address certainly scores naught in respect of its proposals to narrow the wealth gap and to help the poor to get rid of poverty.

The principal "prescription" of the Government to help the poor and the needy is training. As a matter of fact, training has become the panacea of the Government to treat all sorts of symptoms in the labour market. Since the CTU has all along been striving to provide quality retraining programmes for the public, we appreciate fully the effectiveness and limitations of such programmes. The most important function of retraining is to enable the unemployed to rejoin the labour market. However, a few weeks of retraining simply cannot narrow an education gap of close to 10 years. The majority of the graduate retrainees can only find low-paid jobs lacking any career ladder. That being the case, how can employment problems be resolved in the long run?

With regard to the additional 7 000 temporary posts proposed in the policy address, they are but a drop in the bucket compared to the 170 000-strong unemployed population. Worse still, since these posts are temporary in nature, the workers who land the job will not have any job security; they are still faced with the threat of unemployment. To make things worse, some of the jobs will still be contracted out. I called up the Food and Environmental Hygiene Department to inquire into the recruitment situation and was clearly told that the Department would still contract out some of the jobs at a wage rate of \$5,000. In other words, the Department has pressed down the wage of workers to \$5,000.

Furthermore, the Chief Executive has also made it clear to us that the Government will continue to "break the rice bowl of workers" and cut back on the number of posts. The so-called addition of 7 000 more posts is but a number game. The Government will continue to dismiss the existing temporary employees because it will carry on with its contracting-out policy; besides, it will also cut 10 000 civil service posts within three years' time. In this connection, with the unexpectedly enthusiastic response to the Voluntary Retirement Scheme, the Government can in fact overachieve ahead of schedule. In view of the posts to be cut and created, the 7 000 temporary posts just cannot offset the impact of the downsizing implemented by the Government. Sometimes, I just feel that the people of Hong Kong will consider themselves fortunate if the Government does not take the lead in adding to the problem of unemployment.

Summing up the statistics we have, we find that excessive low wage levels and the responsibility to feed the family are the major causes of the poverty problem in Hong Kong. For this reason, the policy direction of the Government in helping the poor should be to ensure "a value of labour" and to

ensure "employment for workers and meals for their families". In this connection, the CTU has suggested the Administration establishing a minimum wage and a system of "Daily Expenses Assistance for Low Income Households", as well as formulating a series of labour policies that could address the needs of people who have to take care of their families and to work at the same time. It is regrettable that the Chief Executive has made no mention of any of this in his policy address. Notwithstanding that, we will certainly continue to strive for the people in the days to come.

On the other hand, an ageing population is also one major cause of poverty. In 1999, there were close to 60 000 poor elderly households in Hong Kong, accounting for roughly one sixth of all the poor households territory-wide. The Government has declined to review the retirement protection system on the ground that it has also set up the Mandatory Provident Fund (MPF). However, as we all know, the MPF just cannot help the present elderly people. Instead of reviewing the problems in this regard and expeditiously setting up an old age pension scheme, the Government has proposed to review the "Old Age Allowance" scheme and subject the recipients to a means test. In so doing, the Government has not only hurt the feelings of the elderly, but also aroused waves of public criticism. I believe Secretary YEOH also agrees that this policy will only serve to render the elderly penniless.

The aforementioned are examples showing the lack of goodwill and ability on the part of the Chief Executive to help the poor and the needy, and they are also the reasons why the CTU proposes to amend the Motion of Thanks.

I will now switch to the part of the policy address on the governance of the SAR. Finally, the Chief Executive has stopped being an ostrich and is willing to formally discuss the issue of executive accountability on the part of senior government officials. No doubt this is a progress. However, while senior government officials are to be held accountable, the key question remains to whom they should be accountable. I am not going to give the answer here, because I would like to let the Honourable LAU Chin-shek to speak on the issue of executive accountability.

Apart from that, the Chief Executive has also touched upon such issues as improving the relationship between the executive authorities and the legislature, executive hegemony, democratic development, and so on. But then again, instead of putting forward any concrete proposals, he just holds fast to his own

supremacy. Given his failures to formulate good policies or to improve the relationship between the executive authorities and the legislature, how could he achieve the target of benevolent rule?

Lastly, I should like to speak on the philosophy of the social policy espoused by the Chief Executive in paragraphs 47 to 50 of his policy address, including small government with prudent fiscal management, upholding the system of free enterprise, goodwill, equal opportunities and self-reliance. Some scholars have referred to this policy as the Confucian type of capitalism. However, regardless of the name given to it, the Chief Executive's social policy is full of self-contradictory philosophies. This is because goodwill is opposed to the system of free enterprise, which is also known as the rule of the jungle, and it is always "good will" that must give way. "Goodwill" will have no market if it does not fall in line with the free enterprise system.

From the policy of helping the poor and the needy put forward by the Chief Executive, we can see that he has forgotten all about goodwill. To those low-income hardworking workers who strive to stand on their own feet but still cannot support their own living, they are rewarded with exploitation instead of goodwill despite their industry. To those workers who have been hard-pressed by the increasingly long working hours, the Chief Executive just keeps talking about such luxuries as flexible working hours and time for further education without mentioning any proposals to set a limit on working hours. That being the case, where can we find his goodwill? Given that workers' room for development is contained by their long working hours, how can they enjoy equal opportunities? The key factor leading to the problems of impoverishment of workers and polarization of the rich and the poor lies in the fact that workers are forced to accept deplorable employment terms due to their lack of bargaining power. It is therefore regrettable that the philosophy of the Chief Executive holds fast to the doctrine of "free enterprise could not care less for others" under the principle of "businessmen running Hong Kong"; he has completely forgotten the philosophy of goodwill. Hence, the proposals put forward by the Chief Executive to help the poor can only cure some symptoms. The Chief Executive has been shying away from the core problem of the unreasonable reduction in workers' wage levels. It seems that he would get an electric shock just by touching the problem.

The ideas of "goodwill" and "small government" are also contradicting each other. In seeking to maintain a small government, many jobs have to be contracted out, thereby suppressing the wage levels of workers. That being the case, how can the Chief Executive talk about goodwill? The so-called fiscal prudence upheld by the Government is in fact "miser's prudence". And that is why it is so difficult to ask the Government to commit more for expenditure on welfare or social security assistance. Indeed, the Government is still making every effort to cut back on public expenditure. The Government is talking about goodwill on the one hand, and saying that it will not pay too high a price for that on the other. From this, we can see that the goodwill of the Government is indeed very limited. The so-called small government with prudent fiscal management is reflective of but the Government's unwillingness to use the taxation system to redistribute wealth in a more reasonable manner, and to use the public money collected from the rich to benefit the people.

On the one hand, the Chief Executive is striving to be a kind-hearted person and thus voicing out those attractive slogans like goodwill, supporting and serving the elderly and helping the poor and the needy. Yet on the other hand, the Government is making its best effort to be a miser. Under such circumstances, the people can have no other choice but to tighten their belts. The Government and the Chief Executive would like to be kind-hearted, yet at the same time they are constrained by such philosophies as free enterprise and small government under the principle of "businessmen running Hong Kong". So, they are actually not practising what they preach. Their attempts to win over the people with attractive slogans will only serve to disappoint them.

Finally, I hope the constructive comments I made just now will not be considered as "criticisms", "a mood of skepticism" or "a mood of hostility". We need a government which welcomes comments from different sectors of the community. For this reason, we hope the Chief Executive can clarify whether all voices of opposition will be considered as criticisms, in which case we cannot but wonder whether the Chief Executive wants to suppress voices of opposition altogether. Actually, if there is less oppressive rule and more benevolent policies, there will certainly be less hostility but greater harmony in society. However, since the Government has failed to help the poor despite the many attempts, the sense of hostility in our society could hardly be minimized. If we are to have a stable society, it is not enough to rely on the Chief Executive's wish for harmony to remove hostility. We need to do away with the thinking of "businessmen running Hong Kong" before we can have a fair and just society

with real harmony. If we could really have such a government, then Mr TUNG would not need the gesture of support made openly by Premier ZHU Rongji. I have no idea whether Premier ZHU still wishes to exchange post with TUNG Chee-hwa now, since he has said before that the performance of Chief Executive TUNG Chee-hwa was better than his. I wonder if Premier ZHU was hinting that he wanted to transfer TUNG Chee-hwa to the Central Authorities and thus did not wish him to hold another term of office as Chief Executive. In any case, I just hope the Chief Executive will not need the central leadership to shore him up. Instead, he should rely on benevolent rule to win the wholehearted support of the people, for this is the healthy way of development. Therefore, I hope the Chief Executive can put down his burden of a small government with prudent fiscal management and goodwill; otherwise, he will just end up in a paradox. I also hope that the Chief Executive will accept more divergent views and do some concrete work to help the poor and the needy.

Thank you, Madam President.

Mr LEE Cheuk-yan moved the following amendment: (Translation)

"To add ", and urges the Administration to: (a) take more positive measures to narrow the wealth gap and to help the poor to get rid of poverty; and (b) immediately review the political system with a view to achieving full democracy" after "That this Council thanks the Chief Executive for his address"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr LEE Cheuk-yan to Mrs Selina CHOW's motion, be passed.

MR JASPER TSANG (in Cantonese): Madam President, the Democratic Alliance for Betterment of Hong Kong (DAB) considers this year's policy address has responded to the aspirations of the public. Last year's policy address focused mainly on long-term programmes on education and environmental protection. As a result, it was criticized by some people for "looking at the far distance while missing something near". There should be no such problems with this year's policy address for most of the programmes and initiatives proposed therein are issues of the utmost concern to the public. Even

our Honourable colleague, Mr LEE Cheuk-yan, agreed that the policy address has chosen the right topics. Indeed, if all measures proposed in the policy address can be put into implementation, they should resolve these problems to different degrees.

In summing up the administration of the SAR Government over the past three year, the policy address reviewed a number of reforms carried out by the SAR Government as well as highlighted the necessity of such reforms under the heading of "reforms to continue, priorities set". According to its analysis, the Asian financial crisis highlighted the structural weaknesses in our economy that warranted correction. Reforms must be carried out to enhance our competitiveness in order to tap the enormous opportunities brought about by globalization and the knowledge-based economy, thus facilitating the long-term development of Hong Kong. In the decade or so before reunification, there were problems which could have been addressed, but were shelved because of the controversies revolving around them or arrangements straddling 1997. The policy address further remarked: "Hong Kong could not stand still, we had to reform in order to keep pace with the changing global circumstances. And that is precisely what we have been doing". Madam President, the DAB agrees with this analysis and shares the view that reforms in such areas as finance, housing, elderly care, municipal services and the Civil Service are essential.

Nevertheless, reforms will definitely touch on the interests of some people. The Government must therefore fully evaluate the resistance in society in the course of carrying out reforms. This is particularly so when members of the public are troubled by problems encountered in their daily life during an economic downturn. We cannot expect them to give priorities to social reforms when their lot has yet to see improvement. Most reforms introduced in the past few years were actually mooted or planned before the reunification. Were it not for the financial turmoil, these reforms would have probably been launched in a smoother manner. With the emergence of financial difficulties, however, the SAR Government should assess the situation and reconsider its priorities in carrying out various reforms. In order to prevent itself from getting into trouble and being attacked on all sides, it should refrain from launching all the reform programmes as scheduled.

At the same time, the Government must not ignore the opinions of people being affected by the reforms. It should carry out extensive consultation and cater to the interests of all concerned parties. On the civil service front, the Chief Executive announced in the policy address that the Government has not planned any major reform of the Civil Service other than those already announced. I wonder if that includes changes in the appointment of principal officials and the establishment of the accountability system, both being matters of public concern. Nevertheless, the undertaking made in the policy address should at least be helpful to stabilizing the Civil Service other than principal officials. To make the reforms already announced a success, the Government has to rely on the co-operation of its staff. Moreover, it is essential for the Government to enhance communication and consultation.

On the financial front, the policy address intimated that the Securities and Futures Bill will be published next month. Regarding the Government's remark that the consultation was extended because of the need to consult with market participants on certain controversial issues, the DAB considers this an essential step. We hope the Government can maintain this attitude of seeking consensus in the market and enhancing communication and understanding of various sectors. The Administration has also planned to introduce scriptless transaction into the securities market shortly and launched a series of preparatory measures to this end. However, we have to point out that it is much more difficult for local small and medium securities firms than their large counterparts in developing on-line trading given their insufficient resources. What is more, they are faced with recent challenges posed by banks that are expanding on-line stock transactions. To ensure the smooth implementation of reforms, the Government should take concrete measures to help them cope with these changes.

As regards the Government's administration in the future, the Chief Executive talked about three major areas: education, poverty and governance. Insofar as these three areas are concerned, there are differences in terms of both width and depth. The part concerning education is the most substantial for it contains objectives, the direction and a number of concrete commitments. While we cannot assert that the proposals put forward in the policy address, when implemented, will definitely assure the success of quality education, disputes are unavoidable in pushing through education reforms. Nevertheless, we should welcome the Government's enhanced commitments to education such as raising the rate of students receiving tertiary education to 60% in 10 years, increasing subsidy for early childhood education, speeding up improvement for old school premises, and so on.

In comparison, the proposals advanced in the policy address in respect of helping the poor have failed to boost confidence. Actually, the policy address is not completely lack of concrete undertakings. For instance, it has introduced measures to improve job referral and enhance employment opportunities for the unemployed. Nevertheless, we are given the impression that all this is but a drop in the bucket. The Government is undoubtedly willing to allocate more resources for training and retraining. However, it is difficult to evaluate how the various retraining programmes can actually help people to find employment. The policy address also proposes to provide three categories of people, namely the poor elderly, children and the disadvantaged, with focused assistance. However, only the measures introduced for ameliorating the housing problems of the elderly and reviewing the Old Age Allowance scheme are considered to be relatively concrete, albeit the latter has aroused great repercussions among elderly groups. As for needy students, the only assistance offered by the Chief Executive is to subsidize schools to purchase computers for them to borrow. As regards the disadvantaged, the only assistance offered is to provide more training opportunities. We are disappointed that the Government has not taken on board the positive recommendations made by the DAB and members of the community to, for instance, draw a "poverty line", establish a quota system for the employment of the disabled, provide support for young business-starters, and so on.

Lastly, I would like to discuss the part related to the governance of the SAR in particular. In the policy address, the Chief Executive expressed his willingness to address the existing problems of our political structure, including the functions of the Executive Council, the accountability of principal officials, the relationship between the legislature and the executive, and so on. Of all these problems, the discussion on the accountability of principal officials must be the greatest breakthrough. The Chief Executive has undertaken to examine how the accountability of principal officials for their respective policy portfolios can be enhanced, including "devising a compatible system of appointment for these principal officials, setting out their powers and responsibilities and at the same time defining clearly their role in formulating and implementing government policies under the new system".

Is the setting up of an accountability system for principal officials the same as the implementation of a "ministerial system"? Will the "ministerial system" contravene the Basic Law? Sometimes, disputes are merely disagreements over wordings. We should look carefully at what the "ministerial system" is meant by different people. Under the so-called "Westminster-style" political structure, the leader of the majority party shall become the head of government after a general election. He will then appoint members of his party to be principal officials to form a cabinet. This is definitely in contravention of the Basic Law because, according to the Basic Law, the selection of the Chief Executive of the SAR shall be independent of the parliamentary assembly. In addition, the Chief Executive shall nominate principal officials of the Government and report them to the Central People's Government for appointment.

However, if the "ministerial system" under discussion is a general reference to a system whereby principal officials of the Government are ministers on political appointment, then the Basic Law may not necessarily not tolerate it. This is because the Basic Law has not ruled out the possibility of political appointment of principal officials without a specified term of office or being subject to a term of office and to bear political responsibilities for policies made by the Government.

The Chief Executive also mentioned the Executive Council in the policy address. He stated that he would, in the light of changing circumstances and according to the demands of the Government's work, review the composition of the Executive Council at the appropriate time. Nevertheless, he did not explain what he meant by "reviewing the composition of the Executive Council". Is the current composition of the Executive Council consistent with the circumstances and demands of the Government's work? According to the Basic Law, the Executive Council shall be an organ "assisting the Chief Executive in policy-making". This is a very general description for there is no specific provision as to the ways in which such "assistance" should be rendered.

We may ask this question: How do Members of the Executive Council discharge their responsibilities effectively? What assistance can they give to the Chief Executive? The majority of the incumbent Members of the Executive Council are not full-time. The amount of time and energy they can devote to studying various public policies should be less than that devoted by specific principal officials. In that case, on what basis can they evaluate the proposals put forward by government officials? If they were supposed to give expert

advice, we do not consider the Executive Council a composition of "experts". If it is their political wisdom that the Chief Executive needs, they do not appear to us to be exceptional outstanding in their political experience. In fact, they seldom consult the public on behalf of the Chief Executive or defend publicly for the decisions made by the Chief Executive. Therefore, before "reviewing the composition of the Executive Council", we should perhaps define clearly the role of the Executive Council before we can figure out what talents are required.

The people of Hong Kong generally consider the Executive Council the highest policy-making organ of the SAR Government. When principal officials are required to assume political responsibilities in future for the decisions made by the Government, should and can the Executive Council retain its existing composition and *modus operandi*? This is questionable indeed. Perhaps that is the "appropriate time" for the Chief Executive to review the composition of the Executive Council.

Madam President, we cannot support Mr LEE Cheuk-yan's amendment. This has nothing to do with whether or not we are backing Mr TUNG. We have all along believed that the principal purpose of this Motion of Thanks debate is to allow all Honourable colleagues to fully express their views on the administration of the SAR in this Council today and tomorrow. We also believe that government officials in this Council will seriously listen to the views expressed by colleagues and we hope they will give responses. The significance of this debate actually lies here, rather than what tail we can attach to the motion eventually passed. Although we do not disagree entirely with what Mr LEE Cheuk-yan has sought to add to the motion, it can definitely not represent the views expressed by the DAB and other Members on the policy address and the administration of the SAR Government during these two sessions. Therefore, the DAB will vote against the amendment to the Motion of Thanks as has been our practice. Thank you, Madam President.

DR DAVID LI: Madam President, I commend the priorities outlined in our Chief Executive's policy address. Worthy goals have been set.

I am reassured by the clear statement in support of free enterprise and hard work. I am heartened by the commitment to the people of Hong Kong, and to a social policy stressing goodwill and equal opportunities. I share the optimism for what we can become.

For our part, the Finance Functional Constituency and I have concrete proposals to ensure that Hong Kong is ready for the challenges ahead. We congratulate the Chief Executive for his foresight and determination in improving the environment, in elevating the standards of education and governance, and in eradicating poverty.

We fully support the measures implemented over the past year to improve the environment. The speed with which our Administration moved to encourage the import of ultra low sulphur diesel showed how responsive it can be.

It is now time to re-double our efforts on cross-border issues. Our community needs to be better informed of the progress of the Joint Working Group on Sustainable Development and Environmental Protection, so that Hong Kong is ready to act once the facts are known. The environment remains a pressing concern.

Our Chief Executive outlined a bold vision for education, preparing Hong Kong for the knowledge-based economy. He proposed a radical improvement in early childhood education, and a dramatic increase in tertiary school places, which are measures that the Finance Functional Constituency welcomes wholeheartedly.

As we move to an education system that encourages critical and analytical thinking, we will need to provide more options to our students, more avenues for their creativity and more roads to a successful career. "以民為本，同心同德" must encompass our whole community.

The Finance Functional Constituency also supports the measures to address poverty, in particular the commitment to recurrent funding for the Employees Retraining Board. We recognize the need for more personal care and community outreach programmes, assisting the elderly, the new arrivals and the infirm. The funding announced by our Chief Executive is one-off. The Administration must consider how these services will be provided in future, to meet the growing need.

In the area of governance, we welcome the initiative to make principal officials more accountable. We look forward to better-articulated policies, and to wider public consultation.

Speaking for the Finance Functional Constituency, I wish to highlight a theme that runs through both the policy address and the Policy Objectives for the Financial Services Bureau: "Hong Kong as an international financial centre".

This phrase comes up time and again. Ours is one of the largest markets in the world for trading foreign exchange. Our stock market is the second largest in Asia, and over 400 financial institutions operate here. But we are also woefully underdeveloped in many areas.

The Hong Kong Monetary Authority (HKMA) serves as Hong Kong's central bank. We in the Finance Functional Constituency find much to praise in the work of the HKMA. Yet, how can Hong Kong compete with international financial centres like New York, London and Frankfurt if we do not have a fully independent central bank managing our monetary and regulatory policies, and our fiscal reserves? It is time to formalize the role of the HKMA as our central bank under its own legislation, with clear rules governing its mission, powers, and appointments.

The Finance Functional Constituency applauds the progress in establishing a Commercial Credit Reference Agency (CCRA). With an effective agency in place, financial institutions will be more willing to lend to small and medium enterprises (SMEs) on the basis of their credit worthiness, cash flow and business plans.

Our Chief Executive stated that SMEs have always been a pillar of the economy of Hong Kong. The banking sector looks forward to playing an enhanced role in the growth of well run and innovative companies.

For the CCRA to be effective, all lending institutions operating in Hong Kong must be members and must be compelled to contribute the necessary information. There can be no opt-out provision.

We note that the HKMA plans to establish a working group in the new year to examine the technical issues in detail. This follows a public consultation exercise that closed on 30 September, one that received over 30 written responses and widespread support.

I have spoken often of the need for a vibrant local capital market. There is a new urgency in the air.

First, the Asian financial crisis underlined the dangers of using short-term debt to fund long-term investments.

Second, companies in Hong Kong are reaching beyond their traditional focus on property, trading and small-scale manufacturing. They are investing in infrastructure development and in telecommunications — not just in Hong Kong, but worldwide. These businesses demand a long-term investment strategy.

Third, China's entry to the World Trade Organization will provide new opportunities for domestic Chinese enterprises. These enterprises will require capital.

Fourth, development of the Pearl River Delta region is still in its infancy. We are just realizing the interdependence of our region, and the great potential that it offers. Again, long-term funding options will be needed.

Fifth, the launch of the mandatory provident fund system will dramatically increase the amount of funds under management here in Hong Kong. Prudent financial planning demands that a wide variety of investment options be available.

This surge in demand is a window of opportunity for a vibrant secondary market in debt instruments. If we do not act, the business will go elsewhere. We will be the losers.

What needs to be done? The HKMA is tackling this issue, and has put in place important measures, such as the Real Time Gross Settlement system in Hong Kong and US dollars. But we still suffer certain distortions in our tax system, including the treatment of interest income. I trust that the Task Force to Review Public Finances, headed by the Secretary for the Treasury, will seriously consider measures to promote the growth of the finance sector.

The time is right to establish a local independent rating agency. Global rating agencies are active here, but the perception is that they focus on internationally traded paper, and do not go into sufficient depth on local companies. A local rating agency, perhaps formed in partnership with one of the global firms, would give confidence to investors, improving liquidity in local capital markets. A local agency would also be part of the effort to expand local

capital markets, promoting their development through education, publicity and research.

It is a sad fact that we are still lacking in appropriate tax treaties with some of our main trading partners covering double taxation. If we aim to be an international financial centre, we must ensure that Hong Kong is an attractive place to do business. We must ensure that our tax structure is conducive. I urge the Administration to take up this issue as a priority.

Our tax structure is hurting us in other ways as well. While most administrations worldwide allow deductibility of the general provision against loans, Hong Kong does not. This is an anomaly that deserves urgent attention.

We welcome the resolve to review immigration policy with regard to skilled professionals. Their talents and ideas will stimulate our economy, enhance our competitiveness and generate new job opportunities.

Our Chief Executive has put forward a vision for our community as a whole. I have made specific proposals, outlining how the financial community can contribute to that vision.

Madam President, I am delighted to support the motion.

PROF NG CHING-FAI (in Cantonese): Madam President, the policy address presented by the Chief Executive this year is shorter in length compared to his past three addresses. As regards the proposals contained in the latest address, they are down-to-earth and specific, capable of addressing the social problems which are the greatest concern to the people of Hong Kong and require expeditious solutions.

With its focus placed on the three major issues of holistic education, helping the poor and the needy, and executive accountability, this policy address has largely grasped the crux of the problems facing the SAR currently. Today, I should like to focus my discussion on these three major issues as well. As regards the other comments and criticisms I have on the Government, such as the failure of the Government to provide due creative support for the development of innovative technology industries, I will leave them to a later date.

I will begin with education, and I would like to discuss it in conjunction with the issue of a so-called knowledge-based economy. I have pleaded repeatedly in this Council that if Hong Kong was to develop its economy and to maintain its competitiveness, we must absorb talents from overseas and the Mainland, and yet at the same time we must also focus on the local talents in Hong Kong. In order to cultivate more quality local talents, we must further improve our education system. Today, I will discuss the importance of education reform mainly in the light of the development needs of our economy.

Madam President, the development towards a knowledge-based new economy is an international trend. The world has started its restructuring into a knowledge-based new economy since a long time ago. The pace of development is so rapid that many significant changes have already taken place. Take the employment market as an example. In the new economy, whereas well-paid jobs requiring higher levels of education and skill have been on the increase, employment opportunities for people with lower levels of skill and education are becoming less and less each day. This is indeed the common experience of developed countries, and here in Hong Kong we have also seen this special feature of the new economy. According to an evaluation made by the Education and Manpower Bureau on the manpower supply and demand situation in Hong Kong in the next five years, there will be an excess supply of 100 000 workers with low education levels in five years' time. At the same time, the demand for employees with Secondary Six to university education levels will be in short supply, and the job vacancies will amount to 110 000 in five years, of which 30 000 must be filled by university graduates. I believe we could reasonably assume that the evaluation made by the Education and Manpower Bureau is not wide of the mark. In fact, if Hong Kong could really develop its innovative and technology industries in this coming five years, if further financial skills advancement has been made by then, the problem of insufficient supply of employees with high education levels might most probably be more acute five years later.

For these reasons, I agree that 28 000 additional places for higher education must be provided within 10 years' time, with a view to enabling 60% of our senior secondary school leavers to receive tertiary education. Although Hong Kong is a metropolitan city with a population of close to 7 million, currently only 30% of our senior secondary school leavers on average can

receive tertiary education. We are lagging far behind Shanghai where an average of 70% of the secondary school graduates can receive tertiary education, to say nothing of those cultural centres in the United States and Canada. Hence, it is indeed not too demanding to ask the Government to raise the ratio to 60% within 10 years' time.

I am glad to see the policy address recognizing the academic performance of the universities in Hong Kong and at the same time pointing out that "we must now create the conditions for our universities to further excel in both academic research and the quality of teaching so they can take on more demanding tasks and rise to greater challenges". Members of the tertiary education sector hope that the length of secondary school education can be extended from five years to six years and that of degree programmes from three years to four years as soon as practicable. That way, resources can be put to better use and contribute more towards the cultivation of quality talents. To achieve these goals, it is imperative that our society injects substantial resources into the various universities even though the objective of extending the length of degree programmes from three to four years may perhaps be attained by way of the "marginal cost" approach. At any rate, despite the heavy workload and pressure they are faced with, members of the tertiary education sector are still willing to keep on upgrading their standards resources permitting to take on more demanding tasks and rise to greater challenges, in order to contribute towards the improvement of the quality of the people of Hong Kong as a whole.

Moreover, I hope the Government can also take note of the following two points:

Firstly, to attain the target rate of 60% and to enable the universities in Hong Kong to offer more programmes in the light of changes in society, it is necessary to establish a new tertiary education system. With regard to the professional diploma courses and sub-degree courses currently proposed, as well as the proposal to encourage the establishment of community colleges, I believe they are feasible measures. But since the Administration has not made it clear how the different academic qualifications will dovetail and converge with each other, these proposals will not suffice to build up a comprehensive tertiary education system. In this connection, the Government should carefully consider the issue from an overall perspective and set up a special task force to

look into mechanisms whereby such academic qualifications could be recognized and positioned, in particular the mechanism for credit transfer between different courses. The United States and Taiwan have enormous valuable experience for our reference. We must have in place a good education system before we can encourage lifelong learning.

Secondly, the proposed 60% target must not be any blind pursuit of quantity; besides, care must also be taken to prevent any bubble education. The different tertiary institutions all have their respective value and importance; as such, it is imperative that every effort be made to ensure the quality of tertiary education. Many people are concerned that tertiary institutions may not be able to take in enough quality or qualified first year students for their courses. Madam President, the answer to this question lies to a certain extent in how the reform and development of basic education will chart their courses in this coming 10 years. For this reason, we keep a keen interest in the development of early childhood education and that of primary and secondary school education. Over the three years prior to the reunification, the Government had made basic education the focus of its education reform and thus committed considerable resources in this direction. The efforts made by the Government were well received and supported by the community. Looking back on the past three years, it appears the basic education reform has been trudging on an arduous path. Since some members of the New Century Forum are engaged in the basic education sector, we also keep a close eye on the development of basic education. According to our understanding, the attitude many schoolmasters and teachers hold "cautious optimism" for the prospects of education reform. In my view, it is imperative that government officials responsible for education reform draw experience from the past education reform exercises. As we all know, over the past decade or so, the Education Department has conducted quite a number of "innovative" reforms; yet despite the enthusiastic beginnings, the reform exercises all hastily ended up in a mess, injuring the passion of teachers for reform. In the end, their confidence in education reforms has also vanished. Whether or not the support of teachers can be mobilized has indeed become a key factor affecting the success of the education reform, and that is why great attention must be paid in this direction.

Madam President, the local education system is lagging far behind the approaching new economy and must therefore undergo reformation. Before the reunification, the reform of our education system has already been delayed for more than a dozen years. But then after the reunification, it still seems very difficult for reforms to basic education to commence. If this situation is allowed to remain unchanged, university education will eventually be gravely affected and in turn impact on the education standard of the people of Hong Kong as a whole. I hope the Government will expeditiously set up a General Teaching Council and put in place avenues for continuing professional development of teachers, with a view to alleviating their workload, enhancing quality of teaching and rewarding outstanding teachers, thereby bolstering the confidence of teachers in the reforms and strengthening their passion and sense of responsibility for teaching. As regards the recent controversy over the Language Benchmarking Assessment, I just hope it will not linger on any more. I earnestly hope that the Government, teachers and parents will share the common goal of striving for both the bright future of students and the well-being of the community, and thus put an end to the issue.

Madam President, the polarization of the rich and the poor is a long-standing phenomenon in both Hong Kong and the world at large. About 2 000 years ago, Laozi said something to the following effect: "Heaven's way is to exploit the rich to benefit the poor, men's way is to exploit the poor to benefit the rich". That was why the plucky men in Water Margins had made "Implementing the way of Heaven" their slogan in seeking to exploit the rich to benefit the poor. So, the redistribution of wealth has been a proposition among the learned in China for over 2 000 years. During the '50s and the '60s, such a dream was once realized in China, only to find everybody being equally poverty-stricken after the gap between the rich and the poor had been removed. It was until DENG Xiaoping facilitated a small group of people to become rich first that mainland China has started to enjoy comparatively better living standards. However, the polarization of the rich and the poor has now become a deteriorating problem in the Mainland again. From the macro view, the way to resolve the difference between the wealthy coastal cities and the poverty-stricken Northwestern China is development. In other words, we need to resolve the problem by way of economic development.

My point is, in a knowledge-based economy, knowledge can really help people to become rich. Bill GATES, the co-founder of Microsoft, is one typical example. The factors giving rise to the polarization of the rich and the

poor is no longer confined to the monopoly of production materials by a handful of people. Rather, the gap between the rich and the poor has been continuously widened by the ever-increasing difference between their education levels. While those with high education levels are capable of securing well-paid jobs, those with low education levels can only earn a meagre wage if they could secure a job. As a result, the income gap between the well-educated and the less-educated is growing larger and larger each day. For this reason, to resolve this problem, we must enable more people to receive tertiary education, encourage continuing education and lifelong learning, and enhance vocational retraining. To put it simply; we must prevent impoverishment by means of education. I consider the policy address is right in saying that the polarization of the rich and the poor in the new economy must be resolved by narrowing the knowledge gap between them. I therefore hope that the Government will make an effort to help the poor to raise their education level. For example, the Government should consider alleviating the financial burden on people enrolling in courses offered by community colleges to enable more people to receive continuing education. It seems that the additional \$2 billion recurrent expenditure on education mentioned in the policy address does not cover subvention to community colleges. I am afraid this proposal is not practicable, and I hope the Government can examine this at great depths.

Madam President, to resolve the problem of unemployment for good, we need to achieve the target by way of economic development. In my view, Hong Kong should provide support for small and medium enterprises (SMEs) to create more employment opportunities. Given that SMEs employ some 60% of our working population, they must be the focal point of initiatives to create job opportunities to resolve the problem of unemployment and poverty. I hope that in its new term of office, the Small and Medium Enterprises Committee will expeditiously come up with a review report and consider setting up a permanent organization like that of the United States to be responsible for supporting the development of SMEs in the long run. Having regard to the existing hundreds of thousands of lower-skilled workers in Hong Kong and the fact that new immigrants with low education levels are arriving from the Mainland every day, the New Century Forum believes we must find ways to create a considerable number of jobs that require lower skill levels for these people. From a market point of view, there is plenty of room for development of community economy in such activities as waste recovery, home help services for the elderly, nursery and child care services, and domestic services on hourly basis. The Government may encourage more voluntary agencies to develop employment opportunities in

these areas. Moreover, the development of community economic activities will also contribute towards a better environment and help to enhance environmental protection as well as cordial inter-personal relationship within the local community.

