

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 1 November 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 TIMOTHY FOK TSUN-TING, S.B.S., J.P.

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

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 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

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

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

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

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

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

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

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

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

MISS YVONNE CHOI YING-PIK, J.P.
SECRETARY FOR COMMERCE AND INDUSTRY

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

CLERK IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, J.P., 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/Instrument | <i>L.N. No.</i> |
|-----------------------------------|-----------------|

| | |
|---|----------|
| Amusement Rides (Safety) (Fees) (Amendment) Regulation 2000..... | 287/2000 |
|---|----------|

Other Papers

- | | | |
|--------|---|---|
| No. 21 | — | Occupational Deafness Compensation Board Annual Report 1999-2000 |
| No. 22 | — | Pneumoconiosis Compensation Fund Board Annual Report 1999 |
| No. 23 | — | Environment and Conservation Fund Trustee Report 1999-2000 |
| No. 24 | — | Report by the Trustee of the Prisoners' Education Trust Fund for the period from 1 April 1999 to 31 March 2000 |

WRITTEN ANSWERS TO QUESTIONS

Adoption of "Green Purchasing" Policy by Government Departments

- MRS SOPHIE LEUNG** (in Chinese): *Madam President, regarding the Administration's encouragement of all government departments to adopt the "green purchasing" policy as far as practicable, will the Government inform this Council of the progress and achievements of various government departments in implementing the policy over the past three years?*

SECRETARY FOR THE TREASURY (in Chinese): Madam President, in support of the Government's commitment to environmental protection, the Administration has been steadfast in the promotion of "green purchasing" among government departments. In this context, we encourage all government departments to avoid using single-use disposal items and to move towards greater use of environmentally friendly products.

Over the last three years, some notable progress and achievements in "green purchasing" have been made. For example:

- (a) the Government Supplies Department, as the central procurement agency for the Government, has progressively extended the range and quantities of green products in its portfolio. Among these, refillable ball-point pens, clutch pencils, non-chlorinated correction fluid and thinner, mercury-free alkaline batteries, phosphate-free liquid soap and detergent, and so on are now standard items provided to all government departments. Suppliers of government purchases are also required to minimize the use of packaging materials and, if carton boxes are used for packaging, to ensure that they are made from 100% recovered fibre;
- (b) the Electrical and Mechanical Services Department has initiated purchase of various stocks that are energy-efficient, including energy-saving fluorescent tubes and room coolers with an Energy Label under the Energy Efficiency Labelling Scheme;
- (c) apart from the use of ultra low sulphur diesel on all government diesel vehicles, the Government Land Transport Agency has initiated action to replace, within the next two years, over 900 pre-Euro standard diesel vehicles with new ones that meet prevailing and more stringent air quality requirements; and
- (d) the Printing Department continues to increase the use of recycled paper and paper made from woodpulp derived from renewable forest in production of various publications. They now constitute 80% of the Department's consumption. It has recently introduced the use of environmentally friendly printing inks, namely vegetable oil-based inks.

To further foster these efforts, we will shortly issue more detailed green purchasing guidelines to departments. These will stipulate, in particular, the purchase of products:

- (a) with improved recyclability, high recycled content, reduced packaging and greater durability;
- (b) with greater energy efficiency;
- (c) which utilize clean technology and/or clean fuels; and
- (d) which emit or leave few irritating or toxic substance during installation, use or upon disposal, and so on.

Meanwhile, the Government Supplies Department has also commissioned a comprehensive review of the tender specifications for regularly purchased items with a view to establishing detailed specifications for green purchasing. This exercise is about to complete. The recent introduction of Controlling Officer's Annual Environmental Report will further facilitate assessment and monitoring of progress in environmentally responsible purchasing.

Complaints in Respect of MPF System

2. **MISS EMILY LAU** (in Chinese): *Madam President, regarding the implementation of the Mandatory Provident Fund (MPF) System, will the executive authorities inform this Council whether they know:*

- (a) *the number of complaints the Mandatory Provident Fund Schemes Authority (MPFA) has received so far regarding the joining of MPF schemes, together with a breakdown of such complaints by subject matter;*
- (b) *the follow-up actions the MPFA has taken in respect of such complaints; and*
- (c) *the plans the MPFA has to dispel the public's doubts about the MPF System, including the level of management fees charged by various schemes and the retirement protection the schemes can provide?*

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

(a) and (b)

Since the beginning of the year, the MPFA has received 16 MPF-related complaints. The nature and number of those cases and the follow-up actions taken are at Annex.