With regard to helping the poor and the needy, we certainly cannot concentrate on only the long-term measures to the neglect of the immediate need for a social security safety net to provide support for the most needy members of our community. For this reason, Hong Kong must take actions to further improve this safety net. Naturally, egalitarianism is by no means the policy we should adopt for Hong Kong, and the Government should also avoid intervening excessively in the wealth redistribution activities among the people; but then a sound social security system must always tie in with the development of the economy as far as practicable. Hence, the Government should provide prompt and reasonable support for the disadvantaged, who are in fact not large in number.

Lastly, Madam President, I should like to speak on the system of accountability for government officials at Secretaries and Directors of Bureaux level.

Many people of Hong Kong, including senior government officials, do welcome the proposed constitutional development measures put forward by the Chief Executive, including improving the system of executive accountability and reviewing the composition of the Executive Council. Given the importance and complexity of the issue, I agree that there must be serious deliberations within the Government and widespread and thorough discussions among members of the public. The geographical constituency election candidates supported by the New Century Forum have all put considerable emphasis on the importance of the Government adopting a system of political accountability. Yet in view of the enormous significance of this proposal, I consider it is appropriate of the Chief Executive to say that the Government would need a year's time for deliberation before arriving at any final decision. Meanwhile, we will be ready to put forward more suggestions to the Government for consideration. Here, I should like to speak briefly on two suggestions in relation to principle.

First, regarding the development of a system of executive accountability for senior government officials, there should only be one single objective, and that is, to ensure the efficiency, integrity and professionalism of government. Hence, in seeking to develop the proposed system of accountability, care must be taken to ensure the stability of the Civil Service, and that the morale and neutrality of civil servants will not be affected. I hope the Government will hold fast to this principle.

Second, with regard to constitutional development like improvement to the system of accountability for senior government officials and review of the composition of the Executive Council, extensive consultation on the relevant proposals must be conducted and painstakingly analysed within a year. However, since not every member of the public is familiar with the issue of constitutional development, the Government should promptly explain its intents to the public during the process of consultation and deliberation. As I have mentioned earlier on, we have yet to figure out which type of ministerial system is most suitable for Hong Kong, and whether the relevant problems can be resolved by way of a ministerial system. Given that heated discussions have already spread across society despite the fact that the system of accountability for senior government officials is still at its conceptual stage, and that the ideas held by different people vary dramatically, there is indeed a need for the Government to clarify certain key concepts promptly to avoid meaningless disputes, so that the relevant consultation work can be conducted in a more efficient manner.

With these remarks, I support the Motion of Thanks moved by Mrs Selina CHOW.

MR JAMES TIEN: Madam President, President CLINTON, on the morning of 11 October, Hong Kong time, signed a bill granting China Permanent Normal Trade Relations. The American legislation eased China's accession to the World Trade Organization (WTO). About 10 hours later, our Chief Executive delivered his policy address. He encouraged us to take advantage of China's joining the WTO to benefit our economy.

China, as a WTO member, poses both opportunities and problems for our economy. If we go about this in the right way, we can remake Hong Kong. If we miss our chance, we will definitely lose out.

Some politicians here do not appreciate the importance of this development. They are still telling people to fight for more union power, a minimum wage, anti-competitive measures, and more directly elected Legislative Council seats. They have conveniently forgotten how their posturing about democracy and labour rights over the past decade or so has eroded our competitiveness. As a consequence, we are now lagging behind.

Today, Hong Kong faces many problems. These problems have many names — high labour costs, unemployment, family in crisis, inadequate housing, soaring health care and social welfare costs. They come about mainly as a result of an economy undergoing structural change. Because these problems are economic in nature, they can only be solved by economic means. I urge my fellow legislators to unite to help our people in this time of flux. Having more directly elected seats may benefit some political parties but, ultimately, it cannot create jobs, cannot equip the unemployed with skills, and cannot inspire our youths with hope. But prosperity can.

Madam President, China joining the WTO has been on our minds and our lips for many years. We have had ample time to prepare for this development, but the Government does not seem to have done enough homework on it. Yes, the Financial Secretary, who is here right now, has overseen a study into the implications of the WTO, but the study is broad and general. The Hong Kong General Chamber of Commerce has done something similar with its limited resources. The multinational corporations and our own large companies have consultants and in-house teams studying WTO terms for China in detail. These institutions have the resources to negotiate around the obstacles and gain from the WTO. Hong Kong's small and medium enterprises (SMEs) do not, and that is my concern.

The SMEs here employ about 1.4 million workers. Most of these do not have the means to explore WTO opportunities for themselves or advantages from China opening up its western frontier. Heaping praise on the SMEs aside, the Government has not done much for them, other than forming the SME Committee and a \$2 billion guarantee loan scheme.

The Liberal Party thinks that the Administration should be proactive about the WTO rather than just talk about its potentials for business. The Government should commit itself to a comprehensive, specific, targeted consultant study into the potential WTO benefits for Hong Kong's SMEs. We

do not need more theories, but we do need thorough analyses on the practicalities with an eye to generating business for our SMEs. We should know what and where the opportunities are inside the Mainland for our businessmen now, in five years, then in 10 years. We should know how exactly China's development of vast Xinjiang and Tibet can open up those regions to the businesses of Hong Kong. We need consultants with deep knowledge of the global economy, the mainland economy and the Hong Kong economy, and how they could integrate. The Government has undertaken many consultant studies costing billions of dollars on projects such as the Chek Lap Kok Airport and the new Western corridor railway. Some of that consultant money are not well spent. Now, however, a consultant study is totally justified because our SMEs require it to create wealth and jobs. The Liberal Party urges the Government to consider this suggestion immediately, because only when SMEs prosper can vast employment opportunities be created and poverty be eradicated.

Madam President, on a different subject, our Chief Executive also admits in his policy address that communication between his Administration and the Legislative Council is not going so well. He recommends that officials brief legislators more thoroughly on policies. The proposed cure is nice, but too simplistic.

Legislators welcome more contacts with officials, but liaison alone cannot be the total solution. People expect their governance to be more accountable within the Basic Law framework, which stipulates that the executive-led Government must be responsible to the Legislative Council.

The Chief Executive understands the need, but not the urgency. He says, "In light of changing circumstances and according to the demands of the Government's work, I will review the composition of the Executive Council at the appropriate time."

Obviously, our Chief Executive thinks that the appropriate time is not now. Legislators believe that it should be soon, so that he may regain the trust of the people whose consent he needs to realize the goals laid down in his policy address.

He praises the existing system without being aware of the ironies. He says: "At present, most of the principal officials' posts are held by pensionable civil servants. The advantages of having civil servants appointed as principal

officials are that they focus on objective analysis, establish internal consensus, maintain the continuity of our policies and ensure a high degree of administrative efficiency."

Evidence from the past few years indicates that these officials have not been totally objective, could not arrive at any coherent consensus and are inefficient. The officials' failures and mistakes are the catalysts behind the present call for reform.

The Chief Executive has resisted the proposal for a ministerial system, because the British model requires that all the cabinet ministers belong to the Parliament. He thinks that this format could contravene the Basic Law. However, the Liberal Party feels that he has an option, of not emulating the British but the Americans. In the United States, the President, as chief executive, names his cabinet with members drawn from the private sector, the professions, the academia and the political circles, pending congressional approval. The American civil service is apolitical and its officials are answerable to the cabinet secretaries who, in turn, are answerable to the President.

The American executive system works well and is partly responsible for prosperity in the United States as it frees the President to recruit the best experts. These top calibre people sacrifice lucrative careers so as to render a public service with pride. The United States has seen the likes of Bob RUBIN and Larry SUMMERS taking long sabbaticals from Wall Street and Harvard respectively to serve as Treasury Secretaries. These sterling individuals also consider the stints in the cabinet the highlights of their lives.

Hong Kong, similarly, has to reach beyond the small circle of Administrative Officers to fill secretarial posts. The Government should recruit exceptional people and equip them with specific portfolios, for example, a leading banker as Secretary for Financial Services for a few years. The Chief Executive should also appoint some political party legislators who share the Government's common goals to the Executive Council. Those who do not can form an opposition coalition. He should not exclude candidates from the Civil Service as Policy Secretaries or members of the Executive Council, if the officials would agree to retire early and return on a contract basis.

Madam President, political party representatives in the Executive Council are necessary now, because people want a voice in how they are governed rather than leave that responsibility exclusively to the Civil Service and individual lay members who represent only themselves. These political figures, with their fingers on the public pulse, can give the Chief Executive views distinct from those he constantly hears from career officials, whose experiences outside the bureaucracy are sorely lacking. Included into his cabinet, the political party representatives in turn can shape, defend, articulate and help him implement his policies that these parties share.

This way, every Policy Secretary shall have a specific portfolio for which he is open to public and Legislative Council scrutiny, and be responsible to the Chief Executive. The Chief Executive may then fire any Policy Secretary if the appointee is derelict in his duty, insubordinate or incompetent. Legislators will no longer have to go the extreme of lodging motions of no confidence in failing civil servants only to be vetoed by a Chief Executive who will not sack anyone, because he is reluctant to hurt the morale of the Civil Service.

Today, the private sector enjoys less and less security, which civil servants take for granted. The uncertainty has sharpened private sector's competitive edge and enabled us to survive business cycles and emerge stronger and better. The Civil Service has not improved but has declined, precisely because it is shielded from market forces. Those days of easy living should be over.

The hardest part of the reform is the changing of the inbred civil service culture of entitlement — the entitlement to relatively high salaries regardless of performance, the entitlement to perks and, worse, the entitlement to unaccountable power. For Hong Kong to advance, it has to break the habit of inflated expectations and subject administrators to the conditions that prevail in a modern society. The Policy Secretaries must have the authority to dismiss, discipline or transfer out civil servants under their watch who are not co-operative and refuse to discharge cabinet decisions.

The demand that civil servants take orders from Policy Secretaries is a start. While, for sure, there may be fierce resistance now, but in time, the civil servants shall have to adjust. The Chief Executive now must lead by ushering in the change and bringing into his confidence individuals who are willing to be

accountable. This world is the one in which we all work and live, the world that will decide whether the visions in the policy address come to pass or come to nothing.

Madam President, with those remarks, the Liberal Party supports the original motion.

MR AMBROSE LAU (in Cantonese): Madam President, this year's policy address has actively responded to three major problems of widespread public concern and wanting urgent solutions, and come up with matching policies and measures. This shows that Chief Executive TUNG Chee-hwa's philosophy of governance has become more pragmatic and mature. It also shows that the Chief Executive has not evaded sensitive issues. Instead, he is determined to solve certain thorny and deep-seated problems in the governance of the SAR. I will explain the views and stand of the Hong Kong Progressive Alliance (HKPA) in relation to the part on the governance of the SAR in the policy address.

Of the three main themes in the policy address, the one on establishing a system of accountability for officials has aroused concern and discussions in various sectors of the community, given its relative sensitivity and novelty and implication on the political structure of the SAR as stipulated in the Basic Law. There is a wide divergence of views and lack of consensus on this issue. This serves to show that with sufficient freedom of speech in Hong Kong, ideas abound in society, thus resulting in pluralistic views on different levels and in different respects. This will help the Government to establish a reasonable and comprehensive system of accountability for officials in keeping with the Basic Law.

Madam President, among the views expressed by various sectors of the community and government officials, some are reasonable and consistent with the political structure as stipulated in the Basic Law, while others have departed from it. They should be further examined.

As the Chief Executive stressed, the system of accountability for officials does not mean a ministerial system in the Westminster style. Neither a Westminster-style nor a presidential ministerial system is consistent with the political structure laid down by the Basic Law, since both are forms of

government of a sovereign state. The SAR is not a country, but an indivisible part of the People's Republic of China. It comes directly under the Central People's Government. Thus, the form of government of the SAR must be in keeping with the stipulations of the Basic Law, and we cannot adopt a foreign ministerial system *per se*. It is necessary and right for Mr TUNG to stress that the accountability system does not mean a ministerial system.

What exactly is a ministerial system? Due to the divergence of views at present, we need to take a look at the ministerial system overseas.

In terms of the form of government, there are the cabinet system and the presidential system.

Let us look at the cabinet system first. Under the Westminster-style cabinet system, the monarch appoints the cabinet formed by the majority party in parliament and it is accountable to parliament. Britain and Japan are typical examples of countries adopting the Westminster-style cabinet system.

As for the presidential system in the United States, it is a form of government of a sovereign state, with the president being the head of government. The president is elected by voters. He is both the head of state and the head of government. The various ministers are appointed by the president and are accountable to the president, not the parliamentary assembly. The president reports the state affairs to the assembly and is supervised by it. He has no power to dissolve the congress, but he can veto bills passed by it.

Now, some Hong Kong people have proposed that we should adopt a ministerial system. Do they want a Westminster-style, French or German cabinet system, or do they want an American style ministerial system? This must be clarified first. But no matter what kind of cabinet system or ministerial system is meant, it is a form of government of a sovereign state. Therefore, we can be sure that it is incompatible with the political structure stipulated in the Basic Law for the SAR.

Some are of the view that whether the accountability system is called the ministerial or cabinet system does not matter. Others think that the accountability system is in fact a Hong Kong-style ministerial system, and may be called the "ministerial system with Hong Kong characteristics".

In the HKPA's view, since it involves the political system stipulated in the Basic Law, it should have a proper name to avoid confusion or preclude attempts to pass off one thing for another, which might result in changes and disruptions to the political structure laid down in the Basic Law. We feel it is necessary to discuss and question the so-called "Hong Kong-style ministerial system".

Recently, some have proposed that the pay level of officials subject to the accountability system for senior officials should be determined by reference to the pay level of senior officers in the private sector, such as chief executive officers. An annual salary of \$10 million should be offered to attract incumbent senior officials to switch to new terms or elites in the community to serve as "Hong Kong-style ministers". Some sources intimated that the principal officials who will be subject to the accountability system for senior officials will initially include only the three Secretaries and the 16 Bureau Secretaries. It is questionable whether an accountability system must mean a squandering of taxpayers' money. Must we offer such attractive salaries? Or must senior officials ask for an annual salary of as high as \$10 million once they have to be accountable? If so, Members of this Council are already accountable to their voters. However, Legislative Council Members have not demanded a huge reward for their accountability. Nor have they demanded a salary equivalent to that of senior officers in the private sector. Therefore, in the HKPA's view, in implementing the accountability system for senior officials and establishing a corresponding appointment system, the salary of officials should be set at a reasonable level, without squandering the taxpayers' money.

According to the political system stipulated in the Basic Law, the Chief Executive shall be selected by election and appointed by the Central People's Government. The Chief Executive shall represent the SAR and lead the SAR Government. He shall be responsible for the implementation of the Basic Law and be accountable to the Central Authorities and the SAR in accordance with the Basic Law. He shall nominate and report to the Central Authorities the principal officials for appointment and recommend to the Central Authorities the removal of principal officials. The Basic Law also stipulates that "Public servants must be dedicated to their duties and be responsible to the Government of the Hong Kong Special Administrative Region". Clearly, principal officials of the SAR are nominated by the Chief Executive and their functions and powers conferred on them by the Central Authorities. In implementing the accountability system for officials, in establishing the appointment system and setting out their powers and responsibilities, it must be expressly stated that the

powers of principal officials are conferred on them by the Central Authorities on the Chief Executive's recommendation. They must be dedicated to their duties and be responsible to the SAR Government. Since the Chief Executive is the head of the SAR Government, senior officials must be required to be accountable to the Chief Executive in accordance with the Basic Law when the accountability system for senior officials is established.

Madam President, the HKPA considers that a comprehensive accountability system for senior officials should be established in keeping with the Basic Law, while avoiding possible negative consequences. For instance, in the formulation of policies, the SAR Government has a huge consultative framework. At present, there are about 370 advisory committees and boards. Some 5 300 people from various sectors advise the Government on different policy areas or assist the Government in managing some specialized affairs. The Basic Law also stipulates that the Executive Council shall assist the Chief Executive in policy-making. Since the Executive Council has always observed the rule of collective responsibility, this implies that many complicated issues are involved in requiring principal officials to be accountable on a policy-making level. It also involves the complex relations between the Chief Executive, the Executive Council and the consultative framework. Even if principal officials join the Executive Council, there is still the issue of collective responsibility. All these questions must be dealt with carefully and appropriately.

In adopting an accountability system for the implementation of policies, the relevant issues must be dealt with properly. The majority of the Secretaries and Bureau Secretaries are Administrative Officers. They are "all-round" executives and are transferred every few years. Thus, it is questionable whether we should require them to undertake all responsibility for the mistakes made by the relevant government departments in enforcing policies and for effectively implementing the policies of the departments they have just joined. Furthermore, if the accountability system is implemented, under normal circumstances, the relevant officials might ask for more powers and resources, while trying to reduce their responsibility or avoid policies that are difficult to implement. Under these circumstances, the accountability system would become an "unaccountability system". Thus, we must examine in depth and carefully deal with the question of how to define the role of senior officials in making and implementing policies under the accountability system, as well as how to enhance their accountability in different policy areas.

Madam President, since the reunification, Hong Kong people have become masters of their own house. They have high expectations of the SAR Government and demand accountability from officials. This is the sentiment of the public and the general trend. The SAR Government should establish an effective, responsible and clean system of accountability in keeping with the political structure stipulated in the Basic Law after extensive consultations with various sectors of the community. Some people have twisted the Chief Executive's well intended proposals and policies for helping the poor and those made in the overall interest of the Hong Kong community, calling them oppressive. I find this most regrettable.

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

MR MARTIN LEE (in Cantonese): Madam President, three years into the reunification, I can see a trend taking shape in which people try to knock at the doors of the Government to ask for what they want. In the past, we often saw political parties representing the grassroots and the disadvantaged recommend policies to the Government to improve the lot of these people. We seldom saw the consortia do the same. Nor did we see the middle class take to the streets making demands on the Government. Basically, businessmen and the middle class can stand on their own feet, and, under a free market system they would not seek government assistance unless on issues of significance.

However, during these few years, I often saw business people and consortia "knock" at the doors of the Government in a bid to fight for their own interests. They wanted this or that from the Government. Even the middle class, who rarely took to the streets, staged rallies to demand that the Government should help improve their "negative equity" position.

Two days ago, the Hong Kong General Chamber of Commerce (HKGCC) published the findings of a survey conducted by it. The findings show that nearly 60% of the Chamber members have no confidence that Hong Kong's competitiveness will improve in the next five years. The assistant director of the HKGCC, Mr Ian PERKIN, even made it explicitly that the situation was worrying. Under the executive-led leadership of our Chief Executive, where will Hong Kong go? I really do not know.

Indeed, in the historical reunification, Hong Kong should have a role to play in history. Hong Kong should set an example to our Motherland with our decades of a free market economy, our rule of law, our anti-corruption achievements and our experience in building up a democratic system step by step. This may help our Motherland implement its reforms and open up itself. The Chief Executive should act as a service provider, responsible for strengthening the rule of law, freedom and democracy in Hong Kong. He should provide a fair and free business environment to facilitate Hong Kong's continued development towards diversification.

Regrettably, in the past three years, the Chief Executive reiterated on the one hand his visionary ambitions to build Hong Kong into a world-class city, an innovation and technology centre, and an international centre for Chinese medicine and medical practitioners, but yet on the other, he squandered his energy on destroying the rule of law, the freedom and democracy in Hong Kong through negativism. Among the disappointing acts were the "interpretation of the Basic Law by the National People's Congress", the "Sally AW Sian" case, the "restoration of appointment system in the District Councils", and the "scrapping of the two Municipal Councils". After all these disappointments, it suddenly dawned on me that the Chief Executive in fact wanted to turn Hong Kong into a Chinese city with little democracy, freedom or rule of law, running counter to the popular aspiration of developing Hong Kong into a cosmopolitan city.

This year, in his fourth policy address, the Chief Executive obviously stopped mentioning making Hong Kong into a centre of some sort. There were no grandiose plans, but just responses to the demands of the people. This is a correct direction, but still the policy address has only selectively responded to the demands of the people, and the measures proposed lack potency. So, the policy address this year was very disappointing.

First, one of the key areas of the policy address is helping the poor, but the measures proposed by the Government are only superficial and lack punch. Moreover, the Government adamantly refuses to draw a poverty line or set goals in respect of resolving poverty. This reluctance to commit gives people the impression that the Chief Executive is neither determined nor capable of helping the poor.

Second, Hong Kong people have been hoping that the Government can do well in environmental protection so that we can give our next generation a clean and healthy environment. I believe Members can still remember that in his

policy address last year, the Chief Executive categorically suggested to set up a Council for Sustainable Development. Its functions were to provide expert advice to the Government and keep the public regularly informed of its work. It has been a full year since last October but the Council has still yet to be established. Nor has the Council been accounted for in this year's policy address. Is this another case of the "85 000 flats" promise, which was shelved without notice? The Chief Executive has a duty to account to the people unequivocally as to when this cheque will be honoured.

Environment protection requires popular participation and earnest practice. We have to educate our people while they are still young. We have to teach them to keep Hong Kong clean, use less tissue and conserve energy. The Democratic Party hopes that the Government can actively encourage young people at school to organize more activities related to environment protection so that they can understand what environmental protection is and bring the green messages into their homes. For environmental protection activities to be effective, they must involve active participation by the masses.

Coming back to the policy address, the greatest disappointment with it is that in his four policy addresses in a row, the Chief Executive has not responded to the people's demand for democracy. Since the eighties, there have been aspirations in Hong Kong for an open government and a democratic political system, and for all Members of the Legislative Council to be returned by universal suffrage. An expedited pace of democratization is the ultimate demand of Hong Kong people and consistent the prevailing world trend. But all that the Chief Executive has said in his four policy addresses is that time is needed. He has been reluctant to provide a specific timetable. There is not even a timetable for a "review of the constitutional development". There is a Chinese saying to the effect that the stair creaks but no soul is coming down. When it comes to democracy, we do not even hear any creaks; we can see no soul, nothing forthcoming. When will we see Mr Democracy again since his first visit in the May Fourth Movement?

Madam President, I would like to speak about the concept of "one country, two systems" with which the Chief Executive uses to administer Hong Kong. In his latest policy address, the Chief Executive said "Hong Kong has long benefited from the country's strong support" and he firmly believed " that when China succeeds, Hong Kong will prosper".

Madam President, I do hope China succeeds, but I cannot accept the Chief Executive's philosophy of governance.

I remember the Chief Executive used to say "When Hong Kong succeeds, China will succeed too; when China succeeds, Hong Kong will prosper". In his past policy addresses, the Chief Executive also stressed the importance of Hong Kong to China. For example, he said, "We have always played an important role in promoting the Mainland's relationship with other countries". He also said for Hong Kong there was the "need to explore the potential of our new relationship with China and to promote joint development to a greater degree." But now the "effect of Hong Kong", or the "reunification edge" seems to have diminished or even drowned in the "country's strong support". Where has the first part of the Chief Executive's pet phrase "When Hong Kong succeeds, China will succeed too" gone? Would it become another promise like the "85 000 flats" promise?

In implementing "one country, two systems", we often see the Chief Executive stress "one country". As regards "two systems", he often speculated before anything else what Chinese leaders thought.

In fact, the late Chinese leader, Mr DENG Xiaoping, laid down the "one country, two systems" policy for the reunification of Hong Kong with China on his vision about history and the reality. He understood that the prosperity and stability of Hong Kong was built on the rule of law, freedom, openness, enterprising spirit and a clean government. These are attributes that the Mainland has yet to develop. So, Mr DENG Xiaoping put forward the idea that "Hong Kong remains 50 years unchanged". He wanted to thus allow Hong Kong to continue its development while China slowly catches up.

Owing to the reunification, Hong Kong has to play not only "an important role in promoting the Mainland's relationship with other countries". It should also play the role of propagating its success experience so that the Mainland can import as appropriate what Hong Kong already has. Thus Hong Kong may contribute towards the long-term and fundamental benefit of China, enabling it to develop faster economically, socially, culturally and politically. Hence, it may draw itself closer to Hong Kong, to the world and become a *de facto* great nation, fulfilling its ambitions to achieve opening, completing its reforms and eventually unification.

Madam President, in the last section of the policy address "Moving forward", the Chief Executive said there was a change in community attitudes where people inclined to adopt a mood of "criticism". He also said that most "want a society with greater harmony, less hostility".

Nevertheless, I do not think the various organizations outside this Council, protesting and rallying at the same time amount to criticizing indiscriminately. On the contrary, they are just voicing their dissatisfaction against government policies by taking to the streets, rain or shine. They just want to be heard. They just want to join hands with the Government to improve its administration. With criticisms, come improvements. This should be understood by a government with a sense of accountability.

On the outer wall of a Methodist Church on Hong Kong island, hangs a poster ostensibly showing a picture entitled "Change hostility to harmony". The poster has been there for some days. On it were words from the Gospel according to Matthew, 5:9 "Blessed are the peacemakers, for they shall be called sons of God". I think if our Government could listen to the voices of our people, understand that we are all in the same boat, and pragmatically change hostility to harmony, make peace, and soothe conflicts in society, then Hong Kong would be blessed.

Lastly, Madam President, I would like to talk about the way forward for Hong Kong. On this topic, I have spoken to some friends in the financial sector. They think Hong Kong has two fundamental problems to tackle. First, high property prices and unreasonably high rents. These two factors make costs high for our businesses. Singapore is trying its best to bring down these costs to enhance its competitiveness, and this can constitute pressure for Hong Kong. Second, high value for the Hong Kong dollar. This is needed to stabilize people's confidence. If the two problems remain unsolved, there is little we can do in economic terms.

Despite the constraints in the objective reality, I do not think we are hopeless. We may explore the business opportunities arising from China's accession to the World Trade Organization (WTO). Hong Kong people are flexible. There will be a future if we can create a favourable environment for investment.

What the Chief Executive can do is that firstly, he must set up a democratic political system to ensure there is rule of law, fairness and a free and open business environment, thus consolidating the foundations of Hong Kong's success.

Secondly, with China's accession to the WTO, I believe many foreign investors and Hong Kong people will go to do business in China. What worries them, as some of my friends told me, are the legal system and corruption in the Mainland. They were especially worried when they could not get help in the event of a commercial dispute.

Therefore the Chief Executive should set up a mechanism, as soon as possible, for dealing with commercial proceedings between Hong Kong and the Mainland to protect Hong Kong people from being blackmailed or wrongfully jailed in China while they work or engage in investment activities there. The Chief Executive may propose that offices be set up in major cities in China to deal with business and commercial affairs of Hong Kong. Such offices should make available personnel conversant with the local economic, legal and medical services. Such personnel should be prepared to assist as and when necessary Hong Kong people who plan to work and invest or are working or investing in China. This can boost the confidence of Hong Kong people in making investments in China and create business opportunities in relation to China's accession to the WTO.

In this way, Hong Kong and the Motherland will then have a bright future. When Hong Kong succeeds, China will succeed too.

With these remarks, I support the amendment.

MR ERIC LI (in Cantonese): Madam President, the Chief Executive's fourth policy address gains wide applause not because it contains any abrupt changes in policy, or some absolutely fantastic or innovative projects, or any increase in welfare benefits to win the people's heart. It is because the policy address highlights the good faith of the Chief Executive to listen to the views of the general public and act in a pragmatic manner.

These pragmatic and "play safe" tactics are the right cure at a time when Hong Kong people have diminished confidence in its economy and politics. I agree with these tactics. I will be speaking on three fronts: politics, economics and youth development.

Before the release of the policy address, I spoke to the Chief Executive and the media openly on the reasons for the present less-than-smooth relationship between the executive authorities and the legislature. One of the main reasons is that the powers and responsibilities of the executive authorities are not sufficiently clearly defined. Thus, in exercising its duty to monitor government policies, the legislature could not, on the gravity of each case, focus its attention on individuals responsible for the case and take appropriate actions. As a consequence, almost in all cases, the entire Administration or the top echelon of the Government became the targets. Sometimes, even unfounded conspiracy theories were suggested, saying that the Chief Executive had become the target. This readily caused the already hypersensitive public and mass media to overreact.

There was mention in the policy address of a proposed system of accountability of officials. Although no specific details were announced therein, this was a step in the right direction, and this *per se* was a breakthrough as well. This Council should endorse the determination of the Chief Executive in giving a green light to reforms. In the last Session, I indicated twice that I could not support the votes of no confidence against the relevant public officers on the ground that the conditions of appointment and the political responsibility of full-time civil servants were not clear enough. Because of this, I was questioned by voters severely in the accountancy constituency during the elections. Now that the Government has shown a willingness to review the question publicly, I feel somehow vindicated. If the Government did not do that, it will certainly face greater frustration in future. This would make it difficult for Members who are rational and who take the situation as a whole into consideration to defend once and again the civil service system, which is constitutionally powerful but riddled with responsibility and by its very design defective.

Enhanced accountability for individual officials is conducive to the stability of the top echelons of the executive and to focussed attention for the Legislative Council in monitoring government policies. But accountability alone is not the fundamental reason for a less-than-smooth relationship between the executive authorities and the legislature. The fundamental reason lies in a failure of the people's representatives to actually share the power of administration, notwithstanding their active participation in the difficult elections to win against all odds. Thus, the failure precludes the representatives from materializing their promises made during the elections, or from being accountable to their voters when the Government acts against the advice of

Members. As a result, a phenomenon has emerged, in which the Government is stigmatized as an institution monopolizing the information, resources and power in the community, whereas Members are compelled to make improvements on behalf of their voters out of the paltry resources available to them. Two rival camps with clear-cut boundaries are formed. Conflicts become the rule. Faced with these conflicts, Members resist and, at all costs, bring pressure to bear on the Government. One of the unscrupulous political manoeuvres they resort to is indiscriminate criticism, just to rally for continued support from their own sectors or interest groups.

Indeed, in his analysis, the Chief Executive has clearly ruled out the possibility of any incarnation of the ministerial system in which political power is shared. Now, it seems any co-operation between the Chief Executive and political parties will have to take place on an institution outside a ministerial system. As the message gradually gains acceptance in the political arena and by the public, the subject of our discussion seems to have shifted to the Executive Council, a body with a diminishing political role to play. To a certain extent, it is the rebirth of the "Super Legislative Council" concept that is openly suggested. The idea is that the "Super Legislative Council" becomes a cauldron of major officials and the most influential among Members, all vowing allegiance to the Chief Executive.

I think this system merits examination. However, a determining factor for the success of this system lies in a capable Chief Executive who is a good listener and a really good co-ordinator in political terms. Members of the Executive Council should not treat the public office as a manifestation of social status. They should be altruistic, forget about their political beliefs, and devote all their attention to serving the people, to shouldering responsibilities collectively, and to piloting the political ship.

It seems that "complement each other" and "strengthening the existing mechanism of communication" mentioned in the policy address are just cosmetic slogans with no real effects. They are universal truths but are difficult to attain. Without common beliefs, without common goals, communication can only become time-consuming and routine actions void of effects. They will only serve to be heavy burdens to our officials. Moreover, without guaranteed success in communication, the zeal and stamina of our Members and the public will have to stand the test of time. Indeed, both the Government and our Members are serving the people of Hong Kong at all times. The said slogans

are just empty and glorified objectives. They will not do to hide the gulf between all parties in the roles they play and the means they adopt. Even if there were communication, there would not necessarily be mutual accommodation.

For years, when the Government has made no great mistakes in general terms, many colleagues in this Council would unconditionally lend their support to the Government. Now, the Government talks about communication. For these colleagues, this is not a new starting point though. In the long run, communication will become a polished political posture, but nevertheless it will inevitably follow the foot-steps of American politics in squandering large amounts of internal resources on lobbying. In fact, almost all political trump cards are in the hands of our officials, who, by considering issues in terms of helping Members to account for their acts with reference to their voters, will already be facilitating political co-ordination to all intents and purposes. This is nothing new. Nor is it a tall order anyhow. To a bureaucracy lacking popular support, this is one way to effectively inject popular opinion into the implementation of policies. This can contribute to the long-term stability of the executive authorities.

In terms of economic strategy, the Government has returned to "small government", which was what it was before. There is no longer executive-led government, but one which only provides active support and detailed analyses of the overall situation. This is a direction that I have been advocating all along.

After the policy address was released, I publicly indicated that when confidence is returning, the Government should allow the businesses to chart its own course. The principal administrative duty of the Government has now transformed from dealing with the aftermath of the financial crisis two years ago and entrenching fundamental institutional changes to help the major victims of the financial turmoil, who have failed to recover from the turmoil and adapt to the fast-paced economic transformation. Among others who are the hardest hit must be the small and medium enterprises and lower-skilled workers, who used to thrive on the local traditional market. The policy address has a section each on "Helping the Poor and the Needy" and "Support for Small and Medium Enterprises". Although the measures proposed are not sufficiently forceful, the ideas are what we may regard as promising steps.

I very much endorse the Chief Executive's macro analysis on economic development. With China's accession to the WTO and the development of northwestern China in the pipeline, Hong Kong people should gradually discard the concept of "Hong Kong Village". They should set their sight beyond the "Pearl River Delta Region" and target at "Greater China" as a brave new world to explore.

Certainly, the policy address has expanded the vision of Hong Kong businessmen onto new horizons. However, it is not at all easy for the humble small and medium enterprises (SMEs) and professionals to make their presence felt along such a vast economic front. China, in particular, is a market heavily tinted with local protectionism, with administrative interventions galore. All that the SAR Government can do is, as paragraph 38 says, to "make every effort to keep our local professionals well-informed of developments in the opening up of the China market". This, however, can only have limited effects. Take the professionals whom the Chief Executive describes as "high calibre professionals who should have a competitive edge in the mainland market" as an example. Without suitable government support, I am afraid those SMEs which have no international backing will find it difficult to enter that market.

In the accountancy profession, for instance, local accountants hoping to set up businesses in the Mainland may do so by obtaining a business licence, through acquisitions, mergers, or joint ventures. Nevertheless, the reality is that, having made strenuous efforts to successfully obtain Chinese accountant's qualifications, accountants are still not allowed to practise in China. Even if they want to provide limited services in the Mainland, they must go through a series of cumbersome registration and application procedures. Acquisition and merger are almost out of the question as far as financing is concerned, and will not be approved in the Mainland if they were to take place at all. Even limited joint ventures are subject to strict constraints and are not readily approved. Therefore, even if local professionals have the expertise, there is little room for them to bring it into full play.

After the policy address was released, I immediately indicated that the Government should consider assigning a bureau director, such as the Director-General of Trade and Industry, as the principal official responsible for the promotion and support for professional services, in response to the growing importance of professionals during the economic transformation. Like other SMEs with limited capital and manpower, local professionals need to face up to

the opportunities and challenges brought about by the liberalization of the mainland market, the impact of the new technology economy, and greater professional responsibilities resultant from reforms in the financial system. Professionals are already under pressure as they need to deal with financial problems and compliance with stringent laws. For many local professionals, to reach out to the mainland market is almost an unattainable aspiration.

In his policy address, the Chief Executive explained what was meant by "Reforms to continue" and "Priorities set". Now that the financial turmoil has become history, the Government should relax its ever-tightening regulation on the business sector or the professionals, so that professionals can grasp the emerging opportunities in no time. Only in this way can professionals be given a free hand to demonstrate their competitive edge among rivals in the mainland and international markets.

The fourth policy address is different from the last three in that it has equated youth affairs almost with education reforms. This raises a few eyebrows among workers in youth affairs. As someone who has been Chairman of the Commission on Youth for more than nine years, I heartily praise the part on "Young People — Our Future Leaders", which shows good care towards our young people. The ideas espoused in that part prove that the Chief Executive has accepted sound advice from others and has gathered the courage to break away from traditional thinking. I trust the Chief Executive's speech on this part can bring new hope to youth services, which have been severely handicapped by a lack of resources over the years.

As times change, young people need to face a much more complicated social environment and cultural values of Eastern and Western origins mingling together. Adaptation has been difficult. Education reforms can help to build young people on a firm intellectual foundation. Non-core education, such as civic education and leadership training can instil in our young people of fine qualities a strong sense of responsibility and groom them to be future participants in politics. If the Chief Executive could actually open up the consultative network to systematically take on board young people's views, then young people will gain better experience and confidence to wholeheartedly commit themselves to preparing Hong Kong for a better tomorrow.

After the policy address was released, I did consult some people in my industry. One of them was a locally born expatriate. He would, I understand,

send a Christmas e:mail to all his friends and relatives to pay tribute to the Chief Executive. Let me quote his words in English: "There is presently a lot of criticism of our Chief Executive TUNG Chee-hwa, mainly arising from the 1998 recession which is not the fault of the Government. I shall always be grateful to TUNG Chee-hwa, because since his appointment in 1997, he and the Chinese authorities got the most important thing right, that is, the handover of Hong Kong to China. If TUNG Chee-hwa had made a mess of that, Hong Kong would not be today a thriving international city. But people's memories are short and they complain about the irritations of today and forget the achievements of the past."

I think he is right. If not for the superb management of Mr TUNG on issues of great significance, the focal point of our debate during these two days would not have been just issues such as political reform and people's livelihood which are comparatively subjective. Given that Hong Kong is a free society with vocal people abound, sarcasm and criticism are manifestations of an open society. Sarcasm and criticism were the order of the day before the reunification and are the order of the day after it. Politicians may find them unpalatable, but local and overseas people may find them likeable qualities of a self-conscious and civilized community. I point this out as I cast my vote of thanks to the Chief Executive, hoping he would somehow find relief in it.

With these remarks, I support the motion.

MISS EMILY LAU (in Cantonese): Madam President, I rise to speak in support of the Honourable LEE Cheuk-yan's motion. I am going to focus my remarks on the three major issues dealt with by the Chief Executive in his policy address.

Madam President, the first issue is about helping the poor. I have heard some Hong Kong people say that they would go back to China to help the impoverished there. Now, I must say that there is also a need to help the poor people in Hong Kong. Just how many poor people are there in Hong Kong? Different Members may have different answers to this question. However, it is generally believed that the number should be around 1 million: some 200 000 impoverished elderly people, some 600 000 low-income earners and 100 000 to 200 000 unemployed persons, for example. Honestly speaking, this figure does reflect a rather serious situation. In particular, because Hong Kong is so often described as one of the most affluent places in the world, we must really do something when faced with such a large number of poor people.

Many Members have indeed made many suggestions on this issue, and I also share some of their views. Some of them, for example, referred to the sum of \$ 2.7 billion earmarked by the Chief Executive to implement measures of helping the poor. However, can we thus tackle all the related problems? I doubt it. I maintain that we should not do anything just for the sake of doing it. In the case of the unemployment problem, for example, some say that if we wish to solve the problem, we may as well create 100 000 posts for road excavation and then create yet another 100 000 for road resurfacing. But I do not support such an approach. Madam President, I hope that we can create job opportunities on the basis of actual needs. In this connection, I must raise a point which we have been discussing for a long time — there is a genuine need to increase the number of posts in the welfare sector and homes for the elderly.

Besides, in regard to some fundamental issues, the various sectors of the community are still holding divergent views. For example, can the setting up of a minimum wage level solve the problem? And, can a well-defined poverty line help? I support all these ideas, but I am also prepared to listen to different views in the community. In a situation like this, how would a sensible society act, Madam President? People should of course come together to conduct discussions and studies and then find out if the commercial sector, academics, and so on can reach any consensus. The people of Hong Kong are in fact very conservative, and in many cases, they all wish to see harmony. But this is precisely what I find very disappointing. When we met with the Chief Executive last month, we proposed that discussions be held on the issue of minimum wage. In other words, we asked the various sides not to jump to any hasty conclusions, but to study the experience of other countries first, because they had rich experience in this respect. The President should also be aware of this. I asked, "Since so many studies have been conducted, why do we not hold some extensive discussions?" However, the Chief Executive simply replied that he did not like to put up a show. I said to him that I was not asking him to put up any show, and that I only wanted him to study the proposal. And, on the issues of minimum wage, maximum working hours and poverty line, I asked him whether we should at least allow the community to hold some discussions, to examine whether there were any longer-term measures to assist the poor or resolve poverty.

Moreover, there is the issue of competitiveness. I agree with the Honourable Martin LEE and the Honourable James TIEN, who commented just now that Hong Kong must remain competitive. And, I also agree with the Government that the only effective way to increase job opportunities should be to boost our economy. Why is the competitiveness of Hong Kong so low? I agree with Mr Martin LEE that this is the result of the dollar peg on the one hand and the policy of high land prices and rentals on the other. However, are all these factors unchangeable? Is it possible for us to conduct some studies in this respect?

A few days ago, I heard Mr CHAU Tak-hay, Secretary for Commerce and Industry, say that our competitiveness had been rated very poorly by some people (The relevant surveys may be very one-sided though). The Secretary was very concerned about this, which was why he hastened to clarify that this was not the case in reality. However, the fact is that many people really think that Hong Kong is less competitive than its neighbours; tourists who come here for sightseeing or shopping all complain that goods prices in Hong Kong are exorbitant. The wage levels in Hong Kong have dropped very significantly. Should we allow them to drop still further? Should we explore whether there are any solutions by looking at our production costs and other factors? Should we refrain from making any hasty conclusions? Is it possible for us to conduct more discussions? The Legislative Council does not have too much resources. I certainly hope that Members and the Secretariat can still conduct some discussions in spite of this. But since the Government has so much resources, should it conduct the necessary discussions? Members have put forward so many proposals Actually, proposals have not been made just by one or two Members; a large number of Members and political parties have also done so. It is hoped that the Government will not ignore all these proposals so very easily. I do not think that such an approach can improve the relationship between the executive authorities and the legislature.

Madam President, education is naturally an issue of concern to us. I have said repeatedly that if we compare Hong Kong with its trade partners or those places which it hopes to emulate, we will see that its spending on education is very small, representing just 4.25% of its Gross Domestic Product (GDP), while some other expenditure items may represent 6% or 7% of the GDP. The Secretary may well argue that this is caused by the constraints imposed by the Basic Law or other factors. However, if we now find that the students of Hong Kong (in particular, its graduates) are very poor in standard, we should really

inject more resources to improve the situation. Madam President, I do not oppose private sector involvement in improving the quality of education. However, I must add that the Government should always remain primarily responsible, and it simply cannot evade its responsibility. Well, of course, if the commercial sector or private organizations can be attracted to make investment during the process, I would certainly render my support. I hope the Secretary can come up with more reform proposals for Members' discussions.

On the issue of education reforms, I have two particular areas of concern, one of them being the problem of school premises. Madam President, as you also know, the premises of 358 existing schools were completed as long as 30 to 40 years ago, and they are in bad need of reconstruction. But the point is that some of these school premises can no longer be reconstructed or expanded. Therefore, the ultimate solution should be reprovioning. Doubtless the millennium design of some new schools is very beautiful, comparable to the designs of international schools. However, just how many such schools do we have? As long as we continue to use these several hundred old school buildings, where teachers have to teach and students have to learn in a hell-like environment, how can we ever expect our students to receive any good education? And how can we ever expect our teachers to teach happily? That is why I will support the Secretary's efforts to get as much land as possible from the Government for school construction. Land supply is certainly scarce in Hong Kong, but if we really consider education as an important matter for Hong Kong, we must give it a higher priority.

I also wish to talk about the quality of teachers. If the quality of a teacher is poor, how can he be expected to train up students of a high quality? I just do not know how we can improve the quality of our education, Madam President, though we have discussed the matter over and over again. I have recently heard many people say that money can be a solution. I am not sure whether this is really true, but I think I may as well mention it for Members' consideration. Many people in Hong Kong think that money is very important, and some even say that many people are unwilling to join the teaching profession because the salaries are not attractive enough. If that is the case, what are the most popular occupations then? They are those that give the highest monetary rewards. I of course do not endorse such a materialistic mentality. However, when we now see that many competent people are unwilling to join the teaching profession, or when we notice that even returnees from overseas are also unwilling to do so, should we really work out some ways to encourage the most competent and

outstanding people to join the profession for the benefit of the students in our kindergartens, primary schools and secondary schools? I think that we should really do more thinking to figure out how we can attract quality people to join the profession and how we can create a good teaching environment for them.

I have also learnt from my recent discussions with Mrs Fanny LAW, Secretary for Education and Manpower, that despite her enormous efforts, many schools, school directors, parents and teachers are still complaining about our education system. I am sure that something must have gone wrong in the process. I hope that the Secretary can work harder still, and we Legislative Council Members are prepared to co-operate with her. We can all see that if we do not inject more resources and conduct discussions in a co-operative manner, and if we still keep on engaging ourselves in confrontation, the problem can never be solved.

Finally, I wish to talk about the matter of governance of the SAR mentioned by the Chief Executive in the policy address. Madam President, we cannot possibly discuss the issue of governance without mentioning our political system. The reluctance of the Chief Executive to propose political reforms has disappointed us greatly, because these reforms are extremely important to us. When the Chief Executive attended the Question and Answer Sessions of the Legislative Council in past, I also asked him questions on this issue. At that time, he talked about patriotism. Patriotism is actually nothing unusual. However, it now seems that the Chief Executive is trying to measure patriotism with a rule, and he seems to be saying that we can start to develop democracy only when enough patriotism is noticed. I think justifications should be given for such a view. There are some ethnic minorities in Hong Kong, and some permanent residents are not Chinese nationals. Should we also consider whether they also love China? How are we going to measure it? And, when can we conclude that the community as a whole has the conditions for the development of democracy? I am really baffled by all these questions, and we are also very disappointed, because the Chief Executive is reluctant to set down a timetable for the start of discussions on this issue.

Last month, or to be precise, on 20 September, when we Members belonging to the Frontier met with the Chief Executive, we raised this issue again. At that time, we raised the point that both the Chief Secretary for Administration and the Secretary for Constitutional Affairs had said that we could start to discuss this topic when the elections were over. Hearing this, another senior official

who was also present at the meeting immediately jumped to his feet and said in English, "That's the problem." He was actually asking why someone should have openly expressed any views that were different from those of the Chief Executive. However, I think that all governments must allow its officials to express divergent views. If all officials of a certain government are "yes-men", I am sure that this particular government will never formulate any good policies. I wonder whether it was because of this that Mrs Anson CHAN was summoned to Beijing. When I talked about this incident with several senior officials later on, they all said that they had been shocked. Then, when we saw Mrs Anson CHAN speaking on television, a senior official told me that he saw her speaking with trembling lips. Well, this is indeed rather unusual for Mrs Anson CHAN (*laughter*). Madam President, we all know that Mrs Anson CHAN's statement last week does not tell us what has happened. However, there are lots of rumours fliting about among the public.

The Chief Executive has now suggested an accountability system for principal officials. This is in fact very much supported by the Legislative Council. In the report of the Panel on Constitutional Affairs published in June and also in the subsequent motion debate, we already expressed our support. An accountability system for principal officials is actually a demand of the community, who have kept on asking why no government officials have ever stepped down despite the many blunders that have occurred. However, we still have to ask, "What kind of accountability system should be set up?" In this connection, some may refer to the Andrew LO saga. However, Andrew LO is just a junior official. How are we going to hold him accountable? I hope that the Panel on Constitutional Affairs can hold more meetings on this in the near future and invite more people to give their views. Even senior officials can be invited, because I have heard some Bureau Secretaries saying openly that they are prepared to give their views. I am sure that the Legislative Council will certainly welcome their representations. I do not think that accountability of principal officials should just mean accountability to the Chief Executive only, nor do I think that the dismissal or otherwise of an official should be determined by one single person only. In this connection, I trust Members should also note Article 64 of the Basic Law, which states that the executive authorities must be accountable to the legislature. This point is precisely in line with the Chief Executive's view that any satisfactory system must include the legislature. By a satisfactory system, I certainly do not mean a system under which we can move motions of no confidence whenever we like. Motions of no confidence are of course one possibility, but before we move such motions, should we first conduct

hearings? For the appointment of principal officials, should we consider the example of the United States, where appointment recommendations are first submitted to the legislature for discussions before finalization? I think that all these ideas should be discussed. Also, the least preferable kind of accountability system is one under which all decisions are made by one single person only. That is to say, we should not allow any single person to say "I will appoint you because I trust you and believe that you are good enough" or "Since I do not like you, you will never be appointed no matter how much the public favours you".

We must also note that the Chief Executive himself is not returned by popular elections. We can therefore say that he lacks popular acceptance. That being the case, can the problem really be solved? Besides, for those who are invited by him to accept his appointments — whether they are to be called principal officials, directors, ministers or whatever, what is their position in relation to the Civil Service? Many civil servants have told me that they are very worried. That is why all sides involved must conduct discussions on this. The Chief Executive has, however, failed to mention one point which I have raised before — the relationship between the Chief Executive and the legislature. A moment ago, some Members asked whether we should set up some sort of a ruling coalition. Actually, assuming that the Chief Executive is really given a free hand to identify some people whom he thinks are competent and then appoint them as ministers, but if these ministers simply do not have any dealings and communication with the political parties inside the legislature, how can they ensure that their bills, funding requests, and so on can be passed by the Legislative Council? Some argue that it is unnecessary to invite Legislative Council Members to sit on the Executive Council. But I hold exactly the opposite view. Just look at the legislatures of other countries, and we will see that they do comprise both the ruling parties and opposition parties. Why should Hong Kong be an exception?

The Government often says somewhat complacently that although it cannot cast any vote in the legislature, all the bills it moves can always be passed. Such a comment is really strange, and I am sure that even those who support the Government will not like it either. I think that by now, the executive authorities should realize that they must learn how to share power with elected Members (including those returned by coterie elections), or else they will not be able to secure the support of Members. We democrats will not join any ruling coalition. As clearly pointed out by some Members just now, the Government intends to

invite only those Members who support its stand. Well, anyway, with these Members, they can still form some kind of a ruling coalition, and the Members concerned will want to share power with the Government and participate in the decision-making process. Afterwards, they will sell the relevant policies for the Government. To sum up, I think that an accountability system for principal officials (or call it a ministerial system if you like) should be one side of the matter only, and the relationship between the executive authorities and the legislature should be a separate matter. If we fail to do well in these two respects, there will be no progress for our political system, and in the end, when we frequently fail to get things done, the legislature and the executive authorities will both have to be held responsible. People will criticize us; they will say that we are even more backward than some cities in China, for we are always engaged in noisy quarrels without doing anything concrete. This is the last thing that the people of Hong Kong wish to see.

I hope that the Chief Executive and the executive authorities can give some thoughts to these issues, and we also hope that this Council can conduct some hearings as soon as possible to collect public opinions. With these remarks, I support the amendment.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, this year's policy address is the fourth since the reunification. Apart from the address delivered in the year when the Hong Kong Special Administrative Region (SAR) was established, two policy addresses have been released subsequently. One of them was entitled "From Adversity to Opportunity", and the other "Quality People, Quality Home". From the policy addresses published in 1998 and 1999, we can see that the then SAR Government had undertaken some long-term work in face of various social problems such as economic restructuring, competition with neighbouring cities, and so on. However, people who had been concerned with social problems like us were given an impression that the Government was "trying to quench thirst by watching plums" and "looking at the far distance while missing something near". In other words, the Government has failed to resolve the existing problems, until the concept of "serving the community, sharing common goals" is introduced in this year's policy address. The Hong Kong Federation of Trade Unions (FTU) would certainly welcome it if the SAR can take "serving the community" as its philosophy of administration for this illustrates that the general public will be taken as the basis for the Government's consideration of its various policies. This is very important indeed.

After listening carefully to the policy address delivered by the Chief Executive, we find it different from the last two policy addresses. The difference lies in that it impresses us that the Chief Executive has finally listened to certain ideas put forward by non-government organizations, including the FTU, on how to resolve poverty and unemployment. Of course, I believe the Chief Executive will not accept all these ideas. Yet some of his points of view have been reflected in the policy address. For instance, the Chief Executive undertook to formulate relevant policies on certain environmental protection industries and even pledged to promote waste recycling. Although we have raised proposals in relation to environmental protection for more than two years, the Chief Executive has not mentioned a word about it or made any response. Neither did he elaborate how employment opportunities could be enhanced through environmental protection even though it was made a theme last year. He finally mentioned it in this policy address though he expressed the need to re-examine the matter. In our opinion, it is unnecessary to do so for those proposals have been made since a long time ago. Should the Government act now to formulate concrete measures to deal with these matters?

The FTU has all along been urging the Government to create new employment opportunities in face of the current unemployment situation. The proposed 7 000 and 8 000 additional posts, particularly those to be created in such areas as cleansing, personal services and hospitals, have to a large extent met our demand. This is actually what we have been asking the Government to do.

After going through the whole policy address, we have the impression that the SAR Government seemed to have opened its mind all of a sudden for it had started listening to voices on the unemployment and poverty problems currently faced by the general public as well as formulating relevant policies. However, after our careful examination and analysis, it was discovered we had jumped up in applause too early and we still need to observe more. For instance, the Government proposed to create an additional 10 000-odd posts to address the employment problem. Yet these posts are negligible when compared to the 170 000 unemployed people recorded according to a survey just published by the Government. Moreover, the survey has not taken into account the 150 000 hidden unemployed people whom the FTU has been talking about, perhaps Secretary Fanny LAW has not heard me explain who these 150 000 people are, but the FTU did argue with the Census and Statistics Department over this issue a few years ago. We suggested at that time that, in the wake of the

restructuring of the manufacturing industries, a great number of female workers were forced to take care of their families at home because they failed to find a job. During the recent economic depression, they once again failed to find a job even though they would like to work again. According to the Census and Statistics Department, the number of these unemployed people was 150 000 in 1996. When these people are added to the 170 000 people as published in the recent survey, there will be a total of 300 000-odd unemployed people. The 10 000-odd newly created posts, compared to this figure, will obviously not solve the problem. In particular, I have to stress that many of the 7 000 posts will last for only two years. This idea seems to be unable to meet the aspirations of the unemployed, nor can it solve their problems. I hope this policy address can identify with our notion of creating new employment opportunities and introduce some pilot initiatives. Actually, the Government can make some longer-term planning in the policy address to be delivered next year or the year after for the problem related to "marginal workers" must be resolved. The Secretary should be aware that a debate was held by Members on this subject last week. At present, there are more than 600 000 marginal workers in Hong Kong. This figure is quite high. From the studies conducted jointly by the FTU and some academic institutions, we can see that Hong Kong economy is suffering a structural unemployment problem and this figure will therefore continue to rise. Even if our economy turns better in future, we will still find it difficult to resolve this high unemployment. The Financial Secretary is not in this Chamber at the moment. Last week, he stated that he was optimistic that Hong Kong would resume full employment in two years. When being asked on what basis was he saying this, he seemed to be short of any.

Under such circumstances, the creation of these 10 000-odd posts can only be treated as a transitional measure. Actually, the structural unemployment problem remains unresolved. I would like to reiterate that I really hope the Government can focus on the current structural unemployment problem. Even if our economy improves in future, it will still be difficult for these unemployed people to work in industries demanding a certain level of knowledge in information technology, English and certain academic levels. I hope the Government can understand that the structural unemployment problem currently faced by the community will not be solved merely by an improvement in the economy. Neither can a good economy create many labour-intensive openings. In order to meet the demands of the 600 000-odd impoverished workers, the Government might need to develop such industries as the recovery industry, environmental protection industry, and so on, in its economic structure. We

held a meeting with the Secretary here after the release of the policy address. The Secretary expressed her worry that some industries operating in Hong Kong would eventually be unable to find people who would be willing to work. I once repeated what the Secretary's remark in a residents' meeting. When I mentioned a "worker producing dried bean stick" could earn a monthly income of \$15,000, a certain Miss CHAN serving the Lok Wah Estate said she very much wanted to invite the Secretary to visit the Estate for she could introduce at least 500 people to apply for the job. I would like to tell the Secretary that there are some problems in this. It appears that the information given to the Government and what the grassroots got are two extremes. I very much hope that we can find a breakthrough to this quagmire.

While the creation of new employment opportunities, as I mentioned earlier, is of paramount importance, it is still unable to resolve the problems completely for we can see that some employers have changed their attitudes. Although they tried to recruit staff by various means, they were only willing to pay a meagre salary. For instance, some workers with whom I came into contact recently told me that they were required to work for about five hours daily at a monthly income of \$2,000 to \$3,000 only. Nevertheless, they would still be willing to do what they called "casual work". Many people are now working two jobs every day because they are in desperate need of work. But even so, they still fail to make enough money to feed their families. This is what the "working poverty" phenomenon cited by some organizations, including the FTU and Oxfam Hong Kong, really means. The SAR Government and the two Policy Secretaries (including Secretary YEOH) should really consider how to address the employment poverty problem. This is because the "self-reliance programme" administered under the Comprehensive Social Security Assistance (CSSA) Scheme is basically unable to solve their problems. What can they do? These problems even show that low-income people who are receiving CSSA also need such assistance. Moreover, the number of these people is obviously on the rise. It is imperative for the SAR Government and the two Policy Secretaries to address the working poverty problem. To achieve this, the Government needs to map out a package of solutions, including ways to deal with the issues raised by me in last week's motion debate, namely, the setting of a minimum wage, imposition of restrictions on working hours, definition of a poverty line, and so on. Perhaps we need a new thinking before we can really help the low-income people.

Madam President, I have read the policy address several times because I believe I can always come up with something new after each reading. However, after going through this policy address several times, I think that the SAR Government is still relying on training or retraining to solve the problem despite the creation of new posts and introduction of new ideas to help the impoverished workers. I am not trying to negate the efforts made by some government officials indeed in formulating new measures, such as earmarking \$400 million for a wide variety of training programmes in the next two years for both employed and unemployed workers with an education level below secondary. I consider this a good idea. However, I would like to tell the Secretary and the Government that only some young unemployed people would be absorbed at the end. Although I welcome these programmes, I cannot help asking this question: How about the elderly unemployed people? This is precisely my question.

I also noticed that the Government intended to encourage employers to provide better in-service training. But what will the employers think? Mr James TIEN is not in this Chamber at the moment. I hope the relevant authorities can consider this issue. In order to solve these problems, the Government might need to encourage employers through the taxation policy. In Singapore, for instance, the government needs to encourage employers (particularly employers of some declining industries or those affected by depression) through taxation policies to "release" their employees for training as employees generally need to work more than 10 hours a day. How can employers, particularly those of small and medium enterprises, allow their employees to take leave to attend training courses? Even for large organizations, will they be able to do so? The Government must formulate certain associated policies to deal with these matters. Otherwise, the employers will not be willing to release their employees, particularly those working in low-paid industries, to receive training. This is what the Government must do. Without the matching policies, these people will eventually not be able to receive training even if they are given such opportunities, which will subsequently be given to other people. As for the training institutions, they might not be taking it seriously enough. Some of them just consider their goals are accomplished as long as they manage to find some people to attend their training courses. As a result, those receiving training at the end are not those who have such a need.

Madam President, the FTU can see from the training or retraining programmes previously provided by the Government that people frequently fail to apply what they have learnt at work. I believe the Government is aware of it too. For instance, a person who has received training in computer or clerical work might fail to find a relevant job and is eventually forced to work as home helper. I do not consider training inappropriate. It is a right thing to do. Providing training is like equipping the trainees with a special skill. What I mean is if the trainees fail to find a job related to the training they have received within three months, the skills they have acquired and the money spent by the Government will all be wasted. We often come into contact with people who have undergone training. They just flatly told us that retraining was useless. Of course, I would tell them that retraining, like learning how to use computer, is useful. Nevertheless, they would usually told me that they were unable to find a job. As a result, they were eventually forced back to square one, with their typing speed dropping from 40 words per minute back to several words per minute. This is a typical case. It is therefore essential for the Government to consider ways to co-ordinate retraining and employment with the market demands. Otherwise, taxpayers' money will be wasted.

Apart from these people, there are others who desperately want to pursue further studies. However, no training institution will accept their applications for they must complete at least Secondary Three education before they are qualified for training. For those who completed at least Secondary Three in the '60s or '70s, they might have worked for more than 10 years, stayed at home to take care of their children or been out of work for a certain period of time. What is more, they would have forgotten some of what they have learned, which makes it basically impossible for them to pass the entry examinations of retraining courses. When I met Mr TUNG on some public occasions, I did ask him what these people could do. The number of these people is not small. Actually, they are not very old. Most of them are middle-aged men and women of 40 years or so. What will the Government do to address their problems? We should not take these people lightly for many of them are among the 600 000-odd impoverished workers in Hong Kong at the moment. I consider this problem a human resources problem as well. Faced with such a serious problem, how will the SAR Government formulate a whole set of plans to deal with it? I earnestly hope that the Government or the relevant Policy Secretaries can examine ways to solve these problems.

Problems concerning ways to resolve unemployment, poverty and low wages are all key areas of this year's policy address. However, we think that a comprehensive philosophy is lacking. While Mr TUNG had intended to express his wish to help the marginal elderly people by giving them a more handsome handout, he finally ended up saying that elderly recipients of Old Age Allowance would be required to be subject to a means test. A large number of elderly people were seriously disturbed by this message. Later, I had this question in mind: Why are the Policy Bureaux thinking in such a different way while we are insisting that we need to help the poor by spending a large sum of money? I have no intention to criticize the Policy Secretaries. Yet I am of the view that they have not considered this policy carefully. Let me cite an example. Mr TUNG said he would like to help some poor elderly people living in private premises by providing them with "rehousing". I did ask the Secretary for Housing what measures he would take to ensure that these elderly people would be given public housing three years after the registration exercise to be conducted between October this year and March next year. I eventually found out that no such measures had been taken. I inquired with the Secretary for Housing, and the answer given to me was negative.

Has the Government come up with a comprehensive set of ideas to tackle the poverty problem in Hong Kong? It appears to me that the Government has failed to do so. We can see that various government departments are carrying out their work in a "piecemeal" manner. They simply withdraw what they have done once they are criticized. This explains why I have suggested the Government to set a poverty line. How can we define poverty when there is no criteria at all? What can the Government do to help the poor? Should the Government wait until they come forth to apply for CSSA? This is definitely not what the general community wants.

In conclusion, the FTU is of the view that this policy address shows that the Government has "opened its mind" and started listening to the voices of the general public. Regrettably, the Government and the Chief Executive still need to acquire a better understanding of what is happening in certain areas. They must appreciate the hardship faced by the unemployed and the poor at the moment. An elderly people once told me that when he was young, he felt very sad for being thrown out of work because a young person could lead a happy life only when he had a job. I very much hope that the SAR Government can understand it.

Madam President, I support the original motion. Thank you.

MR LAU WONG-FAT (in Cantonese): Madam President, the Chief Executive's policy address this year focuses on several urgent issues that need to be tackled. I think the policy address has read the times accurately and mapped out a clear direction for administration in future, coupled by some specific corresponding measures of improvement. Thus I consider it a pragmatic policy address, fittingly entitled "Serving the Community".

But what comes as a surprise is that on the issue of governance, the Chief Executive stresses the importance of leadership. There was no such allusion in past policy addresses and this shows that Hong Kong is being confronted in certain areas with a set of conditions that are short of satisfactory. The Chief Executive, however, has not dodged the issue. He is trying his best to find solutions to them and make improvements.

After the reunification, Hong Kong encountered some problems, large and small. To recap briefly, we had the standstill of the new airport, the public housing estate short piling scam, the chaos in dot-com shares subscription, the YU Man-hon incident and the appalling blunders with share certificates of the Mass Transit Railway Corporation. They are inconsistent with the image of Hong Kong — a highly-developed modern city, an international financial centre, with a team of excellent civil servants. Why should they happen at all? I do not think one can simply explain away the problems by saying, "a period of adjustment and adaptation is required for our transition". We have not changed our institutions; most civil servants have remained. Have people changed their mentality? Are there problems in their capabilities, sense of responsibility, sense of crisis, confidence or morale? Or are there other reasons? I think the SAR Government needs to conduct an in-depth investigation into the series of blunders since the reunification. It needs to find out the causes of the problems before it can find a proper cure for them.

The Chief Executive has made proposals to enhance the accountability of principal officials and strengthen the existing mechanism of communication between the executive and the legislature. He also proposes that the Government would pay greater attention to the need for full consultation and comprehensive assessment on the impact of reforms when they are taken forward in future. All these are definitely helpful to improving the governance of the SAR, hence the strengthening of our leadership. But the difficulties and challenges before us are diversified and numerous. The SAR Government must be more sensitive and insightful in reviewing the overall situation. What it

needs in particular is greater vigour and determination to safeguard those factors upon which the prosperity and stability of Hong Kong hinge.

Madam President, as everyone agrees, the rule of law is one of the most important pillars of success for Hong Kong. In his policy address, the Chief Executive also said, "The Government will continue to strengthen our legal system and uphold the rule of law in every aspect of its administration". The determination of the Government is unquestionable. However, the several incidents of challenge to the Public Order Ordinance are an irony to the rule of law in Hong Kong. They have been a headache to Hong Kong for some time. This issue must be resolved early and in no ambiguous terms. The longer the issue remains the greater impact and harm it does on the rule of law in Hong Kong.

Today, the Secretary for Justice announced that no prosecution would be initiated against those involved in the June 26th incident. That would close the issue. But the crux of the problem remains unresolved. Although I agree with the decision not to prosecute, I think the Administration needs to tell the public categorically that despite the decision not to prosecute in the past, the Public Order Ordinance will be strictly enforced in future to safeguard the spirit of the rule of law in Hong Kong. Under the Ordinance, everyone is treated equally. Only if this is done can we say we have taken a reasonable, sensible and legal step that serves to uphold the rule of law.

Another key area of administration espoused in the policy address is helping the poor. I support the relevant measures in the policy address and agree that they will be effective to a certain extent. However, I am disappointed with the lack of coverage on population policy and immigrants from the Mainland when the Chief Executive talks about helping the poor. I must stress that though I am an indigenous resident of the New Territories, I have never rejected or discriminated against such immigrants. On the contrary, I very much appreciate or even respect them for their intelligence and enormous contribution to Hong Kong.