(c) Over the past year, the MPFA has embarked on a public education and publicity campaign with the assistance of the Government, labour unions, trade associations, District Councils and other bodies at the district level. The campaign involves extensive use of the mass media, coupled with various forms of advertising. Furthermore, the MPFA has adopted a proactive approach in disseminating information through organizing and taking part in hundreds of seminars and talks and distributing a series of publications explaining the key concepts of the MPF in layman terms. These public education and publicity activities will continue after the implementation of the MPF System.

The MPFA's hotline is currently handling an average of over 1 000 calls a day. The hotline is progressively being expanded from 20 to 100 lines, which will be capable of handling 800 calls an hour.

Regarding the fees and administrative charges of MPF service providers, the average fee level of MPF schemes including administrative charges and the annual registration fees payable to the MPFA¹ amounts to less than 2% of scheme assets. This is lower than the corresponding fees in other countries such as the United States and Australia. The keen market competition has also helped to keep the fees low. In fact, some MPF service providers have already gone through several rounds of fee reduction since the launch of their products and it is not expected that the fees would drop much lower than the present levels.

¹ The annual registration fees payable to the MPFA are waived for the first two years of operation of the MPF System. Even if the annual registration fees were payable, the average total fee level is still expected to be below 2%.

Some employees are concerned whether benefits accrued in MPF schemes may provide sufficient protection for their retirement. The actual benefits to be received by an individual at the attainment of the retirement age of 65 under the MPF System would depend on factors such as the amount of contributions, years of contribution and the investment returns of the constituent funds chosen. On the whole, the MPF System is a simple and equitable system: the more contributions made during working years, the more benefits upon retirement. The MPFA has also highlighted the above in its public education and publicity campaign. In fact, the MPF legislation provides detailed provisions on the voluntary contributions to facilitate employers, employees and the self-employed persons to make additional voluntary contributions apart from the minimum mandatory contributions.

Besides, there are at least four layers of protection for scheme members' assets under the MPF legislation, namely, all MPF schemes must be established under trust arrangements; the trustees, custodians and investment managers are subject to capital adequacy requirements; trustees are required to take out professional indemnity insurance; and the Mandatory Provident Fund Schemes Compensation Fund is set up to compensate any MPF scheme member for any loss in MPF accrued benefits caused by misfeasance or illegal conduct committed by MPF trustees or any other person engaged in the administration of the MPF scheme.

Annex

Complaints received by the MPFA

| <i>Nature of Complaints</i> | <i>No. of Complaints (As at 24 October 2000)</i> | <i>Follow-up Actions</i> |
|--|--|--|
| 1. Dissatisfied with the legislation of the provident fund system. | 1 | Letters have been sent to the complainant to clarify details of the MPF legislation. |

| | | <i>No. of Complaints</i> | |
|---|--------------------------------|--------------------------|--|
| <i>Nature of Complaints</i> | <i>(As at 24 October 2000)</i> | | <i>Follow-up Actions</i> |
| 2. Complained about services of MPF Service Providers and Intermediaries. | 8 | | Cases have been referred to such regulatory bodies as Securities and Futures Commission, Office of the Commissioner of Insurance and the Hong Kong Monetary Authority for follow-up action. |
| 3. Complained about ORSO/MPF interface arrangements. | 4 | | The MPFA has contacted the employers of each case, urging them to make reasonable and lawful interface arrangements. Two cases have been referred to the Labour Department for follow-up action. |
| 4. Complaints from truck drivers against their employers who altered the terms of employment by making use of the MPF system to force them to become self-employed persons (contractors). | 2 | | The two cases involve unilateral alteration of employment contract without reasonable grounds. One of them has been referred to the Labour Department for follow-up action. The other complainant however refused to refer the case to the Labour Department and indicated that no further action would be required. |

| <i>Nature of Complaints</i> | <i>No. of Complaints (As at 24 October 2000)</i> | <i>Follow-up Actions</i> |
|--|--|---|
| 5. Complained about the reduction of salaries by employers at the introduction of the MPF. | 1 | Referred to the Labour Department for follow-up action. |
| Total | 16 | |