In my view, we need to be more flexible in accepting immigrants from China. Given the quota under the existing arrangement, over 50 000 immigrants will enter Hong Kong annually from the Mainland to become residents here. The quota is basically fixed and will not be revised against changes in the economic conditions in Hong Kong. When Hong Kong

experiences an economic downturn and the unemployment rate is high, the arrangement will slow down the speed of an economic recovery, and more resources will be required to help the poor and the needy. If Hong Kong can follow the example of some major host countries and regions for immigrants of taking in more immigrants when the economy is good and less when it is not good, I trust this will better serve the interest of Hong Kong. Of course, whether this can be done depends on negotiations between the SAR Government and the Central Authorities. But Hong Kong must first come to grips with the issue and take the initiative to make suggestions to the Central Authorities before anything can be achieved.

Madam President, lastly, I want to speak on a very popular topic in environmental protection. A debate on nature conservation was triggered off when discussions on whether Long Valley should be spared for the construction of the East Rail spur line. Green groups and the Kowloon-Canton Railway Corporation (KCRC) each held fast to their positions. The latest development is that the Environmental Protection Department (EPD) supports the green groups, which win temporarily. The incident, however, highlights a preposterous phenomenon. While vast areas of the Long Valley wetlands belong to private owners, the KCRC, green groups and the EPD have never consulted the owners in putting forward their seemingly immaculate arguments. They never cared what the owners wished. It seems environmental protection is above everything. When environmental protection reasons are invoked as rationale for their actions, the Government and the green groups will think they can ignore private ownership and trample on the legal rights and interests of private owners. Some villagers of Long Valley said they would burn the grass and kill the birds. While these sentiments were radical, their grievances were understandable.

In fact, many landowners in the New Territories have long been treated very unfairly under similar circumstances. For years, the Planning Department (PD) and the EPD have unilaterally frozen large stretches of land in the New Territories as wetlands, conservation areas, marine reserves, country parks, catchment areas, green zones and border closed areas. Both the PD and the EPD have never made compensations to owners of the affected land. The relevant land is frozen indefinitely and denied any use or development. This is usurpation of ownership in disguise. It would not be too far from the truth to say the Government robs these owners of their land.

The original idea of zoning land for environmental protection purposes or for use as country parks is good for it benefits the public good. But the Government is behaving in an unacceptable way by pleasing the public with other people's properties. A more reasonable way is for the Government to buy the required land from landowners, or conduct an exchange for land. At least, the Government should pay rent to the affected owners.

Madam President, I am pleased to hear at last that many people, including green representatives and the cultural sector, have suggested that the Government take up its fair share of commitment in environmental protection by granting fair and reasonable compensations to the affected landowners. I hope the Government can give a positive response. It should lay down a more comprehensive and fairer environmental protection policy after balancing the interests of all interested parties and after considering the protection of the rights of individuals to their properties as stipulated in the Basic Law.

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

MR BERNARD CHAN: Madam President, in the previous three years, the Chief Executive laid down in his policy address some long-term blueprints for our future. This year, Mr TUNG told us how 15 000 jobs would be created and how education reform would be carried out.

These have immediately drawn applause from the community. Most people believe that these measures can provide immediate help to the needy. Not surprisingly, there are still criticisms that the measures are inadequate.

But what else do we need? Do we need a big government which launches reforms endlessly? Do we want a big government which creates a pre-set number of jobs just to meet the short-term needs? Or should we treasure a small government which creates a suitable environment to facilitate long-term economic growth?

The free market principles have been so much a part of Hong Kong's success. If we wish to continue our success, we should try our best to keep these principles working. Having said that, I do not mean that the Government should sit back and do nothing. Instead, there are many things that the Government can, and should, do to help create a suitable environment for business growth.

These range from the provision of an education system encouraging life-long learning, a green environment promoting high quality of living, a tax system bringing us competitive edge over other countries, to adequate supply of land for future development. Hong Kong should be a place where people can enjoy reasonable costs of living and working if we want to remain competitive in the new century.

Pressure is mounting on local companies. Either you compete or you are out. China's admission to the World Trade Organization (WTO) will exert even greater pressure on local companies.

Our role as China's only gateway to the West will diminish after China becomes a WTO member. Other countries will be able to set up businesses on the Mainland, bypassing Hong Kong. But I am sure that there will still be other business opportunities. And Hong Kong people, with their usual strong ability of adapting to new environment, will look for other chances. But again, it is important that our Government creates a favourable business environment.

The creation of a favourable business environment, however, should not be taken as the promotion of dependency culture. In the past three years, Hong Kong was hard hit by the Asian financial turmoil. Special assistance was offered to small and medium enterprises and low-skilled workers. Reforms to improve our livelihood were proposed. But all these were exceptional moves. Now it is time we focus on consolidating our measures and efforts.

Madam President, I would like to give my full support to the Chief Executive's pledge in education reform. Human resources are the most valuable asset of Hong Kong. Manpower training should always be given the top priority.

A flexible working time, as mentioned by the Chief Executive, should be promoted. But my concern is: Even if the employers allow more flexibility, are parents prepared to spend time with their children? Do parents know how to spend time with their children? I believe that this involves not only a technical change in working time, but also a cultural change.

As a newly-elected chairperson of the Hong Kong Council of Social Service, I am pleased to see the measures in the policy address to tackle poverty. It is clear that there are disparities in current social development. Social welfare plays a vital role and government assistance is necessary to reduce those disparities.

However, I must emphasize that no measures will be successful without the co-operation from the front-line social workers. They have the full grasp of their clients. I urge the Government to work hand in hand with the non-governmental organizations.

Last but not least, I would like to point out that the Chief Executive is right to highlight a change in community attitudes. He is right to say that people are more inclined to adopt a mood of scepticism and criticism. But what he fails to point out is that the Administration is partly to blame for such attitude changes.

We are lacking in a strong executive-led government to dispel all the scepticism and worries. Strong leadership is particularly vital in time of reforms.

As a representative of the insurance industry, I am particularly concerned about the health care reform.

Proposals for the reform should be released for public consultation later this year and the actual reform should take at least 10 years. Before that, the mandatory provident fund (MPF) system will be officially launched in December. But unfortunately, the MPF schemes so far have only a low enrolment rate. I urge the Government to spend more efforts publicizing the system.

Madam President, reform is never easy, and the process is always painful. All the changes require patience, understanding and co-operation. I look forward to a strong and representative government to carry out those reforms. Thank you.

DR YEUNG SUM (in Cantonese): Madam President, I would like to speak on the sections of the policy address on education and constitutional affairs.

Firstly, education. The Chief Executive stated in the policy address that the total spending on education represents 4.2% of our Gross Domestic Product (GDP). However, this proportion is smaller than that of neighbouring Taiwan which spent 5.1% of its GDP in 1999. Hong Kong lacks other natural resources and human resources are our only important asset, therefore, it is worthwhile to invest as much as possible in human resources development in Hong Kong.

The section on education merits support. Basically, the Government has accepted the proposals of the Education Commission (EC) and will spend \$2 billion to implement the proposals. It has accepted many proposals made by the education sector and the Democratic Party, for example, gradually achieving whole-day schooling for almost all primary school students, reducing the pressure of public examinations, improving student assessment methods, enhancing the language proficiency and information technology training for students, and turning the three-year university education system into four-year, and establishing community colleges.

However, I would like to point out particularly that the Government has failed to look squarely at some important areas. In the first place, the Democratic Party requests the Government to incorporate pre-primary education into public sector education, similar to the nine-year free education, to promote fairness in our society. At present, the Government provides subsidies for schools to employ more trained teachers and to grant fee remission, but since pre-primary education is privately sponsored, the quality of education varies among schools, thus affecting the equal opportunities for students. Students from better-off families can enter kindergartens of higher quality; they can then enter better primary schools and secondary schools and then universities. However, those from poorer families can only enter kindergartens of lower quality, and this will affect their chances of personal development and university education. A lot of educational researches have pointed out that pre-primary education is very important to personal development.

I believe government-sponsored pre-primary education will not impede the development of privately-sponsored pre-primary education. Besides, government-sponsored pre-primary education can increase the opportunities of

fair competition for students. I believe there is still vitality for privately-sponsored pre-primary education in a competitive environment and it can also offer an alternative option.

Secondly, the class size of primary and secondary schools should be decreased from 40 to 25 students, and this is a very basic and important reform. Reducing the class size to 25 students can upgrade teaching quality and boost students' interests in learning, so that teachers will be able to understand and cater for the differences of individual students in learning and personality. Yet, it is a great pity that the Government has still not given these two proposals a positive response.

Thirdly, parents' choice. As a start, the Government has accepted the proposal of the EC to reduce the proportion of discretionary places allocation of primary schools from 65% to 20%. This can undoubtedly increase the choice for parents within a district in selecting schools for their children, but parents have limited choices as far as school types are concerned. On the basis of public sector education, the Government can promote the development of varying types of school education to give parents more choices and enhance the competition among schools. Taking Direct Subsidy Scheme schools and quality private schools as examples, in the past, the Government failed to promote the Direct Subsidy Scheme successfully. The failure can be attributed mainly to partiality in provision of support especially the excessive subsidization in the early years. Moreover, the schools also had their own considerations. From the angle of choice, Direct Subsidy Scheme schools can offer parents alternative quality choices. However, Direct Subsidy Scheme schools should also offer more subsidized places to the have-nots, so that these schools do not only serve the haves.

As regards private schools, according to the market discipline, supply is based on necessity and it is inappropriate of the Government to intervene and assist excessively.

Fourthly, the participation of parents and teachers in school management. The "school-based" orientation is a meritorious approach of school operation. The Democratic Party requests that there should at least be two representatives of parents and teachers in a school council. We should know that the "school-based" principle should not only be observed by the sponsoring bodies but also the front-line educators and representatives of parents. If the front-line

educators and representatives of parents can participate in the relevant work, I believe they will have a stronger sense of belonging to the schools and the management of the schools will better embody the views of parents and teachers. As far as I know, some sponsoring bodies strongly oppose this but I hope that they will think twice. Besides, the Administration should not reduce the rights and opportunities of parents and teachers to participate in school management. The Democratic Party urges the Government to introduce the relevant bill to the Legislative Council as soon as possible, and we will propose an amendment if the Government reduces the participation by parents and teachers.

Fifthly, Madam President, tertiary education. It is stated in the policy address that the Government will increase the age participation rate of tertiary education from the existing 20% to 60% within 10 years. This has sent reverberations in the tertiary education sector. At present, the opportunity of tertiary education seems to be somewhat related to the quality of education. When other coupling educational measures are not improved, or when their effects have yet to be seen, any abruptly made proposal to raise the participation rate should warrant careful examination. I am not totally against this, but I am only saying that it warrants a careful study. I agree that while Hong Kong is developing towards a knowledge-based society, the admission rate of tertiary education must be increased as this is essential, but the opportunity of admission and the quality of education are indispensable. I hope that tertiary education will not go onto a path of "mediocre" development, and we should not blindly go after the admission capacity to the neglect of the importance of the quality of education.

Madam President, I would like to express my views on the accountability system. The accountability of senior officials does not simply mean a contractual system, and the crux of the problem lies in the relationship between the Government and the public. It is essential for senior officials to be accountable, but does the Chief Executive also need to be accountable to the public and answer to them? The Government should indeed make amendments to the Basic Law as soon as possible so that the public can soon return the Chief Executive by popular election, thereby making the Chief Executive politically accountable. This is the crux of the problem. It is certainly an improvement for senior officials to become accountable. However, the Chief Executive will become a strong leader after the restructuring. Without accountability and people's mandate, the Chief Executive will undoubtedly have a firmer grip on senior officials. However, the public always hope that the Chief Executive will

be returned by popular elections as early as possible. Therefore, I request the Government once again to put forward an itinerary for the constitutional review shortly so that the public can participate in the determination of the pace of constitutional development in Hong Kong. To enhance the accountability of the Chief Executive in the short term, I request the Chief Executive to at least increase the number of times of coming to the Legislative Council to receive questions, and he should also give Legislative Council Members a briefing when material issues are at stake. The candidates for appointment as senior officials on contractual terms should attend the meetings of the Legislative Council to receive questions, so that Members will know whether they have the background and competence suited to these posts. Of course, the appointment decision does not rest with this Council.

Madam President, lastly, I would like to express my views on the Old Age Allowance scheme. Let me quote paragraph 94 of the policy address, "for those elderly who have to depend largely on their old age allowances for a living, we intend to provide them with additional assistance. We will complete within one year a review of the old age allowance scheme to see if we can further improve their livelihood". The Democratic Party certainly welcomes the fact that the Government is willing to increase the Old Age Allowance for the poor elderly but we are also worried that the Government may take this opportunity to take different measures, for instance, implementing a new assets test and driving some old people out of the old age allowance scheme. The hard work by the elderly all their lives has contributed to the prosperity enjoyed by Hong Kong today and our prosperity is built on their efforts in the past. The Old Age Allowance of a few hundred dollars is an expression of our appreciation of the elderly, and all old people, rich or poor, are entitled to receive the allowance. I call upon the Government not to implement an assets test as the Old Age Allowance will then lose its meaning of expressing our appreciation of the elderly and become only a financial assistance scheme similar to the Comprehensive Social Security Assistance Scheme.

With these remarks, Madam President, I support the amendment.

DR PHILIP WONG (in Cantonese): Madam President, since the publication of this year's policy address, I have participated in forums and discussions held by the Chinese General Chamber of Commerce, Hong Kong and various business organizations. The general response to this address is largely favourable,

thinking that it has covered the social and economic aspects of Hong Kong, as well as education and the political structure. It has made a positive response to the problems of pressing concern to the people and that urgently require solutions. Moreover, it has proposed effective measures. This shows that the Government has a thorough understanding of the global economy and the realistic circumstances in Hong Kong. In intensifying the reforms, it has taken into account a wide variety of views, set clear priorities, made the right decisions and avoided disasters, and moved forward steadily.

In my view, it is appropriate of the Government to focus its key areas of work in the future on education, helping the poor and the governance of the Special Administrative Region (SAR). This will help to maintain social stability and improve the investment environment, thus promoting more private and inward investments and helping to sustain the economic prosperity of Hong Kong. The SAR Government cannot accomplish this by itself. Instead, the whole community must work together on this. There are three points that I wish to make.

First, I very much agree with the policy address' emphasis on support for small and medium enterprises (SMEs), since SMEs all over Hong Kong are the mainstay of Hong Kong economy and the driving force behind its development. If we make use of SMEs to increase employment opportunities, we can help the poor and resolve poverty with the resources of the private sector. Appreciating that SMEs have suffered a great blow in the financial turmoil and the restructuring of industries, the Government has given them a lot of support in recent years. This is consistent with the policy of serving the community, as well as the policy orientation of free market economy and knowledge-based economy.

I hope that the Small and Medium Enterprises Committee soon to be appointed by the Chief Executive will draw up effective and comprehensive proposals to apply the resources committed by the Government, including making good use of the remaining funding of the previous Special Finance Scheme for Small and Medium Enterprises to provide enhanced support to SMEs. In particular, it should encourage SMEs to strive to improve themselves and show their combative and entrepreneurial spirit in enhancing their adaptability in the face of competition in the market.

In my view, to solve the problem of the strong need for financing of many SMEs, it is imperative for the Government, the banks and the SMEs to work together. The Government should co-ordinate with the banking sector in reviewing the lending policies, straightening out the financing channels, formulating suitable regulations or guidelines and relaxing the criteria for granting loans to SMEs, so that they can really benefit and banks can have a new source of income.

I suggest that the Government should encourage the banking sector to formulate their own guidelines to reserve a certain proportion of their total lending for SMEs. Apart from encouragement, the Government should share part of the risks and set aside a certain sum each year to compensate banks, at a reasonable rate, for any losses that may arise from this.

Moreover, I also agree with the Government's emphasis on education and vocational training. As the saying goes, "It is better to teach someone to catch fishes than giving him one." The Government has proposed specific policies and objectives in respect of basic, tertiary, parent and continuing education, and it is prepared to allocate huge funds for the relevant promotion. This demonstrates that the Government has realized the importance of the training of talents and its intention to use improved education and enhanced levels of knowledge and skill as a long-term and fundamental solution to the wealth gap problem.

I hope that while gradually perfecting the overall facilities of the education system, the Government will also pay attention to upgrading the quality of teachers and updating the training courses, so that these courses can better meet the practical needs of the various industries. As a business association, the Chinese General Chamber of Commerce fully supports the Government's plans and measures in respect of training and retraining, and actively bring our functions into full play, as it has always done.

Apart from the training of talents, it is also very important for Hong Kong and the Mainland to strengthen the mutual exchange and importation of talents urgently required in various areas. The prospects of China's continuous reforms and opening, its imminent accession to the WTO and the burgeoning development of Western China pose challenges and bring opportunities to the business sector in Hong Kong. They also offer great scope for the development of trained professionals in Hong Kong, especially those with knowledge or skills

that can connect with the world and an understanding of the overseas market networks. The Chinese General Chamber of Commerce would like to see various sectors continue to act as a "bridge", an "intermediary" or a "service centre" between the Mainland and foreign enterprises and to make greater contribution to the development of the mainland economy. It also agrees to the Government's importation of talents from the Mainland to meet the needs of various industries. It is hoped that this will be speeded up and the procedures simplified, so as to meet the market demand for professionals.

Third, I very much support the policy address' call for greater harmony and less hostility in Hong Kong. As a typical commercial society, Hong Kong is facing a dilemma: to maintain its unique edge and status as an international financial centre and move upward in the face of increasingly fierce competition, or to belittle itself, lose its direction and sink under endless social strife? Economic development hinges on social harmony and stability. The policy address notes that there is a change in community attitudes recently and people are more inclined to scepticism and criticism. I believe many people are tired of and dissatisfied with the inaccurate reports and slanderous rumours by certain members of the media. I am particularly referring to a certain radio programme which, misusing taxpayers' money, deliberately fabricates news in order to make mischief and mislead the public.

I can cite a latest example from my own experience. On the day after the first meeting of this Legislative Council on the afternoon of the 4th of this month, having switched on the radio while driving, I heard two broadcasters of Radio Television Hong Kong making irresponsible statements in an offensive manner. They named three Members of this Council, including me, saying that we "were asleep on our feet" during the solemn swearing-in ceremony. One must have extraordinary powers indeed to be able to sleep on one's feet. I am sure neither I nor the other two colleagues have such powers. How can a government-funded public media distort the facts like that to mislead the public? It is scandalous indeed!

In my view, if we turn a blind eye to such reporting that distorts the truth and such mischief-making, or even allow certain black sheep to defy the law more and more blatantly, it would be unfair to the majority of people who care about Hong Kong's future and who expect truthful reporting. It would also affect the stability and harmony of the Hong Kong community. In that eventuality, the Government would not be able to implement its plans to attract investment, and improve people's livelihood and better the governance of the SAR. Hong Kong people would ultimately suffer.

Madam President, does press freedom extend to the wilful dissemination of falsehoods?

With these remarks, I support the original motion.

DR RAYMOND HO (in Cantonese): Madam President, the Chief Executive focuses on helping the poor, education and governance of the Special Administrative Region (SAR) in the policy address. I agree that these are problems that should be tackled in earnest, but I have the following views on the proposals in the policy address.

Helping the Poor and the Needy

To help the poor and the needy, we should solve the unemployment problem plaguing Hong Kong as soon as possible. Unfortunately, in this year's policy address, the Chief Executive has not launched new infrastructure projects to lower the sustained high unemployment rate. The Government promised two years ago to invest \$240 billion in infrastructure projects within five years, more than two years have passed, but the pace of implementation of a lot of decided infrastructure projects has been unsatisfactory. I am afraid these projects may not be able to immediately create a large number of job opportunities to ameliorate the unemployment problem as the Government has wished. Although the Government has stated time and again that these projects will be speeded up, with the restraint of land resumption and administrative procedures, the projects have actually failed to be implemented on schedule to the immediate benefit of local professionals and workers.

The effectiveness of large infrastructure projects in solving the unemployment problem is not as great as the Government imagined. For example, most of the expenditure on railway construction has been used for the purchase of train cars and signalling systems. In respect of the reclamation or tunnelling works for projects such as the Disney theme park, there has been limited participation by local companies and even foreign workers are working on the sites. Thus, it can be seen that limited job opportunities have been created.

In my view, the Government can increase job opportunities by enhancing the maintenance and improvement works of the existing infrastructure, including

the existing housing, electrical and mechanical installations, slopes, water mains, roads, bridges and tunnels. As these projects are of a smaller scale and less complex, they will facilitate the participation of local companies and talents. Provided that the Government makes an additional — additional, I repeat (I hope that the Financial Secretary hears me) investment of around \$30 billion in these projects within five years, it will help to solve our employment problem. The maintenance and improvement of the existing infrastructure will also serve to solve the worsening problem of decaying infrastructure, thus creating more favourable conditions for the future development of Hong Kong. For example, there is a network of around 5 700 km water mains for the transportation of fresh water and sea water in Hong Kong, and most of them are underground. However, 45% of them were laid around 30 years ago for urban and new town development. As these water mains are approaching the end of their service life, the Government intends to replace and maintain 3 000 km decaying water mains within 20 years. Yet, the pace is really too slow because our water supply network keeps deteriorating, and there were 1 850 cases of water mains bursting and 25 350 cases of leakage in 1999 alone.

Apart from these, the Chief Executive has also stated in the policy address that small and medium enterprises (SMEs) are the underpinnings of Hong Kong economy. As these enterprises are the principal force behind job creation, the Special Finance Scheme for SMEs launched by the Government previously and the subsequent provision for loan guarantees was inadequate, so, it is essential that SMEs be given more positive assistance so that they would become a strong impetus to economic recovery.

In view of the poor employment situation, some people suggest that professionals and management personnel should grasp the opportunity of China's impending accession to the WTO to find jobs in the Mainland. I think this is unrealistic. Firstly, there are a large number of professionals and management personnel in the Mainland, local talents who lack mainland experience will encounter keen competition in the Mainland. Besides, Hong Kong people who do not have professional qualifications in the Mainland can hardly work in the relevant professions in the Mainland. Therefore, I think that the Government has the responsibility of taking positive measures to promote our economic recovery and boost employment, so that locally born and bred professionals and management talents can give play to their competence and contribute to Hong Kong.

Civil Service Reform

Having talked about employment, I would like to express my views on the civil service reform. Although I agree that the civil service structure needs continuous improvement, I do not approve of some reform measures and policies implemented by the Government currently. I think that the Government is carrying out reform for the sake of reform and it has altered some practices proven throughout the years, causing negative effects. Let me take the engineering sector that I am familiar with as an example. The Government has implemented some unreasonable measures for engineering personnel.

Firstly, in respect of the alteration to the pay structure of resident engineers, the Government has lowered the entry point and housing allowance for the rank. It has also changed the increment point system so that some new appointees and those who have a break in service longer than four months will not be appointed under the qualification benchmark principle but at the entry point for the basic entry rank. Obviously, this change will make it even harder for the Government to employ experienced resident engineers to supervise projects and ensure the quality of government engineering projects. This practice runs counter to the Government's pledge to improve the quality of government projects (despite the many problems arisen as a result of the lack of a resident engineer system in the Housing Department).

A group of young engineers who joined the Government as Civil Engineering Graduates in 1996 and 1997 were only employed on contractual and very unreasonable terms of appointment after the completion of three years' training because the Government proposed to freeze the recruitment of civil servants in 1999 on the basis of the civil service reform proposal. This calls for our concern. Although the Civil Service Bureau approved the appointment of 17 assistant engineers under new civil service terms of appointment early this year, 57 assistant engineers on contract terms will after all be forced to leave the Government after the completion of their two-year contracts. I oppose the Government's scaling down of professional posts such as engineers under the pretext of reform. On the one hand, the Government appropriates more than \$100 billion to carry out infrastructure projects to create more jobs, yet on the other, it scales down such professional posts regardless of the quality of the relevant projects. The existing arrangement will destroy the well-established system of appointment of government engineers that have been implemented for years, resulting in a drain of talents.

Considering these negative effects, I hope that the Government will deal with the civil service reform carefully and refrain from carrying out reform for the sake of reform which will thereby affect the morale, quality and service standards of the Civil Service.

Education Reform

It is stated in the policy address that the prevalence rate of higher education will reach 60% within 10 years. I do not think it is necessary to set too rigid a target, similarly, I disagreed with the housing construction target of 85 000 flats in the policy address in 1997. If we put the Open University into the equation, the prevalence rate of higher education is now more than 30%. As the Government needs to invest enormous resources into higher education, we should focus on whether the courses offered by higher education can meet the needs of the future development of society instead of focusing on the prevalence rate.

In fact, the Government has a better grasp than I of the needs of Hong Kong in this regard because it has all along allowed employers to import talents from the Mainland owing to a lack of certain professionals in Hong Kong. Some of the justifications offered the Government are not acceptable because many professionals have actually been trained in Hong Kong locally. Even for information technology talents who are in hot demand in the market, the relevant faculties and departments of the eight tertiary institutions in Hong Kong have trained many such professionals. We should try to make good use of local talents and train talents who best suit the needs of our future development. Otherwise, even if the prevalence rate of higher education will reach 60% within 10 years, it will just be a game of figures and the Government will be criticized as emphasizing quantity rather than quality.

Governance of the SAR

To improve the governance of the SAR, I consider it necessary to change the structure of the Executive Council in keeping with the requirements of constitutional development in Hong Kong. The Government can consider making Executive Council Members full-time members, each being responsible for different portfolios. Such an arrangement can define powers and responsibilities more clearly and establish an accountability system, and it can also allow civil servants to play the role of apolitical executors, thus, ameliorating a series of existing problems in relation to governance.

Madam President, having expressed my views above, I think the policy address this year is acceptable still. With these remarks, I support the Motion of Thanks. Thank you.

MRS MIRIAM LAU (in Cantonese): Madam President, the policy address this year is entitled "Serving the Community, Sharing Common Goals". If the Government is really people-oriented and attaches importance to people's livelihood, it must keep a keen interest in oil prices which are closely related to people's livelihood and the economy.

The international oil prices have risen since early last year and are now at a peak in 10 years. With a substantial upsurge in the import price of diesel oil, there is great pressure for the diesel price to rise. Although oil companies have not adjusted upwards the price of automobile diesel substantially, if the Government increases the duty on super low sulphur diesel from \$1.11 to \$2 as planned from 1 January next year, the diesel price will immediately surge by more than 15%, and the Government will then be blamed for taking the lead in a price hike.

With high oil prices and high oil duty, Hong Kong has ranked first on the retail fuel price list for many years. According to a recent research in Germany, the retail petrol price in Hong Kong at the end of 1998 ranked first in the world while the retail diesel price still ranked first among Asian countries even though the Government had reduced duty by \$0.89 per litre. The retail diesel price in Singapore is 57% lower than that in Hong Kong, the retail diesel price in Taiwan is 51% lower and that of Japan is 18% lower than that in Hong Kong. Hong Kong has always been at the top of the retail fuel price list, but its position on the competitiveness list has been dropping recently.

I do not think anyone would be proud of high oil prices. In fact, the competition among various countries in the world will become more and more intense under free economy. A few ports in the Mainland such as Yantian, Chiwan and Shekou are strong competitors of Hong Kong, and I believe China's accession to the WTO will bring Hong Kong business opportunities and the freight forwarding industry will have good prospects. However, if our freight forwarding industry is not sufficiently competitive, I am afraid the enormous Chinese market will easily fall into the hands of other competitors, and business opportunities may then become crises for Hong Kong. High oil prices not only

undermine the competitiveness of our freight forwarding industry but also that of other industries. Recently, airlines have applied for an increase in freight charges at a rate of \$0.2 more per kg for short-haul flight and \$0.4 more per kg for long-haul flight. But an increase in freight charges will certainly affect the import and export industry.

As diesel is a necessity for various transporters and it takes up a very large percentage of their operational costs, an increase in diesel price will seriously affect the livelihood of tens of thousands of transport workers. Since the 1997 financial turmoil, the local transportation industry has been caught in a poor business environment with a sharp drop in turnover and income. Although there is recently showing a rising tendency in the local freight volume, I must say that: first, the increase in freight volume mainly comes from river trade; second, there is actually a limited increase in land freight transport that is most affected by oil price; third, as a result of intense competition, the freight charges for land freight transport are forced to be adjusted downwards substantially. As a common saying goes, "it is good-looking but not useful", and many operators in the freight forwarding industry are making no profits practically.

To reduce oil price to a reasonable level, the Government must conduct a comprehensive review of oil duty and look for effective methods to monitor oil companies and bring in competition. We often criticize that fuel duty is exorbitant, but the Government has never explained how the fuel duty rate is calculated. In the past, the Government only adjusted fuel duty on the basis of the inflation rate as a rule every year. As I intend to propose a motion debate on the fuel duty issue, I hope that the Government will then provide the basis for the calculation of the fuel duty rate for our discussion.

It was revealed yesterday that oil companies had not transferred to consumers all the tax concessions for super low sulphur diesel. As a result of this, the Government, Members and even consumers felt cheated. However, it appears the Government is rather helpless in this incident. This is not an isolated incident. In the past, the oil companies increased prices under the pretext of costs having risen several times, but they were slow in reducing them. Yet, the Government had also been helpless with it. This precisely shows that the Government has not adequately monitored oil companies and oil prices.

To maintain fuel prices at a reasonable level, the Government should effectively bring in competition. According to a newspaper report, a British oil company that promoted the introduction of super low sulphur diesel into Hong Kong has all along been barred from entering the Hong Kong market because of the failure to find oil depot and land, rather than the lack of intent to operate in Hong Kong. Thus, the company is barred from providing cheaper super low sulphur diesel in Hong Kong. If that is really the case, how can we bring in competition?

Madam President, although environmental protection is not the focus of this policy address, the Government has proposed in the name of environmental protection a scheme, the Electronic Road Pricing Scheme, that will have direct influence on transport. The Government proposed this scheme in 1994 as there was a high rate of growth in the number of vehicles, and the Government needed to explore measures to reduce congestion on the roads. Thus, an electronic road pricing proposal was mooted. This Council also agreed that the Government should carry out a feasibility study. Over the past few years, we have seen a very low rate of growth in the number of vehicles, with a yearly rate of only around 1%. This year, there is only an increase of about 3%. Therefore, the Transport Bureau (the Secretary for Transport is here now) and the Secretary has not mentioned the implementation of the Electronic Road Pricing Scheme for some time already. Now, the Chief Executive has brought up this scheme again. As this is an environmental protection measure that aims at reducing exhaust emission, few people would dare oppose it because so doing will be regarded as opposing environmental protection. Nevertheless, before implementing the Electronic Road Pricing Scheme in the name of environmental protection, I hope that the Government can put forth scientific proofs to convince the public how much exhaust can this scheme actually reduce. We beg the Government to give us an explanation and show us the calculation. At this stage, I only want to tell the Government that I have tentatively consulted the transport sector on this scheme, but all of them strongly oppose the scheme.

Mr TUNG also referred to the Government's determination to take new measures against environmental pollution last year, with emphasis on the air quality problem first. Good progress has been made during this last year. But I must say that the progress in respect of vehicle maintenance has indeed been unsatisfactory. The Government has all along stressed that the repair and maintenance of vehicles are very important and blamed vehicle owners for failing to do a good job in this regard. Are vehicle owners not willing to do so

or have they failed to produce satisfactory results under objective circumstances? The Hong Kong Productivity Council has recently conducted a survey on the automobile repairs and servicing industry. It reveals that the standard of automobile repairs and servicing workshops in Hong Kong varies and most reticent customers either put up with low quality repairs and servicing or simply try their luck. It is mainly because most of the servicing personnel in such workshops lack knowledge about meeting the requirements of environmental protection and most of these workshops do not have suitable equipment and instruments, maintenance manual or technical information. For a long time in the past, the Government neglected the automobile repairs and servicing industry, therefore, good and bad automobile repairs and servicing workshops intermingle in Hong Kong, to the disbenefit of vehicle safety and environmental protection. Are vehicle owners responsible? Although the Government and the industry have begun to look squarely at this problem and introduce improvements, various measures are actually not yet in place and the industry has even failed to get the most basic technical information on repairs. But the Government has said that the penalty for smoky vehicles will be increased to \$1,000 from 1 December this year. This is very unfair to vehicle owners. I have demanded a postponement in the date of implementation on various occasions, and I am making this request again today. I hope that the Government will look at the survey of the Hong Kong Productivity Council seriously.

Madam President, I would like to turn to training and retraining now. Training is one of the key issues in this year's policy address, but the Government has concentrated on training and retraining for grass-roots workers only. I have to say that training and retraining for workers in various trades and industries are equally important. I am particularly concerned about training and retraining for seamen. Although it is projected that the total tonnage of vessels registered in Hong Kong will exceed 10 million tonnes by the end of this year, we cannot rely on tonnage alone to maintain our status as an international shipping centre, for talents are indeed needed to consolidate our position.

A survey conducted by the Maritime Services Training Board shows that the number of senior seamen and junior seamen substantially dropped during the period from 1990 to 1998; while senior seamen decreased by 74%, junior seamen decreased by 94%. The major cause for the dropping number of seamen was the lack of continuous training and career prospects. Besides, the wages of local seamen are relatively higher than those of other countries, and local seamen are therefore less competitive. As far as I know, many seamen

trained by the Seamen's Training Centre have not joined the shipping industry eventually and they may have joined the property agency industry. With a lack of new blood and the retirement of senior seamen, there is a fault between the management and junior seamen, thus the needs of the development of the shipping industry are not met.

Therefore, the Government should make a comprehensive adjustment to the strategies for seamen training and retraining. Perhaps we should focus on the training of senior seamen and design a career ladder for seamen so that they can obtain the required qualifications through continuous training and be gradually promoted to the executive or management level on shore. We also need to tidy up the maritime services training courses offered by various institutions and organizations so that we can concentrate the resources on training talents for the shipping development of Hong Kong. The Government should also appropriate funds for relevant research and development and look for ways to further consolidate our status as an international shipping centre.

In addition, the training of talents for logistics services is also a pressing task. With the advent of logistics services as part of the new economy, different sectors will pitch in for a share of the pie and pursue new business opportunities brought by the trend. Although many transportation companies call themselves logistics companies, they do not provide comprehensive logistics services and they are at the most providing more elaborate transportation services only.

Logistics services are a new industry that integrates a traditional industry and new technologies. For Hong Kong to provide genuine logistics services, we need to promote electronic commerce, and we also need talents to serve the purpose. The Government should co-operate with the relevant professional bodies to offer professional courses in keeping with the approach of the new economy, and promote the concept of logistics services which is fairly new to Hong Kong.

Certainly, most people have now realized that we should make use of innovations and technologies to boost productivity so as to promote continuous economic growth, yet, we cannot neglect the traditional industries. Hong Kong people take pride in the fact that our container port ranks first in the world, but we should know that container transportation actually accounts for only a small share of the global freight market where bulk transport is still the mainstay, with oil being an example. As Hong Kong was too successful in container

transportation in the past, it gave people a wrong impression that we could do without any development in bulk cargo transport. If Hong Kong really wants to maintain its edge in freight transport and consolidate our status as an international shipping centre, the Government should actively study the feasibility of developing other transportation services such as bulk cargo transport in Hong Kong in order to open up new horizons for the shipping industry.

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

MR CHAN KAM-LAM (in Cantonese): Madam President, it can be said that the Chief Executive's fourth policy address since his assumption of office is largely a response to people's aspirations and the experience of the past three years. That is why the policy address does not contain too many lofty ambitions; in an attempt to answer people's aspirations and take account of the needs of the various sectors, it focuses mainly on the three major policy areas of helping the poor, education reforms and civil service reforms.

Housing was one of the key emphases of the Chief Executive's first policy address, and in it, three major objectives were set out, namely, the construction of 85 000 housing units a year, an overall home ownership of 70% within 10 years and the shortening of the average waiting time for public rental housing to three years before 2005. In marked contrast, in the policy address this year, there are only some 200 words on housing policy reforms. However, this should not be taken to mean that the people of Hong Kong no longer face any housing problems, for some 100 000 grass-roots people are still waiting for public rental housing, and many more are also still living in caged dwellings and cubicles of deplorable conditions. All these problems must be tackled seriously by the SAR Government.

Madam President, it is stated in the policy address that the Government is committed to reducing the average waiting time for public rental housing to three years and to bring this target forward to 2003. However, whether in the policy address proper or in the Policy Objectives of the Housing Bureau, no mention is made on the volume of public rental housing construction in the next few years. It is particularly worth noting that the Housing Bureau has revised its policy commitment, switching from the provision of 50 000 public rental flats a year to a subsidy quota of 50 000 places for the home purchase. This means that the

Government is actually trying to increase the loan quotas and channel some of the people on the Waiting List to the private sector market, in the hope of shortening the waiting queue and in turn the waiting time.

The DAB does not oppose the move of the Government to increase the loan quotas, but we maintain that public rental housing is the desired form of housing to most of the grass-roots people. The families on the Waiting List are basically low-income ones, and their ability to purchase their own homes is extremely limited. So, offering loans to them to purchase private residential flats is tantamount to asking the low-income families to take part in stabilizing property prices. This cannot help the low-income families solve their housing problem; quite the contrary, it will add to their housing burden. The DAB urges the Government to formulate a clear policy on housing construction, so as to better cater for people's housing needs.

Moreover, the prices of private residential property have been maintaining at a low level in recent years, and many people aspiring to purchase their own homes have thus been able to do so under the Home Starter Loan Scheme or the Home Purchase Loan Scheme. However, we must note that once property prices start to soar again, the demand of grass-roots people for Home Ownership Scheme (HOS) flats will certainly increase as well. Therefore, the authorities simply should not bring the construction of HOS flats to a complete halt and rely too much on the private-sector market.

Madam President, the Chief Executive has promised that all those elderly people who register before March next year will be allocated public rental housing units before the end of 2003. The DAB welcomes such an undertaking, but we must hasten to add that many single elderly people now living in caged dwellings or cubicles have actually not applied for public housing, or to be precise, they simply do not know how they can do so. I hope that in the next few months, the authorities can conduct more publicity in places where these elderly people live and assist them in registration. That way, it is hoped that their housing problem can be solved as early as possible. Besides, in case some elderly people fail to register before March next year, I still hope that the Housing Bureau can undertake to allocate housing units to them as early as possible.

Madam President, a comfortable home is the dream and aspiration of the common masses in Hong Kong. That explains why the Chief Executive announced in his first policy address that he would seek to improve the living environment of people by clearing all cottage areas, temporary housing areas and squatter huts between this year and the middle of the next.

The clearance of cottage areas, temporary housing areas and squatter huts is basically a good policy. On the one hand, it can enable us to use our lands more effectively for the purpose of constructing multi-storey buildings and various community facilities which can benefit more people. On the other hand, people can improve their living environment. It is thus a win-win proposition.

Unfortunately, the clearance of cottage areas, temporary housing areas and squatter huts has been delayed over and over again; as a result, there is by now a huge backlog and the authorities are facing mounting resistance from the affected residents. In retrospect, we can note that the registration of squatters started as early as 1984 and 1985. But more than 10 years later, the work of clearance is still not completed, thus giving many squatters a false hope that they can live permanently in their squatter huts or use them as a short-cut to housing allocation.

We should not of course ignore the fact that in the past few years, many illegal structures were once the "much sought-after" dwellings of low-income families and newly arrived families. Is it reasonable and fair to assess the eligibility of squatters on the sole basis of the registration exercise conducted more than 10 years ago? Is the whole thing already out-dated?

The problem of temporary housing areas is similar. As the name suggests, temporary housing areas are supposed to serve as temporary dwellings for people over a very short period of several years only. However, they have remained "temporary" for more than 20 years. The residents of temporary housing areas have been battered by pests and over-crowding, but when the time for clearance comes, they are still subject to the various restrictions imposed by unreasonable rehousing arrangements. It is small wonder that they are so discontented. Is there still any need to adhere to the "923" policy formulated in 1995? The DAB maintains that the Government should review this policy and treat all these "923" residents with maximum flexibility.

People living in roof-top tenements and cubicles are facing a similar problem, because they still have to wait endlessly for government assistance to solve their housing problem. Every day, they have to live amidst different

kinds of dangers. When it rains, water seeps down; when the weather is fine, reinforced concrete may spall off; kerosene stoves and other things are placed all over the dwelling place; a family of four has to share one bed, and so on. All these appalling living conditions are quite beyond our imagination unless we actually see them with our naked eyes and actually listen to the grievances of the residents. I hope that the Chief Executive and the Secretary for Housing can visit some of these roof-top tenements and cubicles to find out more about the conditions of these deserted members of our community.

Clashes with the affected residents frequently occurred in the process of urban renewal in the past, and these were often caused by the fact that the affected residents could not meet the requirements of housing allocation. With the establishment of the future Urban Renewal Authority (URA), 20% of the public rental housing units produced by the Housing Authority and the Housing Society will be reserved for direct allocation to residents affected by urban renewal. The usual eligibility requirements for public housing allocation will not apply to the abovementioned housing units. I hope that the authorities can pay close attention to this matter, and see whether these housing units can cater for the needs of residents, or whether there is any need to increase the number of housing units for the purpose. I do not wish to see clashes with the affected residents becoming an order of the day whenever there is any large-scale renewal project.

Madam President, another topic which has been given very little treatment in the policy address but which we are very concerned about is the issue of assisting our SMEs.

In his policy address, the Chief Executive points out that SMEs employ more than 1.39 million people, which is about 60% of the total number of employees in Hong Kong. However, all along, SMEs have been facing the problem of credit crunch, which has made it difficult for them to secure any financing. The Special Finance Scheme for Small and Medium Enterprises set up by the Government a year or so ago has been closed to new applications, and the only plan of the Government is to use the remaining portion of the \$2 billion previously committed fund to provide further assistance to SMEs.

However, the DAB thinks that the Government should actively encourage local banks to change their existing lending policy; they should be encouraged not to consider "bricks and mortar" as the only approval criterion. Instead, they should be encouraged to consider more factors, such as the performance and development potentials of applicants.

Besides, the DAB has been urging the Government to set up a small and medium enterprises agency to better assist local SMEs in their development and to formulate some long-term development strategies. However, the only thing that is said on this in the policy address this year is that attempts will be made to enhance the representation of the Small and Medium Enterprises Committee in the appointment of its members for a new term of office, and that the themes of "helping to start a new business", "helping to build a new business" and "helping to expand a new business" will be adopted as a general orientation for assisting the development of SMEs. However, it will still take six months before any assistance measures can be put forward. That is why SMEs are really very "impatient".

On the topic of an industrial policy, the policy address starts with an analysis of the commercial opportunities to be brought to Hong Kong as a result of China's accession to the WTO, and then it goes on to say that there is a need to enhance the economic co-operation within the Pearl River Delta Region and to explore a new possibility — the development of Western China. This is indeed a visionary approach, in that it attempts to link up our future economic development with that of the Mainland and signifies a departure from our past preoccupation with simply upgrading the competitiveness of local industries and trades.

The DAB welcomes the move of the Government to assist our professional sectors in grasping the commercial opportunities resulting from China's accession to the WTO. And, I must say that this is actually a due action of the Government, given such a change which is going to produce inestimable impacts on our economic development. After China's accession to the WTO, its economy will have to converge with the international economy, and for this reason, it will need large numbers of professionals in business negotiations. It is of course true that the Mainland is now making continuous efforts to train up professionals on international trade laws and accounting, and there is no shortage of these people. However, even so, we need not underestimate ourselves. Quite the contrary, we should focus on all those professional areas in which the Mainland is not yet quite so experienced. The DAB hopes that the Government can liaise closely with the professional sectors and even assist them in their negotiations with the Mainland whenever necessary, so as to help them acquire more information on business development and commercial opportunities.

The policy address also says that the Government will work with the Mainland in the planning of long-term cross-boundary facilities, and that it will also expand our aviation networks. All this shows the Government's emphasis on infrastructure facilities. However, the DAB also thinks that if we are to promote closer economic co-operation between Hong Kong and the Mainland, we should in fact extend our efforts to a co-ordinated regional economic development strategy for the two places, and we should also foster closer links with the Mainland in terms of talents training and research on industrial technologies. We think that a strong Pearl River Delta economic region composed of Guangdong, Hong Kong and Macao is set to emerge, and through their close economic co-operation, these three places will be able to reduce the duplication of infrastructure facilities, forming a pooled business creativity and producing yet more tremendous economic influences.

Madam President, as far as economic affairs are concerned, the policy address this year only mentions the progress of achieving the targets set down previously, and it makes virtually no mention of any new policies. The DAB is satisfied that most of the policy targets set down previously have been achieved. However, we find it somewhat disappointing that the Economic Services Bureau has put forward few new policy initiatives on improving competition, developing alternative sources of energy and proactively promoting port development. We hope that the authorities will not have any misunderstanding that their existing policies can already meet the needs of society and the competitive challenges ahead. Actually, if Hong Kong is to remain an international metropolis, there should be all the more reason for the Government to make more efforts in the areas of civil aviation, port development, energy supply, fair competition and tourism. It should aim at perfection, so as to ensure that its relevant policies can meet the needs of our future development. It should adopt a far-sighted approach and seek continuously to work out innovative policy objectives, instead of just passively giving accounts of its progress in achieving targets set down previously. This will only slow down the progress of our development.

The report released by the European Union yesterday touches upon the business environment in Hong Kong, and what it says should merit our concern. I must point out that European Union countries still have a lot of misunderstanding about our free trade policy. Our competitive and highly liberal investment environment is recognized by the international community. All investors can enjoy equal opportunities in investment, operation and business development, and they are not subject to any unreasonable restrictions. This is

precisely the key to our success. The DAB opines that Invest Hong Kong and the SAR Trade Commissioner stationed in the Europe should conduct more publicity in the European Union on the trade policy and business environment of Hong Kong.

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

MR LAU CHIN-SHEK (in Cantonese): Today, Madam President, I shall focus on the issues of helping the poor and government.

On the measures of helping the poor as espoused in the policy address, the Hong Kong Confederation of Trade Unions (CTU) thinks that these measures have failed to suit the remedy to the problem, nor will they effectively help the lower classes to get rid of poverty. On behalf of the CTU, the Honourable LEE Cheuk-yan has spoken earlier on his amendment and on our position on helping the poor, so I will not repeat his comments here.

I think Honourable Members and public officers are aware of the findings of opinion polls conducted recently, which indicated that the public in general thinks that not enough effort has been made in the policy address on helping the poor and creating employment. Of the people whom I have met, those from the lower classes, especially the working class, all have a question and that is, whether the Chief Executive and the Government have done their best to create employment opportunities and ease the plight of the workers at the grassroots. Or are they merely creating a handful of new posts and making a half-hearted response to public demands?

I think the Government can certainly do more on the question of creating more jobs. Last week, I mentioned in a motion debate that the Government could give consideration to the maintenance and repairs works within the Government which are related to safety and health. These include, for example, the replacement of lifts, cleaning of air-conditioning systems or their replacement in government buildings. The original maintenance and replacement schedules also can be pulled forward. For example, the timetable for maintenance or replacement of facilities may be advanced from every 11 years to six or seven years. That will improve the working conditions of the public sector and some jobs can be created at the same time for the grass-roots workers without having to put in too many resources. It will be of great help to improving the employment situation.

As a matter of fact, not only can the government departments launch more maintenance and renovation works, but also the Government can provide loans from a dedicated fund to owners of buildings to carry out maintenance and renovation works at an earlier time. This will create a lot of jobs on the one hand and protect the health of the public by sterilizing and cleaning those filthy buildings on the other.

I hope the relevant public officers will respond to this proposal next week.

The slogan for this year's policy address is "Serving the Community". I think the measures proposed in the policy address on helping the poor have not met the goal of "Serving the Community". What is more ironic is that not long after the policy address had been delivered, the Government announced plans to revise a lot of the fees and charges related to the livelihood of the people. At a time when the unemployment rate still remains high and when the income of the working class is falling, the Government's proposal to raise fees and charges is like adding fuel to fire. How can this be called "Serving the Community"?

Many of the service fees and charges levied by the Government are major ones which affect the livelihood of the people. I am most concerned about the water supplies service which is a must for the people. Any increase in water tariff is obviously a move that will impact on the people's daily life directly. I must stress again that I oppose any move at this stage to revise upwards any charges that will affect the people's livelihood!

Now that the Government has a huge fiscal reserve of more than \$400 billion, how can it be said to be a government which is "serving the community" if it seeks to increase fees and charges?

From this perspective, I think the Government must consider the far-reaching effects that will be produced if it insists on increasing those fees and charges which will affect the people's livelihood. Not only will those fees and charges like water tariff, sewage charges, postage, school fees for secondary students, and so on rise, I am sure that public utilities in the private sector will also make applications for price increases. If that happens, what grounds will the Government give to refuse their applications for increases?

Therefore, the decision to be made by the Government on this issue of an increase in fees and charges is of paramount importance. I hope top officials will not just focus their attention on the cold and lifeless figures in the public accounts, but will consider the question of raising the fees and charges from the perspective of people's livelihood. I hope either the Financial Secretary or the Secretary for the Treasury will make the response and freeze the fees and charges.

Madam President, I would like to turn to the part on governance in the policy address. On the issue of the progress of democratization, Mr LEE Cheuk-yan has expounded the position of the CTU in his speech. I would focus on the reform proposal on the accountability of principal officials which has been put forward unexpectedly by the Chief Executive.

In general, Honourable Members of the "democratic camp" will support the reform proposal on executive accountability. It is because issues like a democratic political system, enhanced transparency of the government and the accountability of public officials, and so on are the objectives which we have been striving for over the years. The system of accountability concerning the 19 principal officials of the SAR Government at Secretaries and Directors of Bureaux level as proposed by the Chief Executive is perceived under the leadership of Mr TUNG in reality, though it is called a "comprehensive system of public accountability" in name. It cannot be in any way close to the objectives of being democratic, open and accountable to the public. It warrants further examination.

With respect to this sudden reform proposal in respect of the appointment of principal officials, there are two issues worthy of our concern. First of all, the Chief Executive who is responsible for the selection and appointment of these principal officials is not elected by "one-person, one-vote" universal suffrage. He is himself totally lacking in accountability. If principal officials are appointed by a Chief Executive who is not accountable to the people, then how can the people be convinced that these principal officials are truly accountable? Secondly, the policy address is silent on how this new system of accountability of principal officials is going to be enforced. Many people will ask: To whom will the principal officials be accountable in future? Will they be accountable to the people of Hong Kong? Or will they be accountable to the Chief Executive alone? Will the criteria used for assessment be their performance or their loyalty to the Chief Executive?

Now an overwhelming majority of the officials at the top echelons of the Government hierarchy are politically neutral civil servants who have been promoted from below. They are well-versed in the operations of the Civil Service and they have had a long-standing working relationship with other directorate grade officials or those civil servants at the middle and lower ranks. In addition, the promotion of civil servants follows a clearly defined mechanism and tradition, and the choice of a particular candidate does not lie in the hands of a single person alone. If the system for the appointment of principal officials at Secretaries and Directors of Bureaux levels is changed to a contract system, then it will not be a trivial thing but a very great change indeed. I think the Chief Executive must put forward a concrete proposal for public discussions in detail. For example, how will the radical change in the appointment of principal officials be made? How will the difficulties and problems which may arise be solved? Will only those who think in the same way as the Chief Executive be appointed?

I believe what the people really want is a system of accountability which is genuinely accountable to the people. The principal officials as well as the Chief Executive and Members of the Executive Council who have such great policy-making powers will all need to be accountable to the people. As a matter of fact, the lack of accountability in Members of the Executive Council itself is a far more serious problem than that of the principal officials. Members of the Executive Council are all vested with enormous powers but not responsibilities. The system of confidentiality is often made an excuse of refusing to make their stands known. The system of collective responsibility has degenerated into a system of collective irresponsibility. On the issue of the relationship between the legislature and the executive, I can say very frankly that over the past few years, I have failed to see anything done at the initiative of the Members of the Executive Council to communicate in any ways and means with the Legislative Council. As the convenor of the Executive Council, what has the Honourable LEUNG Chun-ying done to improve the relationship between the executive and the legislature?

The policy address has proposed a new direction on the appointment of principal officials. But will it lead to greater accountability or a new centralization of powers? This is apparently an issue of great concern for this Council and the public.

Madam President, I feel there is really something that I must say after listening to the remarks made by Mr James TIEN.

Mr TIEN has mentioned that the developments in respect of the democratic election of the Legislative Council and the rights of the labour have undermined our competitiveness. He also stated that democracy cannot create employment opportunities but it is possible to do so by economic prosperity. I hope Mr TIEN can understand that a democratic system can prevent a monopoly in politics and in the economy. At a time of economic downturn, it can make the Government and the people share common goals and tide over the difficulties. In a capitalist society, improvements in labour rights are a reasonable way to share the fruits of prosperity. It is a key factor for sustained development. It is because of factors like these that the capitalist society will not come to an end as stated by Chairman MAO Zedong, that the capitalist society would eventually meet its inevitable destruction.

Mr TIEN was right when he said that prosperity could create employment. But what we need is not just a job, but a reasonable reward, sensible working hours and a dignified life. Nowadays, in the first world, second world and third world, in a poor country or a rich one, there are only two ways by which a government is returned, one is through ballots and the other is through guns. Now that the colonial era is past and gone, but why can Hong Kong not return a government in a democratic manner like most other countries and places? Do we have too much democracy? Or too little of it?

So let us put aside our personal interests and work together for our common future!

Thank you, Madam President.

MR ANDREW CHENG (in Cantonese): Madam President, this year's policy address is entitled "Serving the Community, Sharing Common Goals". We think that this is a beautiful and attractive slogan. We are also of the view that this is a slogan which will pave the way for a second term of the incumbent Chief Executive. "Serving the Community" should be the objective of a responsible government. Unfortunately, this policy address has only the slogan of "Serving the Community" in name, but not in reality. For if it is really "Serving the Community", it should have the most important component in the policy on helping the poor, that is, on drawing a poverty line. If it is really "Serving the Community", then there should be a more comprehensive employment policy. Apart from the problem of unemployment at the grassroots, it should be

concerned about the employment of the middle class. I would like to tender the Chief Executive a piece of advice, and that is, "Serving the Community, Sharing Common Goals" is truly a first step in the right direction. However, we hope that the Chief Executive should be consistent in what he says and will not just put forward a beautiful slogan like this simply because he wants to run for a second term of office. He should not act like some of those "royalists" who say one thing before the elections and do another after the elections. Some of these "royalist" candidates said in the election forums that they would propose a salary increase of 20% for civil servants. They also called for the resignation of Mr Andrew LO. But after the elections, they did another thing.

Madam President, on the issues being discussed in respect of the policy address today, the Government, especially the Chief Executive, has emphasized repeatedly that an economic recovery would invigorate the labour market and employment prospects would improve. So the public should not worry too much. However, we are facing more than a problem of unemployment caused by the economic downturn as a result of the financial turmoil. There is also the problem of structural unemployment among the lower-skilled workers caused by economic restructuring.

One of the new initiatives of the policy address is to expend \$645 million to create 7 000 temporary jobs for a period of two years. The number of new jobs sounds quite a lot, but the effect of this on the huge number of the unemployed which totals 170 000 is obviously a drop in the ocean. As the employment period for these jobs merely lasts for two years, it will not be of much use. Furthermore, the work types are also very limited. The unemployed ranks have expanded beyond the grassroots. According to figures from the Census and Statistics Department, among the 170 000 unemployed in the second quarter of this year, more than 10% have finished post-secondary education, while more than 67% have finished secondary or senior secondary level of education. The 7 000 new posts to be created are mostly non-skilled work types and will not help the middle class job seekers.

Training is very important, for it can raise the productivity of the workers and their market value. However, the cost-effectiveness of the current training courses is really limited. The process of retraining should not stop when the retrainees graduate. On the other hand, the completion of retraining courses is only another starting point for the retrainees. It is most imperative that graduate retrainees should find a stable job which is of a long-term basis and re-enter the

labour market. It is also in this way that the success of a retraining programme can be proved. The policy address proposes to allocate an annual recurrent grant of \$400 million to the Employees Retraining Board starting from next year. This is a good idea and it shows that the Government has long-term commitment to retraining. However, what effects does the Government hope to achieve with the provision of this grant? If the Government continues to make resource injections into retraining institutions but retrainees still find it difficult to find a job after graduation, then the resources will be wasted. Therefore, the Government should make a comprehensive review of the training policy and devise some measures that will provide favourable conditions to encourage companies to create more jobs for people who are capable.

Therefore, the Democratic Party proposes to make use of tax concessions to encourage employers in the private sector to hire those unemployed persons who have undergone retraining. The Government should also urge the private sector to take the initiative to hire more people who have received retraining. The Democratic Party urges the Government to provide basic matching facilities to facilitate the growth of the waste recovery and recycling industry and create some "green collar" posts. It should legislate to set up a quota system for the employment of the disabled so that the chances of the disabled to get employed will increase. A referral centre should be set up for part-time domestic helpers so that women may find part-time jobs. On the question of middle-level employment, the Democratic Party suggests that schools may employ more teaching assistants and IT co-ordinators to improve the quality of teaching and to increase the employment opportunities for people having finished senior secondary or post-secondary education.

Madam President, if the above proposals made by the Democratic Party are all put into force, it is estimated that the Government will need to undertake a further \$2.2 billion in expenditure annually. However, a total of 37 000 to 52 000-plus jobs can be created as a result of this, and it will pull down the unemployment rate from the prevailing 4% to 5% to 3.6% according to our estimates. The result would be much better than expending \$3.7 billion over a span of two years to create 15 000 jobs. Madam President, the unemployment rate has remained high for quite a long time already, and what the people really want are not some slogans or gimmicks, but some concrete measures that will really help them to get a job.

Having said that, however, it is really very difficult for the unemployment rate in Hong Kong to fall back to the pre-1997 rate of a little over 2%. So the Democratic Party also suggests that the Government should actively look into an unemployment insurance system, so that workers can be given some kind of protection when they are out of work.

As for working hours, the Chief Executive stated that a study would be made to promote flexible working hours. This will enable parents with young children to spend more time with them. The Secretary for Education and Manpower pointed out in the last meeting that efforts to promote flexible working hours would start with government departments. The idea of flexible working hours is a good one and we also know that it is widely practised in many overseas countries. But that has to be matched with a policy of maximum working hours. Just imagine someone has to work for as many as 12 hours a day or even more, how can flexible working hours arrangements be made for him? People who work long hours and lack sufficient time for rest and meals will certainly find it impossible to spend time with their children, or take part in the activities of the school or parent associations. So what we have to tackle is the problem of long working hours. Currently, more than 100 countries all over the world have made legislation to protect over-time work. Places close to Hong Kong such as Singapore, Japan and Taiwan have made statutory requirements on working hours. The Democratic Party thinks that the Government must study on legislation on weekly hours of work and over-time work, so that employees will be protected from being compelled to do over-time work, and that they will be given reasonable compensation for the over-time work that they have done. This will be a more practical approach and it will tally with the idea of flexible working hours proposed by the Government.

Madam President, on the issue of transport policies, the failure of the Lok Ma Chau Spur Line to meet its expected completion date has aroused widespread public attention recently. The Democratic Party thinks that while conforming to the principles of nature conservation, the Kowloon-Canton Railway Corporation (KCRC) may also consider alternative proposals that are available. The River Beas Proposal made by more than a dozen environmental protection groups earlier does merit examination in detail. In addition, the Democratic Party thinks that the Northern Link from Kam Tin to Lok Ma Chau in Phase II of the West Rail needs not wait as late as until 2016 to complete. This project should commence as soon as possible in order to accommodate the rapid increase in cross-boundary passenger volume. The extension will link up places in the

south such as Kwai Chung and Tsuen Wan with Tuen Mun and Yuen Long in the west. When completed, people who live in New Territories West will not have to travel to Sha Tin or Sheung Shui to take the East Rail to cross the boundary, thus reducing the passenger load of the East Rail. Passengers can then take the West Rail and cross the boundary at Lok Ma Chau, thereby reducing the crowds at the Lo Wu Check Point. Thus it has a double streaming effect and is beneficial to both Hong Kong and the Mainland. The Government should therefore commence the construction of this rail link expeditiously.

In addition, the tendering exercise for the fourth cross-harbour railway will commence three months later. The existing three cross-harbour railways are all operated by the Mass Transit Railway Corporation Limited (MTRCL) and this kind of monopoly restricts the choice of passengers who want to travel across the harbour by railway to one company only. There is no difference between the cross-harbour fares collected. This kind of arrangement is not beneficial to the passengers at all and will not facilitate fare competition among different modes of transport. The Democratic Party is worried that if the right to operate the fourth cross-harbour railway is gained by the MTRCL, there will be no possibility of changing the monopolistic situation. After the listing of the MTRC, we are not sure if the Government will factor in other commercial considerations in the decision-making process. Of course, I do not want to see such a thing happen. So I urge the Government to look at the matter more from the perspective of consumers before awarding the construction or the operation of that railway to any company. The business of the railway company should not be a prime consideration.

Mr TUNG Chee-hwa also stated that the electronic road pricing system will be made a subject for study. The Democratic Party agrees that it is a very controversial issue and we will look into that very carefully before deciding on our stand. I agree that the issue of privacy which arises from the scheme must be handled very carefully. Apart from that, I am also worried that after the scheme is put into force, there may be a situation of hegemony on the roads, that is, the rich will drive the poor out of the roads. So the Government must look into these factors thoroughly before deciding on the implementation of this road pricing scheme.

Lastly, Madam President, I would like to spend some time to put forward our views on the policy on the arts, culture, sport and recreation.

Madam President, if a member of the public who has listened to the policy address should later spend some time to read the leaflet on Policy Objectives of the Home Affairs Bureau with regard to arts, culture, sport and recreation affairs, he may think that the SAR Government has done a good job in these areas. On top of our heritage in Chinese culture, the SAR Government is building a culture for the new century. In sport and recreation affairs, there seems to be steady development as well.

However, is the reality so perfect as it appears? The culture for the new century as painted in the policy address seems to be no more than a slogan and nobody seems to know exactly what it is all about. I entirely agree that the Government has done a lot in cultural affairs and that a lot of resources have been put into it. Even by the standards of well-developed countries, the amount of resources we put into cultural endeavours ranks among the greatest, but the effect is still open to question. Under a cultural policy which is government-led, all we can see are merely a host of targets to be achieved. That is why in the Policy Objectives, we can only see that a number of cultural programmes will be held and a number of exhibitions are being planned, and so on. If these are what the Government meant by achievements in cultural affairs, then they are really very mediocre achievements indeed.

We should be glad of course that if the Government shows any commitment to cultural affairs, but if the objectives are merely building a culture for the new century and the like, then it is really too vague. The Democratic Party is of the view that the Government needs not play a leading role in everything cultural, for culture is a field for activities of the mind where the least government intervention is the better. At present, we have too much official cultural activities and that the Government has a monopolistic control over the major venues for cultural activities. This kind of control must be broken. In the long run, the Government should assist rather than to lead the development of our cultural affairs. For example, it can provide tax concessions to individuals or organizations which patronize cultural activities. The direct involvement of government departments in organizing cultural activities which strike one as being model shows should be cut to a minimum. In respect of venues for cultural activities, the Government may consider setting up management committees for these venues and vest the management of these venues in the cultural circle, in the respective communities and in the District Councils. In this way, the public can have more opportunities of taking part in arts administration. Cultural activities can then have a free and unrestrained growth

as they are initiated by the people. I trust that through these measures there can be a more diversified and vibrant culture.

As regards sport and recreation, the Democratic Party supports our bid to host the 2006 Asian Games. However, we do have some worries and that is, even if we win the right to host the Games, we have to make a lot of efforts and pay a huge price for it. The Shing Mun River is still a stretch of filthy water, and the Mong Kok Stadium tiny and packed, all these demonstrate our vast inadequacies in sports facilities. Of course, I would expect that the Government will put in much more effort to improve the sports facilities and venues so that we will not be made an international laughing stock. I do not have a lot of worries in this respect. My greatest worry is that if we fail to secure the right to host the Games, the Government will postpone its plans to improve the sports venues indefinitely. When I was reading the pamphlet on the Policy Objectives of arts, culture, sport and recreation, I realized what an amazing efficiency the Home Affairs Bureau has. For most of its targets are classified as "action completed" or "action in progress: on schedule". We are, of course, quite used to this kind of practice of only reporting the good news instead of the bad, so it is not surprising at all to see the report mentioning nothing on major delays such as the Central Library. However, there is a single item listed in the pamphlet which is behind schedule and, that is, on the initiative to "study strategic sports and recreational venue requirements, including the need for a major new stadium in Hong Kong". The Government indicates that the relevant study is expected to complete by the end of this year. I do hope very much that the Government will assess this demand from a professional perspective, but I am worried that the Government will make a decision first and then try to find some data to support its views. If we succeed in our bid to host the Asian Games, improvements will certainly be made to our sports venues. But if we fail, I would certainly not want to see that the Government reaching the conclusion that there is no urgency to improve the sports venues because we do not succeed in our bid to host the Games.

Madam President, I would like to speak also on the policy address' point about the current political culture. The Chief Executive said that we should have "greater harmony, less hostility". After listening to the policy address, I recalled the Financial Secretary saying to me in the Ante-Chamber that, "Andrew CHENG, this is what the Chief Executive wants to say to you, he hopes that you should have greater harmony and less hostility." I admit that sometimes I can be very agitated when I speak and sometimes even red with rage.

However, I wish the Chief Executive would understand that being red with rage or agitated does not mean that I am being irrational or rude. Why is there so much hostility nowadays? I hope the Chief Executive will understand that if he wants to have greater harmony and more peace, the first thing is to make the public see that government policies are righteous, fair and unbiased. They should not favour the businessmen and will really serve the people. Then the people will not feel upset. If they are not upset, then they will not be disgruntled. If they are not disgruntled, they will not become hostile. So I hope the Chief Executive will understand that if he really wants greater harmony and less hostility, he should put forward more policies that are righteous in the first place.

Thank you, Madam President.

MISS LI FUNG-YING (in Cantonese): Madam President, the Chief Executive's fourth policy address appeared amid calls for ameliorating unemployment and helping the poor. With "Serving the Community, Sharing Common Goals" as the theme, the Chief Executive explained the future Policy Objectives to Hong Kong people. We are pleased to see that the Chief Executive has a macroscopic view about how to develop and govern Hong Kong. In terms of improving education, enriching culture and nurturing young people in particular, considerable resources are committed to helping the next generation lay a solid foundation. This will be conducive to Hong Kong in meeting competition and challenges in the future. However, disappointingly, the Chief Executive has no panacea for the unemployment problem and the aggravating wealth gap problem. Instead, he has sidestepped the responsibility, saying that the problem is "an inevitable phenomenon in the course of economic development" and that it is "not unique to Hong Kong". If the Government genuinely wishes to "serve the community", it should respond to the strong calls of the public and adopt practical and more effective measures to relieve the people's hardship.