Assisting Professional Bodies in Exploring Development Opportunities Outside Hong Kong

3. **MR ERIC LI** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the human, financial and other resources deployed over the past year for assisting various local professional bodies in exploring development opportunities outside Hong Kong; and*
- (b) *whether, in the light of the imminent accession of China to the World Trade Organization (WTO), it plans to designate a bureau to provide support to various professional sectors in exploring business opportunities in the Mainland; if so, of the manner of the support and the budgeted resources in the coming year; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Chinese): Madam President,

- (a) Over the past year, the Hong Kong Trade Development Council (TDC) has organized, in collaboration with relevant bureaux or professional bodies, a series of activities to promote our professional services to markets outside Hong Kong. Details of these activities are at Annex 1. The TDC has also conducted a number of research studies on markets outside Hong Kong that are

relevant to the local professional sectors. A list of these research studies is at Annex 2.

In order for Hong Kong to leverage on the opportunities arising out of China's accession to the WTO, in the past year the Financial Secretary's inter-departmental group has maintained a close dialogue with relevant authorities in the Central Government to understand the detailed arrangements for and progress of market liberalization in the Mainland. Under the steer of this group, relevant bureaux and departments have taken proactive actions to liaise with various professional bodies and practitioners, informing them of the direction, pace and scope of liberalization in the Mainland to enable them to grasp the earliest opportunity to expand their business there. At the same time, the group has reflected to relevant authorities in the Central Government the difficulties encountered by Hong Kong's professional sectors as well as their views on future business prospects in the Mainland.

In addition, the Government has put in great efforts to remove trade barriers and open up overseas markets for local professional sectors. In the past year, a dedicated team on multilateral negotiations on trade in services in the Trade and Industry Department (TID) has actively participated in negotiations on market access and improvement to rules for global trade in services. The team has consulted 28 local professional bodies on the WTO's initiative to develop disciplines on the qualification and licensing requirements of professional service providers. The TID has also, in co-operation with other members of the Asia-Pacific Economic Cooperation (APEC), compiled a directory containing information on the regulatory requirements for professional services in each APEC member economy for reference by our professional service providers.

As listed above, various bureaux and departments as well as the TDC have deployed resources to assist local professional bodies to develop markets outside Hong Kong. We have not, however, collated data specifically for the professional sectors that quantify the human, financial and other resources spent over the past year in supporting them.

- (b) The Government has no plan to designate a bureau to provide support to all professional sectors in exploring business opportunities in the Mainland. As different professional sectors have different requirements for their business operation and regulation, it is more appropriate to let the concerned bureaux and departments provide support to individual professional sectors with which they are familiar.

As regards supervision and co-ordination, in addition to the inter-departmental group mentioned in part (a), the Services Promotion Strategy Group, chaired by the Financial Secretary and comprising businessmen, academics and senior government officials, will continue to monitor efforts made by various bureaux and departments in supporting the professional sectors to develop markets in the Mainland. Where necessary, the Strategy Group will make recommendations to the Financial Secretary for improvement. The Commerce and Industry Bureau will continue to be responsible for the co-ordinating function.

Annex 1

Activities for Promoting Hong Kong's
Professional Services Sector in 1999-2000

| <i>Dates</i> | <i>Event</i> | <i>Sector</i> |
|--------------|---|--|
| 10-1999 | Infrastructure Study Mission to Wuhan, Yichang and Chengdu | Infrastructure and Related Professional Services |
| 11-1999 | Conference on "Scotland and HK: Building on Our Strengths", Edinburgh | All Services Sectors |
| 1-2000 | Services Promotion Conferences in Chongqing and Wuhan | All Services Sectors |
| 1-2000 | Infrastructure Study Mission to Southwest China | Infrastructure and Related Professional Services |

| <i>Dates</i> | <i>Event</i> | <i>Sector</i> |
|----------------|--|--|
| 3-2000 | Study Mission to Mainland China on Housing Development and Reform | Infrastructure and Related Professional Services |
| 3-2000 | Infrastructure Study Mission to Indo-China | Infrastructure and Related Professional Services |
| 4-2000 | Business Conference in Conjunction with Chief Executive's Visit, Toronto | All Professional Services |
| 5-2000 | Study Mission to Asian Development Bank, Manila | Infrastructure and Related Professional Services |
| 6-2000 | Business Conference in Conjunction with Financial Secretary's Visit, Vancouver | All Professional Services |
| 6-2000 | Business Conferences in Conjunction with Chief Secretary for Administration's Visit, Berlin, Hamburg and Amsterdam | All Professional Services |
| 8-2000 | Business Conferences in Conjunction with Financial Secretary's Visit, Sydney, Melbourne and Adelaide | All Professional Services |
| 8 to 9-2000 | Infrastructure Study Mission to Guiyang, Chengdu and Chongqing (co-organize with Works Bureau) | Infrastructure and Related Professional Services |
| 9-2000 | Business Conferences in Conjunction with Financial Secretary's Visit, Budapest and Warsaw | All Professional Services |
| 10-2000 | Conferences on "WTO: New Opportunities in Trade in Services", Wuhan and Chengdu | |

Research Studies on Overseas Markets
Relevant to Hong Kong's Professional Services Sector

| <i>Dates</i> | <i>Research Topic</i> |
|--------------|---|
| 8-1999 | Services Liberalization in China |
| 1-2000 | China's WTO Accession and Its Implications for Hong Kong |
| 4-2000 | Who Will Benefit from China's WTO Accession |
| 5-2000 | Shanghai Services Sector Opens Wider |
| 6-2000 | Unification of Tax for Foreign and Domestic Enterprises |
| 6-2000 | Services Liberalization in South Korea and Opportunities for Hong Kong Business |
| 10-2000 | Services Liberalization in Taiwan and Opportunities for Hong Kong Business |

Fund Allocation for Public Sector Secondary Schools to Purchase Notebook Computers

4. **MR YEUNG YIU-CHUNG** (in Chinese): *Madam President, the Chief Executive indicated in his 2000 policy address that \$200 million would be allocated from the Quality Education Fund (QEF) for public sector secondary schools to purchase notebook computers for needy students to borrow. In this connection, will the Government inform this Council:*

- (a) *of the criteria used in determining the allocation amount;*
- (b) *how the fund will be allocated among various public sector secondary schools;*

- (c) *of the estimated number of students benefiting from the plan;*
- (d) *whether it has set the specifications for the notebook computers; if so, of the details; and*
- (e) *of the party who will bear the maintenance responsibility and costs for these computers?*

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

- (a), (c) and (e)

The primary beneficiaries of the scheme are students from low-income families who cannot afford to buy computers for use at home. We estimate that about 40 000 secondary school students currently in receipt of full financial assistance under the various schemes run by the Student Financial Assistance Agency (SFAA), or whose families are in receipt of the Comprehensive Social Security Assistance (CSSA) will benefit.

Assuming that one notebook computer will be shared between two students, about 20 000 notebook computers are required. We estimate that about \$200 million is required to cover the cost of the notebook computers, and the cost of maintenance and security measures for storing the computers. The computer vendor will be responsible for maintenance. The QEF has agreed in principle to fund the proposed scheme.

If the scheme turns out to be popular and the demand exceeds our estimate, we may consider increasing the allocation from the QEF.

- (b) The grant will be disbursed to schools upon application. To facilitate the process, school councils will co-ordinate the applications and prepare a consolidated application to the QEF. The amount of grant a school receives will be proportional to the number of students in receipt of full SFAA assistance or whose families are CSSA recipients.

- (d) Detailed specifications of the notebook computers will be worked out by the school councils and the Education Department, and will include the following common specifications for educational use:
- 500MHz central processing unit;
 - 64MB RAM memory capacity;
 - 4GB hard disk;
 - 24X CD-ROM drive;
 - Chinese Windows operating system (with English Windows operating system as an option);
 - anti-virus utility;
 - system utilities;
 - web publishing tool; and
 - built-in modem.