Hong Kong economy is turning the corner. It is expected that we will have 8.5% growth in real terms this year. However, the general public or the working population has not benefited from the economic recovery right away. The wealth gap problem has become the focus of community attention. The Chief Executive also admits that there are approximately 20 000 low-income households, whose income has consistently and substantially dropped. The plan to allocate \$2.7 billion to implement various measures within two years to help

the poor alone cannot solve the social problem of the continual impoverishment of a million people. The Government needs to make a comprehensive analysis of the structural changes of the economy and review the existing policies on human resources and education. It must apply the right remedy to the problem. With the emergence of the "knowledge-based" economy, the decline of the labour-intensive manufacturing industry and the restructuring of the overall economy, retraining programmes can only offer temporary relief. Since the creation of job opportunities cannot catch up with the rapid growth of the labour force, in a labour market where supply exceeds demand, the bargaining power of employees diminishes. Due to competition, wages and benefits have kept dropping. Inevitably, those who are less educated and whose skills are more outdated will be drawn into poverty. Even if they are fortunate enough to find a job, they will become "marginal workers". In view of the present high unemployment and underemployment rates, finding a job is by no means easy. To solve the social problem of the wealth gap, we must tackle both the roots and the symptoms. We should formulate long-term policies on education and human resources and improve the knowledge structure and education level of Hong Kong's labour force, so that they can adapt to the future knowledge-based economy. As long as we can maintain overall economic growth, we should give substantial support to some labour-intensive enterprises in order to create more job opportunities for lower-skilled workers. Moreover, the Government should actively work out a social security policy and improve social welfare to get rid of abject poverty through financial assistance.

The Federation of Hong Kong and Kowloon Labour Unions has always urged the Government to formulate a long-term manpower policy and study the prospect of Hong Kong's economic development to anticipate the future demand for manpower, in order to formulate the training strategies of the Employees Retraining Board (ERB). However, over the years, the Government has progressed at a snail's pace and failed to set any long-term goals for the ERB. Only in this year's policy address was it proposed that "starting from next financial year, an annual recurrent subvention of \$400 million be allocated to the ERB so that it has a more stable source of funding, and can therefore draw up plans for the longer term". This is undoubtedly a gesture of approval and support for the work done by the ERB so far. However, let us think for a while. Can employees really find a job after receiving "instant noodle"-like training? That is why it is extremely important to accurately forecast the future demand for manpower. Despite the Government's indication in the policy address that 15 000 new jobs will be created next year, can these jobs match the skills of the

unemployed? If training arrangements are made before undertaking an in-depth study, there is nothing that the untrained employees can do. When the economy recovers, there might again be a problem of mismatch between job seekers and vacancies, where there will be unfilled vacancies and people without jobs. In the long run, to raise the quality of the working population and enhance their ability to add value, general computer courses, skills upgrading courses and basic language courses should adopt a planned learning mode with opportunities for upgrading. In addition, the Government should establish an assessment system for some trades, so that after the employees have undertaken self-study or received training, their acquired skills can be recognized by the community and employers subject to recognized assessment.

In the policy address, the Chief Executive urges "all employers to encourage their staff to continue their learning and to allow them time for it". In my view, encouragement alone is not enough. The Government should undertake a comprehensive study on how the International Labour Conventions can be gradually implemented in Hong Kong. In particular, the part on unemployment benefit in Convention No. 102: Social Security (Minimum Standards), and Convention No. 140: Paid Educational Leave, 1974 should be implemented in Hong Kong with priority. The Government should also work out an unemployment insurance system and perfect the social security net to guarantee the unemployed basic means of subsistence while they look for a job, and ensure that employees will be given paid leave for in-service training, civic education, occupational safety education and labour education.

Madam President, the success or otherwise of the civil service reform will have a direct bearing on the SAR Government's administration and its provision of quality services. The over 100 000 civil servants are the backbone of the SAR Government's administration. I am very much concerned about the propriety of the future arrangements for the civil servants who are leaving and those who are staying. With over 10 000 civil servants having applied for voluntary retirement, the various departments should pay attention to the morale of those who stay and appease them, as well as making suitable and reasonable arrangements for their work. Since the Chief Executive has said that he attaches "great importance to mutual trust and respect throughout all levels of the service" and expressed the hope that there will be "better co-ordination and communication within the Civil Service", I suggest the Government should strengthen its communication and contact with civil service unions. It should review the existing consultative framework and allow representative unions to

join the consultative framework, in order to gather more views of civil service unions at all levels.

Reform should bring about changes for the general public and a more reasonable distribution of social resources so that we can build an equal and fair society. We oppose using reform as an excuse to increase the exploitation of employees. In the future public sector reform, if emphasis is placed only on financing and the "user pays" principle, without regard for the affordability of the public, it will certainly intensify the conflicts in society. I hope the Government will think twice about this.

We are not negating the various measures in the policy address for helping the poor or reform. However, I must point out that the measures and efforts proposed in the policy address are not determined or vigorous enough. As such, they are disappointing. I hope the Chief Executive and the relevant officials will listen to the views of people from all walks of life, including labour organizations, and more thoroughly study the questions of helping the poor, employment and reform. They should take practical and vigorous measures such as legislation on protection, tax concessions and social welfare to fundamentally solve the problem.

With these remarks, I support the motion. Thank you, Madam President.

MRS SOPHIE LEUNG (in Cantonese): Madam President, Hong Kong has experienced adversity for three years into the reunification. Being struck by the Asian financial turmoil, our economy has gone downhill from the peak, inflation has turned into deflation, enterprises have shrunk, and employees have been subject to pay freeze or become unemployed. Coupled with an economic restructuring and development towards a knowledge-based society, some people who fail to keep up with the developments have been eliminated and more and more people have become unemployed.

Since assuming his office, the Chief Executive has put forward great plans for the governance of Hong Kong, so that better development can be achieved for Hong Kong. Although the objectives and directions are correct, it takes time to implement the plans and see results. People in an abyss of suffering think that the Chief Executive has tried to seek what is far and away and failed to tackle the existing problems, and they have voiced their discontent about his administration.

This year's policy address is the fourth in a series of addresses delivered by the Chief Executive. Unlike the last three, this one focuses on the solution of livelihood problems and redressing people's grievances.

The community is now most concerned about unemployment. With the economic restructuring, the traditional old economy will become a knowledge- and technology-based new economy. Absorbing new knowledge and applying information technology for self-improvement has become a general social trend. However, some older and lower-skilled workers with a low level of education will be forced to join the unemployed ranks as they fail to meet the needs of society and acquire new knowledge and technology. This situation is not unique to Hong Kong as the same also happens to many countries developing towards knowledge-based economy. Even the United States which is more advanced than us cannot escape from this. Mr Alan GREENSPAN, Chairman of the Federal Reserve Board of the United States, has publicly expressed time and again, and he actually said this a year ago, that he was worried about the impact of new economy on the traditional mode of employment.

Although Hong Kong is developing towards a new economy with all its strengths, conditions are not yet ripe. While the new economy is replacing the old, it merits deliberation on whether we should swarm towards developing the new economy and give up the old.

In fact, the old economy still means a lot to Hong Kong. Everyone in the world needs food, clothing, shelter and transportation — the basic necessities of life. In 1998 and 1999, the total export value of Hong Kong products was \$118 billion and \$171 billion respectively, and 250 000 workers were employed in such major industries as garment, electronics, textiles and toys. However, for more than a decade in the past, the uncertainties as a result of political factors have made industrialists and manufacturers reluctant to make investment in machines and equipment. Operating costs have remained high because of high inflation. The opening up of neighbouring regions such as the hinterland of China also made available an abundant labour supply and manufacturers were forced to relocate the major production lines to the peripheral areas of Hong Kong that offered lower costs. So, the manufacturing industry in Hong Kong has been shrinking gradually. Owing to the upsurge of the services industry and the financial industry, many young people in Hong Kong gave up the manufacturing industry that had a very high international reputation and many of them were unwilling to join the industry for they regarded the status of

manufacturing workers as lower than that of the workers in other industries. Thus, there was a shortage of manpower. Come to imagine this. Without the manufacturing industry, we will lose around \$200 billion foreign exchange annually and the closing down of factories and unemployment of workers will put a heavy burden on Hong Kong.

Taking the textile and garment industry as an example, in the face of difficulties, we did not slacken off and stuck to our posts and worked silently to make contribution to Hong Kong economy. Although we ceased to manufacture certain types of products from 1994 to 1999, the total output value of the textile and garment industry still brought Hong Kong an average of \$85 billion foreign exchange revenue annually. This proved that the quality of our products had kept improving and we were en route to high value-addedness. However, after the reunification, some countries targeted at the economic development of Greater China and nitpicked at the manufacturing industry of Hong Kong. Since 1996, the United States started to hit out at our textile and garment industry. While it has highly praised the Customs and Excise Department for a good monitoring system, it also put up a very strong and firm position in requiring that Hong Kong factories must be inspected every six months and imposing harsh import standards from time to time. Thus, it has made life very difficult for manufacturers especially small and medium enterprises. This has undermined our productivity and affected the development of the industry.

At this difficult moment, the industry hopes that the Government will understand more about the operational difficulties of the industry and actively look for solutions together with the sector. The industry has contributed a lot to Hong Kong and I hope that all Members present and the community will properly evaluate the value of this sector.

Madam President, at the same time when we develop the new economy, we should not overlook the functions of the old economy. The Government should encourage the existing traditional industries to remain in business and assist them in upgrading their technologies so as to enhance their competitiveness. This will not continue to generate foreign exchange for Hong Kong, but also provide job opportunities to workers who fail to transform into workers required by the new economy, thus reducing the number of unemployed people and benefiting our society.

In the course of economic restructuring, some people will certainly be eliminated because they fail to keep up with the development. They will then lose confidence or self-respect and even give themselves up as hopeless. We should definitely not be indifferent to their plight and we should provide them with assistance. But we should not only give them financial assistance and find them jobs, we should also make them willingly pursue self-enhancement or search for other jobs through suitable assistance, counselling and training, so that they will understand the importance of mastering the basic skills required by the market and becoming self-reliant. This way, they will jump on a springboard, jump out of despair, rebuild the lost confidence and affirm their values. Yet, the training organizations must establish very close contacts with the business sector so that they will be aware of the real demands in the manpower market, and make the contents of the training courses meet the needs of the market. Follow-up actions should also be taken and the effectiveness of the training should not only be evaluated on the basis of the rate of placement after training for we will only be self-deceiving and we will let the community down if we do so. We should also take into account the rate of holding the same jobs by the trainees and the practicality of the skills they have acquired as well as their capability of self-enhancement in order to improve the course contents and allow trainees to really apply their skills. Thus, we will get value for money from the training resources invested.

In the development towards new economy, Hong Kong must think in a new way if we want to build an edge and gain a footing in the international arena.

Advanced technology has given rise to fast and frequent information flow and there is no more regional boundary globally. In the face of such changes, we must have a macroscopic perspective of the world and determine the direction and strategies for the development of Hong Kong in the new economy. For instance, how do we create a favourable environment to attract international and mainland new technology professionals and carry the development of the new economy of Hong Kong forward?

Therefore, I have put forward this proposal to the Government once again, that is, it should establish a science park region on the land contiguous to Shenzhen and group together hi-tech and scientific research industries in the region. Our sound transport network and our status as an international city, complemented by convenient and suitable measures for incoming and outgoing science park personnel, visitors and goods will help pool together hi-tech

scientific research talents and investors from the Mainland and various parts of the world. After these people have crossed the border, they can turn the science park region into a breeding ground for development of high technologies for Hong Kong, an information and technology exchange centre as well as a region that arrests attention from investors in technology projects. I am convinced that this science park region must have prosperous development and we can no longer focus on a small point and overlook the general trend of development.

For Hong Kong to become a first-rate international city, apart from the development of hardware for infrastructure and information projects, the development of the quality of people software is also extremely important. With the rapid development of our economy in the past 20 years and for political reasons, Hong Kong people have formed a mentality of going for quick money because they believe that the quicker they earn money, the better. The practical, perseverant and exerting way of doing things in the past and the Hong Kong spirit that we were so proud of have been gradually nibbled away. This mentality has spread to the younger generation and even taken root in their mind. Today, before young people do anything, they will think about or ask what benefits they will get from it. Before they have duly accumulated experience at their posts, they will often switch to another job for slightly more money or immediate benefits, without ever pondering over this from a long-term point of view. Such a short-sighted attitude affects their future development and constitutes a strong resistance to the development of Hong Kong.

The short-sighted attitude has created the "enjoy yourselves today" consumer culture. In recent years, credit card companies have stepped up publicity and employed various means to attract people to apply for credit cards, thus, there is an overflow of credit cards. This mentality of "spending money people have not yet earned" has induced some people who are weaker in self-control to overspend and even become debt-ridden. I have heard some rumours recently, that the very good response to the voluntary retirement scheme among civil servants could be attributed to some civil servants being forced to join the scheme for they were heavily in debt and they wanted the money to repay their debts. I hope these rumours are not true. I think we urgently need to promote a cash card mode of consumption. Only this can change the habit of "spending money people have not yet earned" and reduce problems caused by the overuse of credit cards.

For Hong Kong to remain a high quality international cosmopolitan, we should upgrade people's quality and the people should stop blaming society for everything, claiming that there are social problems and mistakes for society to rectify. I hope we can make people learn more about the essential factor that promoted our success in the past, namely, the Hong Kong spirit of solid work and perseverance. They must understand that we have to rely on ourselves for reliance can get us to a certain stage only. I hope that we can advocate this spirit and make Hong Kong people more self-confident, so that they can welcome the approach of the new economy with perseverance and make concerted efforts for a better Hong Kong.

Madam President, as the saying goes: "no progress means retrogression". If we are satisfied with the present situation and promote some unbalanced phenomena in society in order to satisfy our selfish desires, we will continue to fritter away the Hong Kong spirit and the rich resources accumulated in the past will be nibbled away gradually.

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

MR MICHAEL MAK (in Cantonese): Madam President, regarding the constitutional system, the Chief Executive mentioned in this year's policy address that the accountability of senior government officials would be enhanced through the implementation of a contract system. Apart from that, the greater part of the policy address concentrates on how to further implement various reforms initiated over the past three years. However, as the Government will soon launch education and medical reforms, I believe Hong Kong people will just have to wait longer for a breathing spell.

As regards the problem of disparity between the rich and the poor, which is the focus of public attention, the Chief Executive has failed to propose any effective solution, apart from emphasizing retraining. Neither can he suit the remedy to the actual cause of poverty. The Government may consider one feasible solution, that is, increasing profits tax in order to achieve redistribution of resources. Is the Government so afraid of offending the big consortia that it dares not propose any panacea to make a breakthrough?

As we all know, many hardworking ordinary people have been on tenterhooks in the wake of the Asian financial turmoil. They fear that they will be laid off or subject to salary cut. For those low-income people, time spent with their family members is a luxury, not to mention living with dignity and lifelong learning!

As for civil servants and government-subsidized organizations, they have also experienced salary freeze for the past two years since the financial turmoil. While the new recruits have to accept substantially slashed entry salaries, the serving have to face the Enhanced Productivity Programme (EPP). In addition, the Government's voluntary retirement scheme has attracted the participation of more than 10 000 civil servants. As a result, those remain in service will face increasing work pressure in future. As the Chief Executive announced in the policy address that the forecast of Hong Kong's economic growth was revised upward to 8.5%, government expenditure in the coming years would also increase. Why does the Government not show solicitude for the hard work and work pressure of the front-line staff by reviewing the allocation of resources and actively considering suspending the EPP?

Besides, a lot of coverage is given to education in the Chief Executive's policy address. For instance, the qualification of kindergarten teachers and child care centres will be upgraded and the ratio of teachers to pupils will be improved to 1:15. From these we can see the dawn of education reforms and the gradual improvement in the development of quality education in Hong Kong.

However, no mention was made about the nurses' qualifications in the Chief Executive's policy address. If all basic nursing education programmes are upgraded to degree level, it will enable the public to enjoy a nursing service of international standard. I hope that the Chief Executive can make active response to this aspect.

I support the Chief Executive's idea of strengthening primary health education espoused in his policy address. He has also promised that the supporting staff for personal health care and outreaching services would be increased. However, the supporting staff cannot provide professional services. The Government must also employ more health care professionals to provide a variety of nursing and health care services.

In fact, the health care sector has to provide unlimited services to patients with limited resources due to manpower shortage and tremendous work pressure currently faced by the front-line health care workers. The problem has become a tumor. However, no remedy is provided by the Chief Executive in the policy address and the problem will continue to worsen. I urge the Government to face up to the manpower shortage problem so that the ideal of "holistic health care" will not become idle theory.

In respect of general medical and health services, Madam President, I hope that the relevant green paper which has been delayed time and again will be published by the end of the year, and that there will be no further delay. At present, the medical and health service lacks a direction in meeting the needs of the time. Government resources are concentrated mainly on medical treatment to the neglect of primary health care which underpins the general medical service and the protection of public health. As the saying goes, "Prevention is better than cure". Investment in primary health care is a long-term government expenditure which can give a high yield. Perhaps we are all very concerned about health care financing, for instance, whether fees will be raised and whether a mandatory medical insurance scheme will be implemented. But I hope that the Government and the public will also focus their attention on health care culture. A proposal placing equal emphases on primary health care and treatment of diseases is the ideal way out that will bring even greater economic benefits to society.

Moreover, Madam President, the Government should not ignore the discrimination suffered by the disadvantaged either. For example, the earlier successful appeal case in which the appellants' job applications were rejected by the disciplined forces on the ground that their family members had suffered from mental illness before goes to show that there is serious discrimination among some government departments. I do not want to see a repeat of the Richland Gardens incident in which the AIDS carriers were subject to discrimination. I just hope that the Government will take the lead to do something practical and enhance public education in this aspect.

Finally, I strongly support the Government's decision of not to initiate prosecution against the student demonstrators. But this does not mean that the controversy arising from the Public Order Ordinance has been resolved. If the Chief Executive hopes that Hong Kong can develop into a metropolis comparable to New York and London, he should actively promote democracy and freedom in Hong Kong.

Madam President, having listened to Mr James TIEN's speech, there are a few comments I must make.

Mr TIEN mentioned that democratic election of Members of the Legislative Council and the development of labour rights in the past had undermined Hong Kong's competitiveness. He further added that it was

prosperity, not democracy, that could create employment opportunities. I hope Mr TIEN can understand that a democratic system can prevent political and economic monopoly and ensure that the Government and the people will share the same goals and tide over the difficulty together in economic recession. Improvement in labour interest is also a reasonable distribution of the fruit of prosperity in a capitalistic system and an important factor for sustainable development of society.

Mr TIEN is perfectly right in saying that prosperity can create employment opportunities. But what we need is not only a job but also reasonable reward and a life with dignity.

With these remarks, Madam President, I support Mr LEE Cheuk-yan's amendment. Thank you.

DR TANG SIU-TONG (in Cantonese): Madam President, compared to the last three policy addresses, this year's rendition has presented no grandiose plans or visionary new schemes. In fact, the plans on governing the SAR as espoused in the last three policy addresses have set targets for social and economic growth in the SAR in the days to come. They have also sketched an outline on our position in China and in the world. In the next few years, what we need to do is to put all these plans into practice and fulfil our pledges. Therefore, though there are no pleasant surprises in this year's policy address, it can still be called a practical and desirable policy address.

Moreover, the policy address has responded to issues of common concern, such as helping the poor and needy, employment and education which are related to people's lives. Practical measures are proposed to ease problems in these areas. For example, a capital injection of \$400 million will be provided for the retraining programmes and 15 000 posts will be created in the near future. This is a commendable move in that it shows the Government's solicitude for the people.

Madam President, I would like to speak on the following three topics: the expansion in post-secondary education, environment and planning, and governance.

The Chief Executive has always been very much concerned about the issue of education. This year's policy address has set an objective, that is, within the next 10 years, 60% of the senior secondary school leavers will receive tertiary education. The total number of places for higher education during that period will be brought to around 55 000 each year. With globalization and the emerging new economy, plus the restructuring of our economy, it is essential for the Government to launch reforms in education and to raise the quality of teaching. However, our concern should be making the expansion in higher education dovetail with social development and add momentum to our transformation into a knowledge-based economy.

According to the study on manpower needs for the coming five years published by the Education and Manpower Bureau recently, there will be a serious shortage of more than 100 000 persons with tertiary education qualification or above in five years. This is the main reason why the Government has proposed to increase the number of sub-degree and professional diploma places. However, we must be very careful in this because there are lots of variables that may affect the economic environment. The Government must keep a close watch of the supply and demand of manpower resources. It must not be over-optimistic and hence over-estimating the overall demand. On the other hand, the possibility of mismatch in jobs should be reduced as much as possible. If post-secondary graduates are unable to find some matching jobs in the market, it will be a disappointment to them and discontent may be formed in society.

In recent years, there has been a continuous drop in the level of attainment of university graduates and it has caused widespread criticisms from the business sector. It is considered that the graduates lack in the proficiency in Chinese and English, inadequate in their knowledge of their subject of study and do not have a broad perspective, and so on. No doubt these are the results of an over-ambitious expansion in university places in the past few years. The Government should learn from past lessons and in seeking to expand higher education this time around, it must make sure that both quantity and quality will be given due consideration. It should avoid going after quantitative targets to the neglect of everything else.

The third point which cannot be neglected in expanding higher education is the matching of the education ladder with resources. The Government has said that most of the expanded places would fall in the sub-degree and professional

diploma categories. At the same time, the Government would encourage tertiary institutions, continuing education institutions and private sector companies to offer the relevant courses. In this respect, two problems arise. First, sub-degree programmes are still at a start-up stage and links with the university degree programmes have not been established. The education ladder of sub-degree programme graduates is still an unknown. We have to wait and see how employers will recognize the qualifications of sub-degree and professional diploma programmes and we are not sure if these qualifications will help the graduates in their career development. The second problem is about resources. The operation costs of tertiary education are very high. What the Government provides to the institutions are only land and loans. Hardware like campus buildings, human resources and facilities are not provided. I am afraid all these will not attract sponsoring bodies to set up tertiary institutions. Even if these bodies can raise sufficient funds to set up a tertiary institution, the fees to be charged may not be affordable to households with an average income. Therefore, if the Government is to develop quality and diversified higher education, it must put in enough resources as it has pledged.

Apart from education, Madam President, I would like to speak on environmental protection and planning. The Chief Executive is very much concerned about environmental protection. Last year's policy address is entitled "Quality Home". This year's policy address gives a very substantial coverage on the sustainable development of Hong Kong. However, when efforts in environmental protection are being made, the Government must ensure that planning must be in sufficient detail, the consultation made must be adequate and the handling of the issues concerned must be fair enough. For if not, environmental protection efforts can trigger off confrontation and clashes between the Government and the public.

Recently, the Environmental Protection Department (EPD) has refused to issue an environmental permit to a project proposed by the Kowloon-Canton Railway Corporation on the ground that its extension may disrupt the ecology of the Long Valley wetlands. This decision made by the Department has led to strong reactions by the residents there, for they feel that their wishes and rights have not been duly respected. Like other members of the public, the villagers there are very much in support of the cause of environmental protection. However, the Long Valley wetlands are in fact farmlands and the price to be paid for environmental protection should be shared between the Government and all the people of Hong Kong. It should not be borne only by owners of the titles to

these wetlands. Moreover, if the Administration genuinely supports the cause of environmental protection, and that the Long Valley wetlands should be conserved, then a wholesale resumption of the land there should be made. Otherwise, the decision will be a disguised permanent freeze of the right of the land owners to use their land and it is very unfair to them. The Government should make reference to the approach taken by conservation funds overseas to buy or rent the wetlands, or enter into a joint venture with the owners to develop the wetlands. That will be a more comprehensive and long-term approach to protecting the ecology of the wetlands. Apart from Long Valley, there are also many wetlands in the New Territories, especially the lands bordering the Mai Po marshes. If the Government does not buy or rent these wetlands, then they will still be destroyed and gradually disappear when there is no one there to look after them.

The incident also shows the perfunctory mentality of the bureaucrats. The decision to build the Lok Ma Chau extension was made six years ago and the detailed planning, alignment plans and other papers were circulated among government departments two and half years ago. The EPD did not make any environmental impact assessment two years ago, nor did it raise any objections. There was no professional advice given to remedy the environmental impact and no amendment was made to the proposal. Then the proposal was turned down flatly recently. This would cause a great delay to the construction works. It also exposes the lack of co-ordination among government departments and the serious problem that departments only care about their own work. Even as huge financial losses are incurred, no one is there to take the blame. Maybe all these can be attributed to the change of the EPD from under the supervision of the Planning and Lands Bureau to the Environment and Food Bureau, and so there has been a change in the way things are handled.

Madam President, ever since the reunification, the Chief Executive has proposed close to 100 institutional reforms and policy initiatives of various magnitude and duration. The objectives and targets of these proposals are generally correct and conducive to our long-term development. However, quite a number of problems have been encountered in the course of implementation. Such problems are partly attributable to the excessive number of reforms, the unduly quick pace of some of these reforms and the extensive impact they create. The community has found it hard to come to terms with all these reforms at the same time and so discontent builds up. The problems are also partly due to the blunders of government officials. As a result, the acceptance to the

Administration's governance is reduced. When coupled with the tensions in the executive-legislature relationship and the lack of co-ordination within the executive machinery, it is difficult to enforce new policy initiatives and obstacles continue to mount. This kind of internal and external difficulties finally led to a vicious cycle. Some of the discontent is transformed into hostility which has in turn incited a trend of reckless ranting and defiance of law. Extreme actions like barging into government offices and arson attack on the Immigration Department happened. All these exert a powerful impact on the rule of law, one of the cornerstones of our stability and prosperity. Recent attempts to challenge the Public Order Ordinance in the name of civil disobedience have shown that the executive authorities and the enforcement arm are at a loss in dealing with the situation and they fail to take any decisive action. I think we should set a time limit and give those who have violated the law a reprieve. Past offences will be pardoned and legal solutions should be sought in respect of new offenders. As to the questions of whether these acts have contravened the law or how offenders should be punished, these are matters for the Court rather than the concern of the executive authorities.

In his policy address, the Chief Executive has not shunned away from sensitive issues and he has made a modest review of the problems connected with governance over the past three years. He has accordingly reset the pace of reform and relieved the pressure from outside. That is a practical and pragmatic approach to take. However, with regard to internal problems such as executive accountability, the executive-legislature relationship and the internal co-ordination of the executive machinery, he has offered no methods to break this impasse. With respect to the somewhat more eye-catching issues mentioned in the policy address like the accountability of principal officials and the review of the composition of the Executive Council, these issues are to be studied and actions will only be taken at an appropriate time. That is no doubt a shortcoming of the policy address and I hope the Chief Executive will make up for this in no time.

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

MR LAU KONG-WAH (in Cantonese): Madam President, in part V of the policy address, the Chief Executive talked about "governance". Today, I will put forward my views and suggestions in relation to the two major areas of accountability of government officials and the rule of law in the Special Administrative Region (SAR).

The publication of the policy address has once again triggered off another round of heated debate about the accountability system. Over the past two weeks, members of the community have put forward a lot of proposals from "various angles" in response to the Chief Executive's proposed study in this area. Yesterday, a government spokesman took the initiative in clarifying the accountability of principal officials. Yet his remarks seem to suggest a different tune from that of the Chief Executive in the policy address. Obviously, the Chief Executive has in mind a two-tier system: one made up of principal officials who will play a role "which is different from that of other civil servants", and the other made up of civil servants other than principal officials. Yet, in stating its position yesterday, the Government tended to restore the *status quo* for it once again expounded the political neutrality of the civil service system inclusive of principal officials.

Actually, the biggest obstacle faced by the Chief Executive in administering the Government stems from the fact that he does not have his own administration team though he was elected to office. To enable the Chief Executive's leadership to better face the community and to assume greater accountability, it is fundamentally impossible for principal officials to remain politically neutral, whether or not they come from the Civil Service. People picked by political appointment will naturally form a political team to be responsible for administering the Government and assuming political accountability.

Madam President, it is impossible for the Basic Law to follow the British or American system. It is therefore not unnecessary to say that the accountability system will differ from the British or American system. It is like no one will say "we will not follow the British or American system" when talking about the timing for holding democratic elections. We will only say: "We will not do this and that". At the same time, we cannot assert what we will do. This answer is actually what the public wants most. Modern administration usually takes the form of either adopting an open attitude to let members of the public to express their opinions freely until a decision is finally made, or announcing a final decision for public debate. However, from what we saw yesterday, the discussion on the accountability of principal officials held over the past two weeks was still neither fish nor fowl.

Madam President, the Chief Executive has been held "responsible" for whatever happened over the past three years after the reunification. Why? This is mainly because in the government framework, the machinery driving the

civil service team forward has developed some structural problems. The Executive Council is undoubtedly an organ that helps the Chief Executive to make decisions, with all its members being appointed. It is only right that it should move forward with the Chief Executive to face the public and come forth more to market the policies. Yet this is all too rare. In addition, Members of the Executive Council seem to lack communication with principal officials. As a result, we often find them expressing their own ideas regardless. As for the Chief Executive and the Chief Secretary for Administration, they often impress us that they are at loggerheads. It is therefore easy to understand why the public was seriously concerned with the Chinese Vice Premier QIAN Qichen urging government officials to "give better support for the Chief Executive".

Although the Chief Executive used to tell the media that the civil service impressed him to be operating smoothly, the impression gained by the general public was strangely "not so good". Madam President, we were given this piece of valuable advice when we stood for elections: "never feel complacent". It is similarly applicable to the leadership of the Government. When the public is "unable to understand" the administration, top bureaucrats should "realize something has gone wrong". This is indeed a good beginning.

We need to find "a way out" or a path leading to effective operation of the civil service team, stable governance of the SAR and better accountability of government officials for the purpose of stimulating the entire team and introducing new ideas. Of course, this will certainly lead to blood transfusions and enhanced metabolism. We can definitely not compare it with civil officers who will be promoted in accordance with the civil service system and retire when the age comes. It is now timely that reforms be introduced to enable the relevant ideas to be implemented following the election of the second Chief Executive. In doing so, candidates running for the next term of office of the Chief Executive will bear responsibilities and move forward with the civil service team.

Finally, it is worth mentioning that it appears the Chief Executive does not like the term "ministerial system" very much. Instead, he has replaced it with an "accountability system of principal officials", which I consider not satisfactory. Does it mean that officials in the middle tier will not be held accountable if we say principal officials are to be held responsible? Will principal officials not be chosen to take up top posts in the future civil service regime? Therefore, I think call the "ministerial system" the "ministerial system" in describing the future system accurately. It is not necessary for the Government to act like "hiding half of its face with a pipa".

Actually, the Chief Executive needs not feel offended by the term of "ministerial system". Each place should have a system that bears its local characteristics. For instance, do we need to add "Hong Kong-style" when we mention our electoral system? Or should we say something like the British-style electoral system will not be adopted? Madam President, it is important for us to call things by their right names, or else we will end up "messing things up" and fail completely!

Unlike a civil official system, the purpose of a ministerial system is to push government administration forward through political appointments. Of course, this system is not aimed at "framing people"! I think it is necessary for the Chief Executive to elaborate it with a more "positive" and active approach. I think I can summarize the system as "making political appointments of people with abilities to be accountable to the general public without the need to conform to a set format".

Madam President, this year's policy address has specifically mentioned the existence of hostility in society. This is going to arouse great sympathy among members of the public. The existence of hostility in Hong Kong over the past few years was mainly caused by both economic and political factors. First, the economic factor, negative equity, lowering wages and the disparity between the rich and the poor will certainly trigger off hostility and grievances among members of the public. My Honourable colleagues of the Democratic Alliance for betterment of Hong Kong (DAB) will speak on this issue later. I think it is most important for us, while recognizing the impossibility of prescribing a panacea for economic development, to treasure the safety net formed in Hong Kong over the past few decades, that is, support given in four areas including housing, education, medical care and social welfare. Incidentally, these four areas now serve as four pillars for safeguarding the stability of our community. Because of this safety net, the people of Hong Kong have been able to struggle hard and achieve continuous self-improvement. This shows that both efforts made by individuals and protection given by the Government are indispensable. While a market can be heartless, "human beings" must have sympathy! The safety net must not be weakened in future.

Political factor is another factor leading to hostility in society. Faced with the unprecedented financial turmoil, people in other parts of Asia unite together to find ways to tackle their problems. Looking back at Hong Kong, however, people in the community are accusing one another. We can even find

the existence of a power, which is particularly good at opposing "the Central Authorities, the Government, the Chief Executive and consortia". Recently, Hong Kong even saw people rallying against "the rule of law" and trying every means possible to build up a world of struggles against the "five evils" by inciting the masses and violating the rule of law. This is not going to be conducive to the well-being of Hong Kong.