Abuse of Redress Channels Relating to Discriminatory Acts

5. **MR HOWARD YOUNG:** *Madam President, regarding the abuse of redress channels relating to discriminatory acts, will the Government inform this Council:*

- (a) *if it knows the number of complaints received by the Equal Opportunities Commission (EOC) over the past 24 months and, among them, the number of those found to be frivolous, vexatious, misconceived or lacking in substance; and*
- (b) *of the respective mechanisms the Government and the EOC have put in place to guard against abuse of the redress channels?*

SECRETARY FOR HOME AFFAIRS: Madam President,

- (a) The EOC received 996 complaints from 1 October 1998 to 30 September 2000. Among the 840 complaints concluded during the same period, 116 cases were discontinued on the basis that they were found to be frivolous (one case), vexatious (one case), misconceived or lacking in substance (114 cases).
- (b) Under section 84(4)(e) of the Sex Discrimination Ordinance, section 80(4)(e) of the Disability Discrimination Ordinance and section 62(4)(e) of the Family Status Discrimination Ordinance, the EOC may discontinue an investigation into a complaint if it is of the opinion that the complaint is frivolous, vexatious, misconceived or lacking in substance. The application of these provisions by the EOC serves to check any abuse of the redress channel.

On the Government side, we would refer complaints concerning sex, disability or family status discrimination to the EOC for their action. As regards complaints of other discriminating acts, we would first satisfy ourselves that the complainant has adduced evidence or information to establish a prima facie case or substantiate a claim before investigation takes place.

Problem of Overcrowding in PRH Estates

6. **MR ALBERT CHAN** (in Chinese): *Madam President, will the Government inform this Council of:*

- (a) *the current respective numbers of households in public rental housing (PRH) estates which have a living area below 4.5 sq m per person and between 4.5 sq m and 5.49 sq m per person, with a breakdown by management regions;*
- (b) *the measures it has adopted to solve the problem of overcrowding in PRH estates; and*
- (c) *the anticipated time when sufficient PRH flats will be available for relieving overcrowded households in PRH estates?*

SECRETARY FOR HOUSING (in Chinese): Madam President, as at 30 September 2000, 6 142 households in PRH estates had a living area of below 4.5 sq m per person, and 13 856 households had a living area of between 4.5 sq m and 5.49 sq m per person. A breakdown by management region is at Annex.

The Housing Authority (HA) regularly allocates public rental flats to households in PRH estates suffering from overcrowding. Upon redevelopment of PRH estates, the HA allocates larger flats to overcrowded households. Households may also apply to purchase larger accommodation under subsidized home ownership schemes operated by the HA.

As a result, the number of overcrowded households living in PRH has fallen from 50 755 in 1995 to 19 998 at present. The HA will progressively reduce the problem of overcrowding in estates as more PRH becomes available.

Annex

Households in public rental housing estates
with living area of below 4.5 sq m per person
and between 4.5 sq m and 5.49 sq m per person

| <i>Management region</i> | <i>Number of house with living area of below 4.5 sq m per person</i> | <i>Number of households with living area of between 4.5 sq m and 5.49 sq m per person</i> |
|-------------------------------|--|---|
| Hong Kong Island and Islands | 469 | 1 632 |
| Wong Tai Sin | 691 | 1 463 |
| Kwun Tong | 2 059 | 3 972 |
| Sai Kung and Sham Shui Po | 560 | 1 377 |
| Tuen Mun and Tsuen Wan | 314 | 1 451 |
| Kwai Chung and Tsing Yi | 991 | 1 630 |
| Sha Tin and Ma On Shan | 340 | 1 238 |
| Yuen Long, Fanling and Tai Po | 718 | 1 093 |
| Total | 6 142 | 13 856 |

Age Threshold Set for Student Concessionary Fares by MTRCL

7. **MR LAU KONG-WAH** (in Chinese): *Madam President, at present, only full-time students aged 25 or below are eligible for student concessionary fares offered by the MTR Corporation Limited (MTRCL). In this connection, will the Government inform this Council whether it knows:*