The first eruption came in the issue of right of abode. Some people in society always claim that they "respect the rule of law", and after a judgement was made by the Court of Final Appeal (CFA) early last year, they still maintained that they respected the judgement. Following the National People's Congress' interpretation of the Basic Law, the CFA was asked to make another judgement. Suddenly, these people "changed their faces" and showed disrespect for the spirit of the rule of law. As a result, right of abode seekers were given false hopes, with conflicts in society being intensified still further. It was until then we found out the so-called "firm" position held by these people was dependent upon whether "the food agreed with their appetite"!

Recently, debates over the Public Order Ordinance have even turned "the rule of law" into a manipulative tool. Some people now no longer raised opposition on the ground that they did not take part in formulating the law. Instead, they equated the Ordinance to "draconian law" because it was formulated by the Provisional Legislative Council. Yet these reasons are untenable. What puzzles me most is: Why can someone hold the Bible up with one of his hands in this Council to pledge his determination to obey the law and, at the same time, clench his fist in violation of the law publicly? Are some people still trying to play the game of "virtual martyrs"? Nothing will remain of the rule of law if lawmakers can deliberately break the law.

Madam President, I believe most people in Hong Kong would agree that a civilized society should be able to accommodate different voices and allow individuals to pursue freedoms and ideals without infringement. At the same time, we should understand that it is impossible for these freedoms to be stretched endlessly and exercised indiscriminately. This is because when a person's right is stretched and exercised without being subject to any limit, he will definitely infringe upon the rights of other people or even exceed the tolerable limit, eventually leading to conflicts and affecting the interests of the community. Therefore, a civilized and harmonious society must formulate laws that will safeguard the rights of individuals without affecting public interest.

Is the controversial Public Order Ordinance really unreasonable and in breach of social ethics? I cannot agree to this point of view. In my opinion, the Public Order Ordinance has struck a good balance. It is not much different from similar legislation enforced in other democracies. Human rights and the rule of law are of equal importance to the social stability and the rights of people. The general public will be infringed if individuals' rights override public good.

Criticisms against the Public Order Ordinance focus mainly on the provisions imposing restrictions on processions and demonstrations. What puzzles us is: How can one's rights be affected or limited if only an advance notice is required? For a sensible person who care for the interests of other people and uphold social order will definitely give a prior notice before exercising his freedom to stage a procession. Therefore, it is not at all convincing to say that the notice requirement is tantamount to the imposition of restriction on the freedom to stage a procession.

Madam President, I cannot agree to the overriding of the rights of the public as a whole by individual rights. I cannot agree to a sense of value that talks about rights without mentioning obligation. I cannot agree to the emphasis on individual freedom without mentioning public order. These points of view are all erroneous and harmful. They will also serve as a negative model for the younger generation. If we allow these senses of value to take root in our next generation, Hong Kong will definitely "fall flat", irrespective of how many resources we inject into education!

Madam President, while there is a need for the executive and legislative to exercise checks and balance, it does not mean that they have to "criticize" each other. While there is a need for political parties to compete against one another, it does not mean they have to "engage in a life-or-death struggle". While there is a need for channels to be provided for the expression of grievances, it does not mean that people can defy law and order. I believe what people want is a society with greater harmony and less hostility. At the same time, we should guard against quarrels, criticisms and attacks! I believe the general public will look to us to reduce hostility and act with a positive attitude.

With these remarks, I support the original motion. Thank you.

MR ALBERT HO (in Cantonese): Madam President, the fourth policy address recently released by the Chief Executive, Mr TUNG Chee-hwa, has responded to the general concerns of the community over education, poverty and the political system.

On the issue of helping the poor, the Chief Executive has not accepted the proposal we put forward to him earlier, that is, to set a poverty line to identify those poor people who require government support to alleviate their hardships and to draw up clear policy objectives. I am very much disappointed with this. The policy address only stated the need "to ensure that the poor can meet their basic needs". This is obviously inadequate. Our citizens must have the right to live with dignity, including the economic, social and cultural rights under those international covenants in force in Hong Kong. To fully enjoy these rights, our citizens should not be living below the poverty line. So, the Government has the duty to help rid the poor of poverty and that is, the Government should try its best to eliminate poverty. Irrespective of whether the Government can completely eradicate poverty, the Government should at least work for this objective and map out plans for this pursuit to show its concern and care for the people. But much to our regret, our Government has failed to do so.

Moreover, in the policy address, the Chief Executive went further to say that "the wealth gap is an inevitable phenomenon in the course of economic development". While he may have a point, this absolutely cannot address the extreme dissatisfaction of Hong Kong people with the ever widening wealth gap. Hong Kong is not the only place which is undergoing economic development. Compared with the other three territories amongst the four little dragons in Asia, the gap between the rich and the poor is the widest in Hong Kong and tends to deteriorate continuously. Under these circumstances, if we do not set a poverty line and formulate policies to eradicate and resolve poverty, Hong Kong will gradually degenerate to an extremely unjust society where social justice is increasingly neglected. The Chief Executive comes from a wealthy family and was returned by a pro-consortia coterie. Could it be that his social policies and philosophy of governance precisely reflect the problems embedded in the very nature of this structure?

Regarding the section on political structure, Mr TUNG Chee-hwa has considered implementing new measures on the governance of Hong Kong under his philosophy of governance. In particular, he highlighted the need to enhance

the accountability of principal government officials, stating that it is necessary to consider "devising a compatible system of appointment". The Secretary for Constitutional Affairs subsequently expounded that the Government was thinking about employing principal officials on contract terms.

For the idea of employing principal officials on contract terms, I have this first question. To whom will the principal officials be more accountable? Will they be more accountable to the Chief Executive himself, the Legislative Council or the public? If the purpose and the desired result of the contract system is to enhance the accountability of principal officials to the Chief Executive Madam President, I stress the word "enhance" because under the present circumstances, there is no way that the principal officials could not be accountable to the Chief Executive, their supreme leader. However, if it is meant to further enhance their accountability to the Chief Executive, the contract system so designed would perhaps require principal officials to support Mr TUNG and defend the Chief Executive better, more unequivocally, more vigorously and more enthusiastically, to such extent that they would eventually be doing more than what is required by Vice Premier QIAN Qichen's instruction. Can this respond to the needs of society? We cannot see whether the philosophy of the Chief Executive or his present approach will produce the result that principal officials can really be more accountable to the community as a whole. What we can see is that after the motion of no confidence in the Director of Housing, Mr Tony MILLER, was passed in the Legislative Council, the Chief Executive's reaction was to give no response and he even did not consider any reshuffling of the officials concerned. Mr TUNG is all the more eager to take his Senior Special Assistant, Mr Andrew LO, under his wing. While Mr LO is alleged to have interfered with academic freedom in the name of the Chief Executive's Office, and this has consequently tarnished the integrity of both himself and the Chief Executive, he continues to be put in an important position by the Chief Executive and trusted by the Chief Executive as usual as if nothing has happened. These two incidents reflected the Chief Executive's philosophy of governance. So long as his officials are loyal and accountable to him alone, it does not matter whether or not they are trusted by the public. So, the thrust of the question is whether the Chief Executive will be accountable to the public, so that by enhancing the accountability of principal officials to the Chief Executive, the principal officials will in turn be accountable to the public. The answer is that as long as the Chief Executive is not returned by universal suffrage, it is difficult to enhance the accountability of principal officials to the general public or the legislature under these systems.

But on the other hand, it can be a different story if the contract system can be underpinned by checks and balances exercised by the Legislative Council. If the Chief Executive can promise to take account of the views of the Legislative Council in deciding the appointment or dismissal of a government official under the contract system and in particular, respect any motion of no confidence in government officials passed by the Legislative Council, whereas the Legislative Council will see to it that a convention be established not to pass any motion of no confidence in government officials easily or arbitrarily, then I believe we may perhaps embark on new constitutional practices or new constitutional conventions, and we may, by making certain arrangements for and undertakings to the legislature, materialize a new relationship whereby the executive is accountable to the legislature. Undoubtedly, this design is a development in the direction of a ministerial system, which mainly seeks to gradually convert the system governing the powers and responsibilities of principal officials from the existing bureaucratic system which stresses political neutrality to a ministerial system underpinned by political appointment and political accountability. I support this direction and I do not consider this arrangement a contravention of the provisions of the Basic Law.

As regards other ways to improve the relationship between the executive and the legislature, my view is that within the parameters of the Basic Law, the Chief Executive should consider the following two suggestions:

1. The Government should accept that amendments proposed by Members of the Legislative Council to government motions are not subject to the restrictions under Article 74 of the Basic Law and the consent of the Chief Executive is not required for them to propose the amendments. This is consistent with the opinion of the Legal Adviser of the Legislative Council;
2. The Chief Executive should undertake not to exercise his powers under Article 74 of the Basic Law easily to refuse signing or consenting bills proposed by Members.

To sum up this part of my speech, the Democratic Party reiterates our demand that the Chief Executive should conduct a comprehensive review of the political development by, among other things, convening conferences to review the political structure, conducting public consultation, studying seriously the amendment of the Basic Law, expediting the pace of democratization and

expeditiously arranging for the election of the Chief Executive and all Members of the Legislative Council by universal suffrage. But much to our regret, it appears that the Chief Executive is obsessed with the executive-led principle only and wholeheartedly accepts the Basic Law and the various restrictions on democracy, closing the door on democratic reforms.

With regard to housing, the Democratic Party is disappointed with the overall housing policy outlined in this year's policy address for the Government has further pared down its commitment in respect of the provision of public housing. Last year, the Chief Executive stated that less flats would be built under the Home Ownership Scheme (HOS) and loan provision would be increased correspondingly, but it remained a policy objective of the Housing Bureau to work hard for the target of building 50 000 public housing units on average yearly. However, the Government has formally given up this target in this year's policy address. Instead, the Government has only undertaken to provide 50 000 housing assistance opportunities annually in respect of public housing.

The Democratic Party does not oppose the provision of housing assistance opportunities by the Government for this can provide the public with a diversity of choices. Yet, the Democratic Party considers that the Government should not give up the target of building 50 000 public housing flats yearly for this will directly affect those people on the Waiting List who have been waiting desperately for public housing flats. Although the Chief Executive has stated that the waiting time for public housing flats can be reduced to three years in 2003, there are still 107 000 households on the Waiting List. If these low-income families have to wait for several years more before they can be allocated public housing units, it means that they still have to resign themselves to deplorable living conditions and substandard accommodation for the next three to four years. The Government is duty-bound to assist these people who are genuinely in need to improve their living environment. The Government should, therefore, persist in building 50 000 public housing flats annually so that these people will be allocated public housing flats earlier.

Moreover, these measures are also unfair to those people who wish to apply for HOS flats. Now that the Government plans to provide housing assistance opportunities instead of building public housing blocks, some of those in the lower middle class who wish to purchase HOS flats will have to use up their savings reluctantly to buy a flat in the private sector. Despite the

provision of subsidies or loans by the Government, many citizens who originally wish to apply for HOS flats may still find a flat in the private sector unaffordable despite the assistance.

Therefore, the Democratic Party considers that the Government should honour its undertaking to build 50 000 public housing flats each year. The Government should provide more public rental units to further shorten the waiting time for public housing flats to two years, and in the meantime, it should also provide sufficient HOS flats to satisfy the needs of the public for home ownership and to improve the quality of their living. I hope the Government will not put the cart before the horse by reducing its commitment to public housing at the expense of those people in the community who genuinely need government assistance in respect of housing.

While the Democratic Party is disappointed that the Government has reduced its commitment in respect of public housing, we feel that the Government has made some progress in that it has accepted our proposal to pay special attention to the housing needs of the elderly and singletons. We very much support this.

It is stated in the policy address that the loan quota for non-elderly singletons under the Home Starter Loan Scheme (HSLs) will be increased. Last week, the Housing Bureau also stated that starting from the next financial year, the HSLs loan quota for singletons will be increased by about 2 500 additionally in the next two years. Together with the 500 as planned originally, there will be a total of 3 500 HSLs quota for singletons in the next two years. However, we must note that since applications for loans under the HSLs were invited from singletons in December last year, a total of 9 000 applications have been received. While some applicants have subsequently withdrawn their applications, there is still a fairly large demand among the singletons. Therefore, the Democratic Party proposes that apart from increasing the HSLs loan quota for singletons, the Government should also increase the provision of housing for them to fully accommodate their needs.

In respect of care for the elderly, the policy address has undertaken to provide more rental units for the elderly in need and review the design of public rental units designated for the elderly. The Democratic Party considers that the Government should inject more resources into assisting those elderly people and singletons who are genuinely in need.

Madam President, in 2001, the Housing Bureau and the Housing Department will examine the feasibility of providing rental subsidies in lieu of allocation of public rental flats to eligible elderly people on the Waiting List. The Democratic Party supports the provision of rental subsidies for the elderly, and we consider it all the more necessary for the same to be provided for eligible families on the Waiting List. Therefore, the Democratic Party suggests that apart from studying the proposal of rental subsidies for the elderly, rental subsidies should also be provided for ordinary households currently waiting for public housing flats. After they have waited for a certain period of time, and this period of time should be three years as undertaken by the Government, eligible households can be granted a rental subsidy calculated on the basis of the differential between market rental and rental in the public sector.

Overall speaking, the Democratic Party has reservations about the proposal of providing rental subsidies in lieu of allocation of public housing flats. In our view, it should be the ultimate objective of the Government to provide public housing flats for the public as a means to improve their living environment, rather than granting them rental subsidies as an overall solution.

I so submit.

MR TOMMY CHEUNG (in Cantonese): Madam President, it was a great honour to sit in this Chamber for the first time listening to the Chief Executive while he delivered his policy address this year. Being a newcomer to this Council, I listened very attentively to every sentence of the Chief Executive and dared not doze off. But I felt disappointed that having listened to the whole policy address which lasted for more than an hour, I did not hear any mention of the catering sector in it.

The Government's decision to establish a Chinese Cuisine Training Institute to provide systematic Chinese cuisine training and trade tests is unanimously applauded by the catering sector. But as the representative of the catering sector, I must point out to the Government that the Chinese Cuisine Training Institute should only be regarded as the first step taken by the Government to facilitate the development of the catering sector. The Government should continue to keep an interest in the operation of the catering sector as well as training for employees to upgrade their skills.

Madam President, let me tell you that there exists a funny phenomenon. The current unemployment rate in Hong Kong is still on the high side. The latest figure stands at 4.8% and many unemployed workers still cannot find a job. But in the catering sector, employers are often unable to employ workers for jobs that require certain professional skills, such as dim sum chefs and barbecue chefs, so there is a shortage of workers for these jobs. The owner of a restaurant complained to me only yesterday that he could not find seasoned workers to fill these posts, so he hoped that I could give him a hand. Why is there this phenomenon? The main reason is that the majority of workers do not have these skills and there is a lack of avenues for them to learn the relevant skills. Under these circumstances, those who are interested in this field are nevertheless not qualified for the jobs even though they are aware of these vacancies. As a result, they are forced to remain unemployed.

In the policy address, the Chief Executive has undertaken to examine the development of the labour market in the coming six months and consult local trades and industries extensively on the need for skills upgrading, with a view to devising tailor-made training programmes. The Government will also earmark \$400 million for a wide variety of training programmes in the next two years for both employed and unemployed workers with secondary education or below to help them upgrade their skills and enhance their competitiveness. The Chief Executive has also undertaken to design more specific training programmes to address the special needs of the disadvantaged.

I welcome these initiatives of the Chief Executive, and I wish to take this opportunity to call on the Government not to leave out the catering sector in the course of consultation and when devising training programmes. The number of workers employed in the catering sector accounts for about 7% of the entire workforce. At a rough estimate, the sector has employed as many as 200 000 workers, a figure that the Government cannot afford to neglect.

I urge the Government to consider providing at technical institutes training courses related to the catering industry and devise tailor-made training courses for jobs in respect of which a shortage of labour exists. For example, courses for junior chefs or dim sum chefs can be provided, targeting secondary students or workers who wish to switch to another field in order to provide these members of the labour force an additional choice of job. In the meantime, the Government may consider providing one-year or two-year formal in-service training programmes for workers in the catering sector. These programmes

may also cover managerial skills training, for this can elevate trade skills to a higher level and enable serving workers to be trained as managers. However, I wish to draw the Government's attention to the special working hours of employees in the catering sector. In devising training programmes for them, it is most desirable to arrange for the courses to start at a time that does not conflict with their working and rest hours in order to avoid wastage of resources.

I also wish to point out that the present business environment of the catering sector has remained poor. To tap sources of revenue, the Government has levied sewage charges and the unreasonable Trade Effluent Surcharge. The catering sector has been the first to bear the brunt and restaurateurs have since been complaining about their predicaments. According to press reports the other day, the Secretary for the Treasury, Miss Denise YUE, stated that the Government intended to increase water charges and sewage charges. As our economy has not yet fully recovered and many restaurants have been operating at a loss so as to preserve jobs for their employees, any proposal by the Government to increase these charges will only drive them to the wall, forcing even more restaurants to close down and hence more people becoming unemployed. This will eventually make the whole of Hong Kong suffer.

Furthermore, owners of restaurants have to pay for various licences and fees and charges. Recently, I received a case in which a frozen meat vendor has to apply for four different licences before he can sell frozen pork, beef, mutton and chicken. The licences cost him over \$10,000 altogether and involved cumbersome application procedures and time-consuming vetting process that are not in the least conducive to business operation. It is stated in the policy address that the Government will assist the development of small and medium enterprises. I strongly urge the Government to simplify the licensing procedures and reduce the time required for vetting applications. I have all along considered it most effective to provide one-stop services for the licensing of restaurants.

Madam President, I now wish to turn to another key area in the policy address, namely, education. This year, I will be the Liberal Party's spokesman for education. The Liberal Party fully agrees with the direction of education reforms proposed by the Government. We are very glad to see that in the policy address, the Chief Executive has taken on board many proposals of the Liberal Party, which include enhancing the development of bilingualism, upgrading the standard of English, improving school premises and enhancing professional training for teachers.

The policy address has outlined a long-term comprehensive blueprint for education reforms, covering early childhood education, secondary schools, tertiary education and continuing education. I wish to concentrate on tertiary education.

The Chief Executive said that 60% of our senior secondary school leavers will receive tertiary education within 10 years, which means doubling the number of tertiary places. There are views from educators that this is virtually the policy of "85 000 flats" in the context of education. My view is that while popularization of education is certainly worthy of our support, the question is whether it is a realistic target. The Government should think twice about it.

To substantially expand tertiary education may not necessarily solve the problem concerning the interface between secondary schools and universities. As far as I understand it, the tertiary education that the Chief Executive referred to is not degree courses, but courses such as sub-degree courses. In this connection, will the credits earned from these courses be recognized by universities? Can these courses converge with the university programmes? All these have remained unknown. If they cannot converge with the university programmes, students who have completed these courses will have no choice but to seek employment. Are there then enough jobs and vacancies in the labour market to accommodate them? Will these students eventually be put in a dilemma for they are not capable of taking up senior posts and yet too proud to work in junior posts, in which case they can neither pursue further studies nor land a job? If that really happened, the Government would again be duty-bound to help them find a way out.

This brings us to another question: How can the quality of education be assured? The Chief Executive has set the target of having 60% of our senior secondary school leavers being able to receive tertiary education, but he did not mention how resources would be channelled for quality assurance. The Liberal Party wishes to remind the Government that it has to beware of its stress on quality *vis-a-vis* quantity. The Government must not blindly aim at the target figures to the neglect of quality of education which is more important. The Government should work out more detailed and specific objectives for this.

In particular, I wish to point out to the Chief Executive and officials in the Education and Manpower Bureau that the consultation document on education reforms published by the Education Commission (EC) in September has aroused

tremendous controversies in the education sector, particularly the proposal to significantly reduce the number of discretionary places in primary and secondary schools and the "through-train" model. These proposals have aroused among most subsidized schools a concern that the teaching quality would be dragged down. If the Government is hell-bent on implementing the recommendations of the EC without making any changes to them, these traditional quality schools will only have two choices in their future development: To end their education mission or give up the conventional methods of teaching. These two choices will only have one result — traditional quality schools will become history and cease to exist. Now, the key question is this: Does the Government wish to see these traditional quality schools disappear consequently?

I must reiterate that the Liberal Party fully supports the direction of universal education. But in popularizing education, the principle is to elevate the standard of teaching in all schools in Hong Kong, not effecting a decline in the standard of some schools to make way for the objective of universal education.

Finally, the Liberal Party maintains that a revamp of the Education Department (ED) is part and parcel of the reform of the education system. The ED is responsible for implementing education reforms. If red tape in the ED and its conservative and old thinking remain unchanged, it will be difficult for education reforms to succeed. Regrettably, the policy address has not mentioned a revamp of the ED. The Liberal Party urges the Government again to earnestly implement reforms in the ED by, among other things, streamlining the education structure, enhancing the accountability of the ED, enhancing the training of ED officials and fostering the Department's communication with the education sector.

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

DR LUI MING-WAH (in Cantonese): Madam President, the Chief Executive, Mr TUNG Chee-hwa, presented his fourth policy address on 11 October in the midst of incessant conflicts, towering resentments and widespread hostility in the SAR. This time around, he has neither brought up a lofty blueprint for the future development of Hong Kong, nor sketched out a rosy picture of our prospects, as those should only be glorious objectives and hopes of the future. People in Hong Kong are more concerned about the present moment and

problems with direct influence to them, such as their livelihood and accommodation. Mr TUNG Chee-hwa elaborated on policies of three major areas in his fourth policy address, which included helping the poor, education and governance under the major premise of "Serving the Community". These policies were widely supported by the community at large.

Comparing with the three policy addresses in the past, this fourth rendition promises the greatest tangible benefit and emanates political wisdom. As long as a government is able to address issues of public concern, implement measures accordingly and meet the needs of the public by making necessary adjustments, it is already half way towards success. A government that listens to public opinions will surely win the support of the people. As the ancient maxim goes, "those who bow to me will prosper" — the "me" here means the people of Hong Kong. Mr TUNG is now able to keep his finger on the pulse of society.

Now, I would like to talk on my views on education, the accountability of government officials, and the issue of helping the poor. As the old saying goes, "it takes ten years to grow trees but a hundred years to bring up people". The SAR Government has pledged to launch significant reforms in the education system in order to rise up to the new economy by increasing financial support to different tiers of education which nurture the next generation of talents. This is a visionary and important social investment that will assure Hong Kong of a supply of talents for the continuous onward development of Hong Kong economy. To make investment in education is a move agreed by all in society and generally welcomed by the people of Hong Kong.

Madam President, the Civil Service of Hong Kong has always been reputed for their corruption-free and high-efficiency attributes, they are the pillars of the governance of Hong Kong. However, ever since the outbreak of the new airport chaos on its opening, the mishandling of the avian flu incident and the substandard piling works of public housing projects, the public has started to question the scrupulousness of the Government's management structure and the actual ability of civil servants. Although civil servants are handsomely paid, nobody will take the responsibility for maladministration or blunders in connection of works projects under the so-called collective responsibility system. This is why the people of Hong Kong are utterly dissatisfied. These are the backdrop to the accountability of officials espoused in the policy address.

However, if a system of accountability of principal officials is to be implemented, the Government should consider the following three areas. Firstly, as Secretaries and bureau directors are formulators as well as executors of policies, they will adopt a more conservative attitude in formulating new policies if a system of accountability is implemented, and this is not conducive to the development of Hong Kong. In contrast, managers of the business sector are also formulators as well as executors of policies, and they are perfectly prepared for dismissal when the company suffers deficit or a decline in profit due to a failing company policy, because they are highly paid in the same way when the company is making big money. However, there is no similar reward and punishment system within the Government, thus the risks and responsibilities of officials are not in proportion to the rewards. Therefore, the system of accountability can only be decided after civil servants are substantially consulted. Thirdly, under the current system of civil officials, most officials have abundant management skills, but their proficiencies in specific professional disciplines are less substantial. As a result, they can serve in departments of different nature. If the system of accountability is implemented, those policy makers would also be responsible for the implementation of the policy, and the result can be seen only after they have worked in the specific department for some time. This will not only affect the transfer and promotion of senior officials, but also the mechanism of the "musical chairs".

Now I want to talk about the issue of helping the poor. People in Hong Kong are most concerned about their livelihood. Under the impact of the Asian financial turmoil in the past three years, Hong Kong has experienced a recession period of almost two years. Sharp declines in property prices made tens of thousands of property owners suffer the torment of negative equity. These people were so resentful that they put the blame on the Government's policy of constructing 85 000 flats annually. As a result of the economic downturn, many companies were closed down and a lot of people were laid off, which has impacted directly on the livelihood of wage earners. However, the most profound and far-reaching influence to the livelihood in Hong Kong was actually caused by the relocation of the local manufacturing industry, which has made approximately 600 000 grass-roots workers jobless. Moreover, the influx of about 50 000 mainlanders into Hong Kong annually since the reunification is also another factor affecting the employment opportunity of grass-roots workers.

According to the statistics of the last two quarters collated by the Government, the tendency of the recovery of Hong Kong economy was very strong and the annual economic growth might reach 8%. The recovery of the economy in addition to the Government's announcement of scrapping the policy of 85 000 flats had started to push the property prices upward, giving owners of negative equity a silver lining. Nevertheless, in the job market, technical and management personnel were still in short supply despite the still critical unemployment condition of the grassroots. As the growth in demand for manpower lags behind the growth in manpower supply, the unemployment rate still stands as high as 4.8%. Given this, the number of poverty-stricken families has been rising, the disparity between the rich and the poor worsening, and the grassroots becoming more restless.

The Government has now seen the social reality and proposed a series of measures to help the poor. This we should welcome. However, after we have analysed the matter thoroughly, the situation is yet apprehensive. Firstly, despite the Chief Executive's undertaking to spend \$2.7 billion on helping the poor in the next two years, the contribution to the long-term interest of Hong Kong will be limited as all of the new jobs are temporary posts only. Just as the saying goes, "one cannot look after a poor friend forever". If things go on like this, the whole fortune will be exhausted eventually if we sit idle without work. Furthermore, as the number of poor and needy people will only increase in the future, how long can the financial resources of the Government sustain? Secondly, during the economic boom in the '80s, the unemployment rate was as low as 1.8% to 2.2% given the tight supply of manpower in the labour market. The sustained high unemployment rate and the failure of the grassroots to share the fruit of economic prosperity is caused mainly by the momentous transformation in the structure of the Hong Kong economy. In the past, the backbone of the Hong Kong economy was the manufacturing industry. Local products were exported to foreign countries, and local manufacturers then paid local workers with the earnings so made. Nowadays, the Hong Kong economy relies heavily on the service industry and internal consumption, which have very little connection with the working class at large. I therefore feel that the Government's policy of helping the poor is an expedient measure which only does some patching up work. It is a far cry from a fundamental solution to the problem.

In order to alleviate the predicament of the poor, Hong Kong should revive the local industry, in particular, the local manufacturing industry should be invigorated. Only the local manufacturing industry can help Hong Kong to create wealth and new jobs and build up a firm economic foundation. Furthermore, it is the only thing that can give substantive support to and facilitate the success of the policy of "serving the community". I therefore hope Mr TUNG can show us his wisdom, courage and insight in creating a new economic era for Hong Kong.

MR KENNETH TING (in Cantonese): Madam President, the Federation of Hong Kong Industries is of the view that this year's policy address has failed to show the determination of the Government of the Special Administrative Region (SAR) in promoting commerce and industry because the policy address is overly moderate and the policies for commercial and industrial development outlined in it are excessively conservative too.

For instance, although the Chief Executive has pledged that \$2 billion remaining of the funding previously committed for the Special Finance Scheme for Small and Medium Enterprises (SMEs) will be used for assisting SMEs, the initiative will not be put into implementation until six months later. The Federation considers this measure inadequate. If the Government really takes SMEs seriously, it should adopt more proactive measures such as reopening the Special Finance Scheme for SMEs or doubling the total amount of credit guarantee under the Scheme. It has been proved that only in doing so can the Scheme produce results and the commercial and industrial sector be given an additional boost.

We have also repeatedly urged the SAR Government to set objective standards for granting loans to commercial and industrial undertakings so as to enable the banking sector to have rules to follow in dealing with loan applications by the commercial and industrial sector. This will also improve the "bricks and mortar" principle currently adopted by certain banks for manufacturers have found it difficult to secure financing from the banks. The Federation is very much disappointed with the lack of mention about our proposal in the policy address.

Madam President, the H & Q Asia Pacific Limited has recently decided to move its entire silicon harbour project to Shanghai on grounds of insufficient

support from the SAR Government. According to the preliminary findings of a survey conducted by the Federation, nearly 60% of businessmen lack confidence in Hong Kong's competitive edge in the coming five years, while 40% of them consider that Hong Kong's competitiveness is declining. This has sounded an alarm for those who intend to invest in Hong Kong. The SAR Government must take decisive, proactive and enterprising measures to promote the development of commerce and industry in order to demonstrate to the outside world that it is determined to revive Hong Kong economy.

The policy address also appears to be conservative and passive insofar as manpower policies are concerned. Although the Chief Executive has promised to create an additional 15 000 posts in the coming year, I must point out that these posts are only short-term. They will produce no value-added effect insofar as employees are concerned.

The Federation considers that the Chief Executive should formulate proactive training policies to, by way of subsidy, encourage the commercial and industrial sector to take advantage of vocational training to create employment opportunities and provide their employees with training. In doing so, training resources will be utilized in a more effective manner. Moreover, employees will be able to apply what they have learnt in their work. This will benefit both employers and employees.

Apart from these, the work done by the Employees Retraining Board (ERB) has long been open to question. We still have reservations about the Government's policy of giving an additional grant of \$400 million to the ERB annually.

We urge the Chief Executive to reassess the genuine needs of our economy, consider what policy of training can be the most effective and make swift adjustments accordingly.

In conclusion, the Federation of Hong Kong Industries considers this year's policy address too moderate but not proactive enough. We hope the Chief Executive can put more practical, proactive and timely policies into implementation and actively promote the development of commerce and industry.

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

MISS CHOY SO-YUK (in Cantonese): Madam President, I think the policy address this year is quite well-written, in that it has addressed public opinion and contemporary issue of concern. The three key issues in the policy address, namely, education, helping the poor and needy and accountability of principal officials are topics of grave concern to the people. However, I would like to highlight the question of environmental protection which is not discussed in detail in the policy address and I would like to present my views on it. It is unfortunate that the Secretary for the Environment and Food is not here.

Recently there has been a spate of incidents concerning the environment, for example, the Lok Ma Chau extension project of the Kowloon-Canton Railway Corporation (KCRC) is proposed at a total disregard of the damage to the Long Valley wetlands; the dumping of highly polluted sludge in the South China Sea by the Container Terminal No. 9 project contractor; the massive dying of fish caused by the Disney theme park project at Penny Bay; the fiasco of the Strategic Sewage Disposal Scheme projects and the settlement incidents in the urban areas; the failure of the urban waste incineration proposal to deal with pollution caused by dioxin emission and the damage done to public resources. These scandals in connection with the environment are caused by the pursuit of economic interest in blatant disregard of the damage to the environment on the part of the government departments and the developers. Another cause is the grave inadequacy of the environment management and the system of environmental consultancy in the SAR Government. If no reform is made, not only will huge public resources and time be wasted, but more importantly, inaccurate findings made by environmental consultants and environmental impact assessment will mislead the Government into formulating wrong policies or launching projects which will cause irreversible damage and disasters to the environment and the ecology.

As for the policy of hiring consultants, I have raised some questions last Tuesday when government representatives attended the meeting of the Panel on Environmental Affairs to give a briefing on the policy address. Some of the information requested by me is still pending provision from the Government. Coincidentally, the environmentalist group, the Friends of the Earth, held a press conference last weekend and there they raised questions on the same issues. That has aroused public attention and led to much discussion. Given the far-reaching impact of the issue, I feel compelled to present it in detail here so that the public can gain a better understanding of it.

The Chief Executive in his policy address highlights the issue of the accountability of principal officials. That is something we welcome. However, one thing we often see here is that government departments like to spend public money to hire consultancy firms to make some studies and submit a consultancy report. And when any administrative blunder arises in a project, the Government will shift the blame onto the report. The question is, if the executive authorities or the consultancy is to be held responsible for the blunders, it is understandable. But unfortunately, past experience tells us that not only have these consultancy firms never been held responsible, but some of these companies will still continue to be awarded consultancy contracts no matter how grave the errors they have made and how much public money they have wasted. How can this be convincing to the public? And how can a system of accountability be established? All these problems are especially grave in the area of environmental protection.

In view of this, the Government must make an overhaul of the existing consultancy system in relation to environmental protection. It should enhance the accountability of environmental consultants and companies engaging in making environmental impact assessments. If grave errors, inaccuracies, misleading information or other breaches of the professional code of practice are found in consultancy reports, a penalty code must be drawn up by the Government. Similar to the way we deal with unscrupulous building contractors, those on the black list should be made public. They must not submit tenders within a specified period of time or even be totally barred from submitting tenders to any government projects. At the present stage, those companies which the Government should make the best effort to seek recompense for their dereliction of duty are those involved in the Lok Ma Chau extension project of the Kowloon-Canton Railway, the Container Terminal No. 9 project and the projects for the Strategic Sewage Disposal Scheme.

Madam President, another key point about making an overhaul of the existing environmental consultancy system is to change the present situation in which a handful of multinational environmental consultancies monopolizing almost all of the major environmental impact assessment projects in Hong Kong. This will prevent a small circle of companies from practicing mutual favouritism in order to safeguard their vested interest, to the neglect of an independent and fair stand which is required of the environmental consultants. The Government should liberalize the local environmental impact assessment market and permit more local experts, academics and groups to take part in the relevant work.

Not only will this facilitate more competition and help save resources, but it will also lead to more monitoring from participants. More importantly, it will increase public participation in environmental management and environmental impact assessment.

At the same time, the Government must expressly prohibit consultancy firms with a conflict of interest to engage in any related project studies. This is to prevent the kind of unfairness which happens in the Strategic Sewage Disposal Scheme, that is, despite the repeated errors made by the consultancy firm in the design and review of Phases I and II of the Scheme, the same company was still commissioned to conduct a review of the entire project. Or we should guard against the kind of conflict of interest in the case where the same consultancy firm made a study for the Government as well as the power company on the growth of power demand in Hong Kong.

A much more important point is that the Government should cease to adopt the present absurd practice of basing its decision on a major policy primarily on the insubstantial and deliberately mystifying reports compiled by one or two consultancy firms. Some of the major environmental issues in connection with the sustained development of society, such as the study on sustainable development for the 21st century, the disposal of municipal waste, energy supplies and so on, have all precluded extensive public participation from the outset. Worse still, only one or two consultancy firms were commissioned on enormous fees to undertake research behind close doors. In the end, some reports which are vastly detached from the reality and later subject to strong public criticism are produced. On the other hand, whenever the public criticizes the policy blunders, those principal officials will then put the blame on the recommendations made by the consultancy firms, smacking of conspiracy and mutual shirking of responsibility between the principal officials and these consultancy firms. If a complete overhaul is not made of the situation, then the system of the accountability of principal officials as proposed by the Chief Executive will become simply empty talk.

In fact, of the consultancy studies awarded by the Environmental Protection Department (EPD) over the past decade, nearly 90% went to three consultancy firms. Information recently disclosed by the Government recently shows that \$1.1 billion was spent over the past 10 years on environmental consultancy reports. This amount of money actually represents only part of the money spent by the Government on environmental consultancy. The exact

amount is definitely much larger than this. There are three selection boards under the Planning and Lands Bureau and the amount of \$1.1 billion mentioned above is only the amount spent by one of the selection boards, that is, the Engineering and Associated Consultants Selection Board, in relation to environment protection. As for the other two selection boards, that is, the Architectural and Associated Consultants Selection Board and the Consultancy Selection Board, they have so far been unwilling to disclose any details on the consultancy contracts on environmental protection awarded by them. Although the Secretary for the Planning and Lands is not here, I would like to implore the department concerned to submit in writing information on this when the Administration responds to Members' speeches next week.

Madam President, I do not intend to target any company. As a matter of fact, as early as on 15 July 1998, I moved a motion debate on this issue. The host of problems in environmental protection which have surfaced in recent years, the problem of multi-layer contracting and the unemployment of local professionals, and so on have shown that the current practice employed by the Government in hiring consultants is not as proven as it has been claimed. It is not effective at all. I can recall that in 1998, after I had had dinner with a principal official and had a discussion on this subject, I cried over it afterwards. At that time, that principal official still thought that the system was proven. I do not know if he still insists on that today when this spate of catastrophic blunders have occurred.

Madam President, notwithstanding the fact that a colossal amount of \$55.4 billion has been spent on environmental protection and conservation over the past 10 years by the Government, to date we are still doing nothing effective to improve our environment. The root of the problem is related directly or indirectly to these consultancy reports misleading us into taking the wrong direction. If the Government can be more open in this and stop using consultancy reports as a means to shield itself from blames and accusations, and if it can take on board more views from the academics and experts, then the same amount of public money can certainly be spent in a more cost-effective manner, our environment will have been improved by a much greater extent and our employment opportunities will have been increased also by a much greater extent.

On this question of employment opportunities, I would like to talk about the recycling industry. Last week, in the motion debate on helping the poor, I mentioned the views held by the Democratic Alliance for Betterment of Hong Kong (DAB). The DAB is disappointed with the slow progress made by the Government in this respect. The Chief Executive stated in last year's policy address that he would make an all-out effort in environmental protection and the associated industries. But there has not been any progress to date. Some people may grumble that the Chief Executive is not making a swift enough response to the situation, but those officials in charge of environmental protection matters are even slower in action. It is really a case of people slow in action meeting some people who are resistant to change.

To develop our environmental protection industry is in fact the easiest way for the Government to take. Apart from the lack of land for that purpose in the urban areas which is not really very serious after all, we fail to see any difficulties standing in the Government's way. When support for the Government is there from the political parties, and when the public is willing to give its support, to take on this highway to success will surely be applauded by the people. Then why do the officials in charge of environmental protection affairs not take any action now?

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

MR LAW CHI-KWONG (in Cantonese): Madam President, it can be considered that the Chief Executive has made a small breakthrough in this policy address. In the past, the Government often refused to intervene in areas where the market fails to work on the pretext of non-intervention in a free economy. Although the Chief Executive still emphasized the importance of free economy in his policy address this year, he has at least proposed some measures to acknowledge the need to help the poor and create jobs. Yet, there is inadequacy in that the Government has remained somewhat over-cautious. So, the measures are grossly inadequate to address the existing problems. A case in point is the question of setting a poverty line. During their briefings in recent weeks, the Chief Executive, the Secretary for Health and Welfare and the Director of Social Welfare have implied that the Government already has a *de facto* poverty line, although it is not expressly stipulated so, and that is, the standard for assessing the eligibility for Comprehensive Social Security

Assistance (CSSA) which sets the level of income required for a family to meet the most basic needs for subsistence. If the income of a family is below this level, CSSA will be provided by the Government.

The Government used to consistently propose to reduce the CSSA payment on the pretext that some citizens had been earning even less than those families receiving CSSA. Now, the Government has pointed out that some citizens and families are unwilling to receive CSSA, and admitted that the Government has the duty and mechanism to provide assistance for these low-income households. This change in the tone of the Government can be considered a progress. Having said that, the Government should pluck up more courage to go one step further and set a clear poverty line on the basis of the CSSA system, so that we will be in a better position to draw up policies and proposals to eradicate poverty and assess the effectiveness of such policies and proposals.

Other than the question of poverty, the Chief Executive did not specifically express concern on social welfare in this year's policy address. In the middle of this year, extensive discussions were held in the Legislative Council and the social welfare sector on the formulation of a blueprint for social welfare development. I have read the policy address over and over again and failed to find any answer to this issue. Finally, when I was about to shriek abuse at it, I found that the last sentence of the "Message" written by the Secretary for Health and Welfare preceding the section on "Welfare Services" reads, "We look forward to working together to formulate this blueprint for our future welfare system.". I cannot find this sentence anywhere else. It only appears in the last part of the "Message" preceding the "Welfare Services" section, and it may as well be taken as a response from the Government. At present, there are many inadequacies in social welfare services, such as rehabilitation services, mental health services, special education for children, and so on. To address the inadequacies in these services and meet the ever increasing demand which will invariably change in the light of social conditions, it is of paramount importance that a blueprint for social welfare development be formulated.

In the Policy Objectives booklet, the Secretary for Health and Welfare proposed in the "Message" and in the content that a forward-looking planning framework and mechanism should be devised. I hope the Government can expeditiously put forth proposals in relation to this area of work to the Legislative Council, the social welfare sector as well as members from all sectors of the community.

Apart from social welfare, I also wish to speak on the part concerning women. This year, the Government has prepared a separate booklet on the well-being and interests of women. This gives the impression that the Government has attached greater importance to the work relating to women. But regrettably, the content of this booklet is vague and too general. It has not set out any specific measure with financial implication. No wonder the Chief Executive did not mention this area of work in his speech. According to the booklet, a Women's Commission will be set up this year. Given the diverse views in the community on the establishment of the Women's Commission, the Government should clearly explain the terms of reference, composition and accountability of the Commission before it is officially established. To work for the well-being of women, it should be our principle to promote equal development opportunities for women with emphasis on women's role in family and their employment to enable women to enjoy equal opportunities in participating in the economy, in society and in politics. To this end, there must be a package of sound and proper social policies, and this Council and the public have actually been fighting for some of these policies and measures for many years. The Women's Commission should give priority to such issues as reviewing ordinances relating to equal opportunities, particularly the removal of unreasonable exemptions; enhancing support for family carers by providing them with opportunities to pursue studies and participate in the community; and enhancing health care services for grass-roots women, particularly expanding the existing services of Women Health Centres and extending the services of Maternal and Child Health Centres to cover women services. The Government has mentioned in some briefings that the scope of service at five of the Maternal and Child Health Centres will be expanded to cover services currently provided by Women Health Centres given the provision of financial resources next year. I said that I hoped the Government would really implement this measure, but the Government's reply at the time was "given the provision of financial resources". So, I hope the Government can give us a definite reply as soon as possible. Moreover, I call on the Government to set up a child support agency, and this is what the former Legislative Council had demanded for years.

I also wish to spend some time on the part concerning environmental protection. As regards environmental protection, some areas deserve strictures but some do merit praises. Let me start with those which are praiseworthy. The Democratic Party welcomes and supports the Government's proposal to deploy only Euro-II engine buses on bus routes operating in the Causeway Bay corridors by 2001. But we hope that the Government can extend this proposal

to other busy districts, such as Mong Kok and Tsim Sha Tsui, in order to mitigate pollution on roads in these districts. Besides, the Government has also proposed to scrap all the remaining pre-Euro engine buses which are not fitted with catalytic converters by 2002. The Democratic Party hopes that the Government can expedite the implementation of this measure.

As for areas that deserve strictures, Honourable Members have already spoken on quite a number of them today. I just wish to highlight a few points. First, as the Chairman of the Democratic Party, Mr Martin LEE, has already asked, where on earth is the Council for Sustainable Development? I hope the Chief Executive and government officials can give us a clear explanation. Second, the Government has not clearly responded to the discussion in the Legislative Council on how to promote "green taxation" to encourage the public to use environmentally-friendly products, as proposed by the Democratic Party and supported by many Members. Another point that we must criticize is that the Government has not responded to the proposals of exploiting the green market and introducing eco-labels and also the policy of giving priority to the procurement of environmental products. Meanwhile, I also wish to make a few points in respect of environmental protection. Construction waste is at present the most pressing problem. Thirty-three thousand tonnes of construction waste are produced daily and although 75% of them is now dumped at public landfills, the amount of public waste to be produced in the next five years will double the amount that can be absorbed by reclamation projects. In the early 1980s, the Netherlands began to use materials recycled from demolition waste for road-paving purposes. Therefore, the Government should expeditiously promote the recycling of construction waste through land grant and levying charges at landfills. It must also implement the landfill charging scheme as soon as possible and at the same time provide rental concession and supporting facilities to encourage the development of environmental industries.

Moreover, in the policy address the Chief Executive has laid emphasis on increasing the recovery rate of domestic waste, stating that more facilities will be provided to facilitate waste recovery. However, I believe he was only referring to the provision of more bins for separate waste collection, that is, to provide more separation bins. This is not the key to increasing the recovery of local waste. To encourage segregation of household waste at source, the Government may consider following the waste recovery system currently adopted by the Taipei Government, whereby dry waste and wet waste are recovered separately. In addition, the existing refuse collection points can be

converted as waste collection and separation centres to further promote the recovery and recycling of domestic waste. In the recent "Long Valley" incident, some residents threatened to burn down trees and grasses to drive away birds. If that really happened, the Government could do nothing at all. This fully reflects that we currently lack a comprehensive policy and ordinance for ecological conservation in Hong Kong. In Hong Kong, population growth and land development are obviously in conflict with ecological conservation. To formulate explicit policies and ordinances on ecological conservation is the best way to strike a balance between urban development and protection of ecology. Another issue that has been raised frequently is co-operation with the Mainland on environmental protection. Over the past year, the Hong Kong Government and the Mainland have made tardy progress on standardized diesel specifications and improvement of the Dongjiang water. Response from mainland authorities is lacklustre, particularly over the former issue. The Democratic Party urges the Government to formulate measures to restrict the amount of fuel reserve in cross-boundary vehicles. In the meeting of the Legislative Council last week, we mentioned that the Container Terminal No. 9 incident had reflected aloofness on the part of the Government over environmental protection in the Mainland. The Government should make improvements in this regard and foster communication and co-operation with the Mainland to achieve sustainable development.

I wish to spend a little bit of time to respond to questions raised by Honourable Members. Today, many Members have mentioned the competitive edge of Hong Kong, particularly Mr James TIEN who stated that the fight for labour rights and interests is a contributory cause for the decline in our competitiveness. I hope that I have mistaken or misunderstood his meaning. I really must ask this: Is it the case that workers in other places which have a stronger competitive edge than Hong Kong enjoy less rights and interests than their Hong Kong counterparts? In fact, if we look at many other economies which are stronger in competitiveness, their protection for labour rights and interests are better than that in Hong Kong. Of course, some may discredit the commercial sector for their shortsightedness as they are unwilling to make long-term investment, eventually making Hong Kong pale in comparison with others.

I do not wish to be bogged down in a situation where we point our fingers at each other and pass the buck to each other. But who on earth has made Hong Kong less competitive? I believe that given harmonious labour relations, all of us will be willing to work hard to enhance the competitiveness of the economy of

Hong Kong. In that case, the conditions in Hong Kong would be even better and we would not be seeing attempts to stop workers from fighting for their legitimate rights on the one hand while the commercial sector is criticized for not taking care of workers' rights and interests on the other.

Mr James TIEN also opined that poverty is purely an economic problem. Other Members also expressed similar views. In fact, most people know that problems in society are caused by economic, social, political and even cultural factors. It is impossible for us to argue and prove to what extent the problem of poverty is caused by economic factors or social factors. To resolve the problem, it is impractical to spend time on arguing whether it is caused by economic or other factors. We need a multi-pronged policy which has regard for the economic, social, political and even cultural aspects to eradicate poverty. Given that the Chief Executive has attached more importance to the policy of eradicating poverty and helping the poor in this policy address, I therefore hope that Members of this Council who hold different views on economic or social policies can refrain from arguing which aspect is the most important aspect. They do not have to argue about to which aspect these problems belong. We can look at the different causes from different perspectives. We should direct our efforts at the crux of the problem to resolve abject poverty that still exists in Hong Kong, a place where economic development is so thriving.

Madam President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, in the policy address the Chief Executive said, "In a knowledge-based economy, anyone equipped with knowledge and creativity stands a chance of succeeding regardless of his or her social status or family background. New knowledge and technologies make market entry easier enabling more enterprising individuals to set up their own businesses and facilitate upward social mobility. Of course, the prerequisite to realizing this goal is the provision of educational opportunities to people in all strata of society in order to bridge the knowledge divide." These remarks of the Chief Executive portrayed a future full of opportunities, highlighting the bright prospects of a knowledge-based economy. However, I think the Chief Executive is blindly optimistic, ignoring the plights of 170 000 jobless because of the economic structuring and the hardships of at least 640 000 low-income workers.

I know a resident who has the following comment on this policy address. He said that the Chief Executive had only advised the people to study hard but failed to provide employment opportunities. What is the point of pursuing studies then? Finally, he gave the policy address only 30 marks. I believe this resident, like many ordinary citizens in Hong Kong, is completely disappointed with the administration of the Chief Executive. The policy address highlighted training and education policies, asking the public to integrate into the knowledge-based economy. But this cannot address the difficulties now faced by the people and their plights.

The policy address proposed training as a short-term measure to help the poor and at the same time suggested the creation of 7 000 temporary posts. The Chief Executive is thinking that this will enable members of the public to be equipped with knowledge and skills so that after we have restructured into a knowledge-based economy, their knowledge and skills will be of great help to them. By then, the unemployment situation would be greatly improved. I think the recent remarks made by the Financial Secretary have reflected "better" such blind optimism on the part of the Chief Executive. The Financial Secretary said that where the present development prevails, the unemployment rate will significantly come down to the normal level of 3% 20 months later. I think the unemployed workers will certainly ask the Financial Secretary, "Where are the jobs? What kind of jobs are they? What companies will take on workers like us who are in the middle age and possess no skills?"

In fact, the policy address has also proved that the Chief Executive and the Financial Secretary have only a utopian vision of a knowledge-based economy. A knowledge-based economy, by its very nature, will negate the value of labour for it follows that a large number of employment opportunities will be slashed and workers' wages suppressed. In a knowledge-based economy underpinned by high technologies, new jobs will only be taken over by automation, and this will at the same time directly reduce the employment opportunities of in-service blue-collar and white-collar workers, resulting in structural unemployment. The experience of advanced Western countries has clearly explained the drawbacks. Despite a pick-up of the economy, a knowledge-driven economy will not create more job opportunities. The present situation in Hong Kong has already thrown light on this problem. Even government officials cannot deny that the present economic recovery cannot benefit the general public.

Much to our regret, many government officials and members of the commercial sector still hope that a knowledge-based economy will bring along economic growth, thus inducing a boom in other trades and industries, in which case there will be greater demand for labour. But the truth is that a knowledge-based economy will only impact on other trades and industries. For example, employment opportunities in the retail and wholesale sector will be replaced following the emergence of e-commerce. Moreover, a fusion of knowledge and information technology will lead to globalization of world economy and high capital mobility. As capital is not subject to regional restrictions, coupled with lower costs for capital movement, capitalists will consistently relocate their investments for maximized cost-effectiveness. This will intensify competition in the global labour market and workers' wages will be further suppressed, resulting in the widening of the gap between the rich and the poor. The Government has ignored the adverse impact of a knowledge-based economy on the working public. On the contrary, it only seeks to push the people towards a knowledge-based economy. If the Government continues to be oblivious to the fact that a knowledge-based economy will, by its very nature, counteract the demand for labour, and continues to ask workers to strive for self-improvement, the Government will only give them unrealistic hopes. When these hopes vanish, social conflicts will intensify to the detriment of social stability.

Madam President, I remember an advertisement of the Construction Industry Training Authority on television a few years ago. It was about a trainee who could own his car and flat after completing training at the CITA. The Chief Executive's policy address is virtually as unrealistic as that advertisement, with embellishment comparable to that featured in the advertisement. The Chief Executive stated his wish to double the number of tertiary places within 10 years. On the surface of it, the purpose is to increase the supply of employees required by a knowledge-based economy. But on the other hand, it shows that the Government has no clues at all as to how the problem of unemployment among young people can be resolved. Is it that all we need to do is to blindly upgrade our education standard to face up to this knowledge-based economy? In fact, the unemployment rate among youngsters aged between 15 and 19 already stands at 25.4% now. What is going to happen if we keep on increasing the number of graduates with tertiary education but fail to provide them with employment opportunities in the knowledge-based economy? Is this not proof of the Chief Executive blindly pursuing changes in quantity without correspondingly seeking changes in quality? An increase in university

graduates does not mean that there is this demand in the market. If the Government continues to be blindly optimistic, only thinking to catch up with the world standard in terms of quantity without considering the demand in the market, there will be an over-supply of university graduates and university places will continuously depreciate in value, thus increasing the unemployment rate among university graduates. In fact, there is already a similar situation now. In 1994, the Education and Manpower Branch estimated that there would be an excess supply of close to 30 000 graduates with university education or above in 2001. But the Government has not given any definite response to this problem. Nor has it made any planning of economic development as appropriate to accommodate these talents. If the Government yet again seeks to increase the number of university graduates blindly without considering their future development, society will not only be in the doldrums, but also accumulate more and more conflicts and contradiction.

Madam President, the reality in society will not change because of optimism on the part of the Chief Executive. Blind optimism and neglect of the reality will only increase and exacerbate the problem over time. In view of this, community organizations have continuously made suggestions to the Government on ways to help the poor. These include drawing a poverty line, setting a minimum wage, regulating working hours, developing community economies, and so on. All these are meant to enable the grass-roots workers to share the fruits of economic prosperity. The Chief Executive has nevertheless turned a deaf ear to these proposals, completely paying no attention to them. In a knowledge-based economy, the number of lucky ones who can get rich with their knowledge may be even less than Mark Six winners. Experience of advanced Western societies tell us that given the leverage effect of a knowledge-based economy on the creation of wealth, the rich will make an even greater fortune in a knowledge-based economy with the capital on hand, whereas the working public with no capital will be condemned to more straitened circumstances. In a knowledge-based economy, it is all the more necessary to ensure equity in distribution so that the working masses can enjoy the fruits of economic prosperity. We will ask: Since the industrial revolution in the 19th century reduced workers' working hours from 80 hours to 60 hours per week, can our working hours be further reduced in the era of electronics technology in the 20th century? Today, as we enthusiastically champion for a knowledge revolution, there is no reduction in the working hours of workers and what is more, workers are consistently made to work longer hours for consistently suppressed wages. Therefore, many community organizations hope that the

Government can really give the grass-roots workers some living space. In this connection, these organizations have proposed the development of community economies, including the development of the recycling industry. They call on the Government to utilize resources more appropriately by replacing landfill dumping and incineration with the recycling industry in the disposal of waste, which is environmentally-friendly and conducive to creation of opportunities. Unfortunately, the Government, obsessed with its naive thinking, is unwilling to adjust its policy to facilitate the development of environmental industries. Therefore, we have misgivings about the sincerity of the Government in helping the poor and about whether it is really aware of the crux of the problem.

Madam President, I also wish to discuss here the accountability of principal government officials. I believe no one will oppose enhancing the accountability of officials. Honourable Members have mentioned earlier that the system of accountability seeks to push government officials towards the market, so they will continuously strive for improvement to compete among one another in order to not to be given the sack. However, my view is that before the Chief Executive is returned by universal suffrage, this mindset also smacks of blind optimism which ails the Chief Executive. It is because when the Chief Executive is the only "big boss" and when powers are in the hands of one person only, I believe it will only incubate a "shoe-shining culture". Adulation and boot-licking are set to become more rampant and there will be people who invariably bow to the wishes of the power-that-be. Therefore, as long as the Chief Executive is still returned by a coterie election, and as long as the Chief Executive does not have to be accountable to the public, this change in the system of accountability, so to speak, will only do harm rather than good.

In the policy address, the Chief Executive appealed for less hostility and greater harmony. I hope that the Chief Executive can be less opinionated and listen more to the voices of the grassroots.

In fact, the Government's neglect of the plights of the people is precisely the source of hostility. If the Government continues to stick to the "ostrich policy" and does not address the needs of the people squarely, the people will eventually turn their back on the Government, notwithstanding stronger backing from the Central Authorities and stronger support from the Civil Service. I hope that the Government can respect the proposals of the community and actively implement effective policies to help the poor and improve the livelihood of the grassroots. Otherwise, more and more Policy Secretaries may have to

take the blame for the Chief Executive and finally step down under the new system of accountability. I trust that this is not something that the general public would wish to see. I just hope that the Chief Executive will seriously consider how to overcome the difficulties we face now. Democracy is the best way to resolve livelihood problems. If we do not endeavour to solve the existing problems concerning democracy in our political system, but beating round the bush, such as focusing on the system of accountability, we can foresee what the outcome would be. Therefore, I maintain that livelihood problems cannot be solved in the absence of democracy. I hope the Chief Executive can do more in this direction.

Madam President, I so submit.

MR SIN CHUNG-KAI (in Cantonese): Madam President, I wish to quote several paragraphs about the situation of fair competition in Hong Kong, contained in the report on Hong Kong submitted by the European Commission to the European Parliament. One of these paragraphs says, "..... acknowledges the criticism expressed in certain quarters that a number of business tycoons have an undue and dominant influence in certain sectors of Hong Kong's economy." The heading of another paragraph reads: "Need for fair competition laws. The influence of the LI Ka-shing family on Hong Kong business life has been the subject of criticism from a number of sources within Hong Kong itself." Yet another paragraph says, "As the existence of fair competition laws and practices ensures a level-playing pitch for Hong Kong firms when they compete in the European Union marketplace, European Union business are entitled to reciprocations when they operate in Hong Kong."

Madam President, the question of whether the playing field in Hong Kong is fair has aroused the concern of the international community and that of its major trade partner — the European Union. This report will be submitted to the European Parliament for discussions.

Over the past few years, the performance of the Hong Kong Government in ensuring fair competition has been very disappointing. The policy address this year is naturally no exception, and it cannot be expected to make any improvement in this area. I remember that quite a number of years ago, probably when Miss Denise YUE was still the Secretary for Trade and Industry, the Consumer Council published many reports in which it recommended the

Government to set up a fair competition commission and enact fair competition laws, so as to foster a level playing field in Hong Kong. In November 1997, the Government rejected this recommendation, but started instead to introduce fair competition laws to several selected sectors and businesses. I am of course very pleased that over the past one year, the Information Technology and Broadcasting Bureau has achieved quite some progress in this respect by amending the laws on broadcasting and telecommunications. However, I must say that we still lack a more comprehensive ordinance on fair competition. Yesterday, Mrs Miriam LAU "exposed" the profiteering of the oil companies. I hope that three years later, the new Secretary for Economic Services sitting in this Chamber today can become the "Secretary for Fair Competition" and turn over a new leaf for Hong Kong in terms of fair competition. If not, she may well become the "Secretary for Monopoly", much to the disappointment and regret of people.

This report of the European Parliament can actually alert us to the fact that our trade partners will forever be criticizing us. In the past, we used to argue that Hong Kong did not need to establish a fair competition commission and enact any fair competition laws because our economy was very small. This argument, however, no longer holds. So, once again, I wish to call upon the Government to reconsider the idea of setting up a fair competition commission and enacting fair competition laws. However, I dare not expect too much from the Government, for its policy can already show us its position very clearly. For this reason, the Honourable Fred LI and I have submitted a private Members' Bill to the President, and I hope that the Chief Executive and the President can give their approval for the bill to be read the First time.

Fair competition is a very important basis essential to the development of our various trades and industries in the 21st century. In its attempt to develop e-commerce, the European Commission has formulated a set of rules aimed at ensuring fair competition.

Madam President, with the advent of the 21st century, we are faced with many challenges, and the development of information technology (IT) is especially important. Besides, IT can also enable Hong Kong to extricate itself from the current economic downturn. The policy address shows that the Government has accepted some of the recommendations made by the Democratic Party, one example being its promise to help remove the "digital divide" by allocating \$200 million to help low-income families purchase computers.

Certainly, I hope that the Government can do so, but I must point out that the Government is just going to allocate \$200 million to purchase computers and lend them to these families for use at home. I hope that the Education and Manpower Bureau and the Information Technology and Broadcasting Bureau can do one more thing — having installed these computers at their homes, these families may need to subscribe to Internet services and they may then need to pay their Internet service suppliers. I think the Government should follow the example of our universities by giving these families free access accounts in a modem pool. That way, once these families have installed their computers at home, they can learn new things from the Internet through the modem pool. That way, the \$200 million allocated by the Government can be used effectively.

Besides, the Democratic Party and I also welcome the moves of the Government to develop second generation Internet services and assess the data relating to use of IT by the general public and the industrial and commercial sector. The Government has also set up a task force to review how best to combat computer-related crimes and enhance the ability of the police to clamp down on them. All this is a very urgent task, and the Democratic Party welcomes all relevant efforts. When the relevant bills are submitted in the future, the Democratic Party will scrutinize them very carefully.

On the shortage of IT personnel, I agree with the Honourable LEUNG Yiu-chung that it has become a particularly important issue during the process of economic restructuring. We know that some 20% of the young people aged between 15 and 19 are unemployed, and this should arouse our concern. In this connection, we also know that IT occupations can actually provide many job opportunities for young people. I often say that the Government does not necessarily need to provide many degree places, though, of course, this is certainly very important as well. In a report published earlier this year, the Government points out that there is a serious shortage of IT personnel. It is also pointed out that there will be a shortage of 15 000 to 50 000 degree-holders and another shortage of 15 000 to 20 000 sub-degree-holders by the year 2001. It can thus be seen that while there are so many unemployed students on the one hand, there are also many potential job opportunities on the other. The problem thus seems to lie with the Government, or with the provision of employment opportunities or training. Many relatively simple tasks such as computer maintenance and assembly can in fact be performed by young people trained for the purposes. These young people may not like the classroom learning approach, but we can let them learn in alternative ways. I hope that the

Information Technology and Broadcasting Bureau and the Education and Manpower Branch can help the young people of Hong Kong in this respect. That way, the unemployment problem of Hong Kong can also be solved partially.

The Democratic Party very much supports the efforts of the Government to promote IT education, but regrettably, the Government has created only 250 posts of IT co-ordinators over the past two years. During the motion debate last week, we were told that funding applications could be made to the Quality Education Fund. I have discussed this issue with many teachers, and I also received an e-mail on this yesterday. The e-mail was sent to me by an executive committee member of the Hong Kong Computer Education Institute, and, in it, I was told that the post must be a permanent one. This is very much like the question whether there is first an egg or first a hen. An application to the Quality Education Fund must of course be supported by a project proposal. If a school is well-managed, it is more likely that it will be able to draft a good proposal and its application will thus likely be approved. However, if a school is not so well-established and thus cannot submit a well-written proposal, its application may well be rejected. Besides, I do not agree entirely that the post should be a permanent one. As far as my estimate goes, this post will be required in the next five to eight years. However, I also think that eventually, teachers must themselves learn to grasp the basic skills of IT, in very much the same way as all of them are required to grasp the knowledge of Chinese, English and Mathematics. At the initial stage of the scheme, IT co-ordinators can help promote IT education in our schools.

The removal of the "digital divide" is an important issue, and I hope that the relevant government departments can do more work in this respect, particularly for the grassroots, so as to foster IT education in the community. One possibility is to install more computer facilities at community centres, so as to make them accessible to the elderly, women and housewives. The Government may also provide basic computer training to them at low or even no charges. This is actually a question of how we are going to use the money available. The Government allocates some \$100 million to each District Council every year, and it may well be a good idea for the District Councils to use some of the provision to promote the learning of IT among the grassroots. I was once a district board Chairman myself, and I would say that besides organizing vegetarian and snake feasts (something that the DAB is best at doing), District Councils can actually organize more computer courses for the grassroots as well.

Another topic which I hope the Government can look at is the prompt establishment of a qualifications assessment mechanism for IT personnel, in order to confirm and upgrade their professional status. A moment ago, I said that young people should be given training. If the Government can set up a professional qualifications assessment mechanism for IT personnel, young people will be able to ascend along a ladder of professional progress. That way, even if they fail for the time being to acquire any professional qualifications, they can still move up the ladder from one technical level to another. This can serve as a guide for employers to judge their professional competence. Such a mechanism can greatly enhance the professional status of IT personnel and increase their job opportunities.

I welcome the initiative of the Government to liberalize the licensing of the local fixed networks. I hope that the Government can work out the licensing requirements as soon as possible. And, I also wish to raise the point that since the existing fixed networks operators have already enormous investments, when any prospective operators express their interest in investing in the local market, the Government must make sure that they will not just make investments in profitable areas only. When it considers the issuing of any new licences, the Government should require the applicants to prepare commitment plans showing how many resources they intend to invest. There must be a fair environment for fixed networks, and every attempt must be made during the tendering process to prevent prospective operators from making investments only in profitable areas.

Time is running out, so let me just raise my last point. While the Government is injecting huge resources into manpower training, it should at the same time assess the cost-effectiveness of its efforts. The Democratic Party has recommended the introduction of tax concessions aimed at assisting those companies which take on people having received training from approved institutions. To provide retraining to one single trainee, such as a retrainee of the Vocational Training Council, the Government may have to spend \$80,000 to \$100,000. The Government has injected huge resources, but it is often difficult to assess the cost-effectiveness of the resources spent. I think it really worths to examine whether we can actually introduce some measures that will enable us to assess cost-effectiveness on the basis of subsequent employment. Paragraph 45 of the policy address touches on the possible uses of the unused fund under the Special Finance Scheme for Small and Medium Enterprises (SMEs). The Democratic Party is now exploring whether it is possible for the Government to

increase job opportunities while using the unused fund to assist SMEs. One idea we have in mind is about whether or not we can link up government assistance with employees' wages. For example, the Government may require an employer to pay a monthly wage of \$3,000 to a retrainee from either the Vocational Training Council or the Employees Retraining Board and then offer a subsidy of \$3,000 to that particular employer. This can serve as an incentive. On the one hand, it can help SMEs reduce their costs, and on the other, the cost-effectiveness of retraining institutions can also be assessed. The rationale behind this is that the Government should link up its retraining efforts with the subsequent employment of retrainees. The Government has indeed injected huge resources into the Vocational Training Council and the Employees Retraining Board, but it has yet to tackle the problem of how it can possibly link up retraining and subsequent employment and ensure that the unemployment army can be given job prospects after retraining.

The Government should also study the experience of over-the-counter transactions, so as to give SMEs an opportunity of raising capitals. In the Growth Enterprise Market, emphasis is laid on high technology, and prospectuses and a listing capital of \$10 million are also required. That is why the Government should consider over-the-counter transactions, but, of course, that should require supervision too. The Government should encourage the Stock Exchange of Hong Kong to establish a venture board for IT, so as to assist SMEs in raising capitals. A credit rating institution should also be set up to facilitate the work of banks in assessing the credit rating of SMEs.

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

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): A total of 33 Members have spoken on the Motion of Thanks today. I now suspend the meeting until 2.30 pm tomorrow.

Suspended accordingly at five minutes to Nine o'clock.