- (a) *the rationale behind the MTRCL's imposition of the above age threshold;*
- (b) *the current number of full-time students aged above 25 and their percentage in the total number of full-time students; whether the MTRCL has estimated the fare revenue foregone each year if concessionary fares are offered to these students as well; and*
- (c) *if the MTRCL will abolish the age threshold; if so, the effective date; if not, the reasons for that?*

SECRETARY FOR TRANSPORT (in Chinese): *Madam President, in the 1970s and the 1980s, the Government adopted the system of reimbursing the transport operators the costs of providing fare concessions to students. This arrangement was changed in 1998 with the introduction of the Student Travel Allowance Scheme. Under this scheme, eligible students received direct grants from the Government upon application. As a result, public transport operators except the MTRC and the Light Rail Transit, ceased providing concessionary fares for students. The MTRCL has continued with the concessionary fares for full-time student aged between 12 and 25 essentially as a commercial decision.*

When the MTR Corporation first introduced its student fare concessions in 1981, it took reference to the age criteria under the then Government's Student Travel Card Scheme, that is, between 12 and 25. The same age criteria are still in use.

There are 3 273 full-time students aged above 25 in the 1999-2000 school year, accounting for about 0.26% of the total number of full-time students. It is anticipated to have substantial financial implications on the Corporation if the age threshold is to be removed. The MTR Corporation at present has no plan to revise the eligibility criteria for student fare concessions, the expenses of which are met by the Corporation's own resources.

Complaints about Stenches from Nullahs in Tin Shui Wai District

8. **MR ALBERT CHAN** (in Chinese): *Madam President, I have received complaints from residents of Tin Shui Wai alleging that a nullah in the district often emits stenches caused by the discharge of untreated pig excretion into it from nearby pig farms. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints about stenches from nullahs in the Tin Shui Wai District received in the last six months; whether it has investigated the source of the stenches and the follow-up actions it has taken;*
- (b) *of the respective numbers of pig farms and pigs involved in the discharge of untreated pig excretion; and*
- (c) *of the anticipated time when the problem will be solved?*

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

- (a) The Environmental Protection Department (EPD) has received eight complaints about stench from nullahs in the Tin Shui Wai District in the past six months. Investigations by the Department confirmed that the stench originated from pig farms in the Tin Shui Wai District.

During the same period, the EPD conducted 62 surveillance operations including night-time ambushes in that area, in addition to 71 regular visits to Tin Shui Wai farms. As a result, three farmers in the area were caught for illegal discharges. Prosecutions against these farmers have been initiated. The EPD has informed complainants of the outcome of the investigations.

- (b) The EPD estimates that the three farmers being prosecuted have a total of around 7 000 pigs.

- (c) To counter illegal discharge of wastewater from pig farms, the EPD will continue to take enforcement action, including regular surveillance and ambushes at night, particularly against farms with poor records. To assist pig farmers in complying with the statutory requirements, the EPD will also continue to organize seminars in conjunction with organizations concerned, to give farmers technical advice on environmental protection and wastewater treatment.

In addition, the EPD and the Agriculture, Fisheries and Conservation Department regularly advise farmers to clean the livestock waste in their farm sheds more often and to feed pigs with deodorant nutrients. These would help improve farm hygiene and reduce the smell from pig farms.

The above measures would help to reduce the problem.

Termination Compensation to Former Vice Chancellor of HKU

9. **MISS EMILY LAU** (in Chinese): *Madam President, will the executive authorities inform this Council if they know whether the University of Hong Kong (HKU) has granted termination compensation to the former Vice Chancellor of HKU who resigned in September this year; if it has,*

- (a) *of the reasons for granting termination compensation and the details of such compensation; and*
- (b) *whether it has been provided in the relevant employment contract that the Vice Chancellor can obtain compensation upon resignation; if so, of such compensation provisions and how the amount of compensation stipulated in the provisions compares to that actually paid?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President, the HKU has informed the Administration that no public funds have been used for any payment to the former Vice Chancellor in connection with his resignation in September this year. Since no public fund is involved in the

arrangement and the matter is entirely within the autonomy of the institution, it is not considered appropriate for the Administration to demand details of the termination compensation.

Trade Malpractices of Removal Companies

10. **MR BERNARD CHAN:** *Madam President, on 19 September, the Consumer Council named two local removal companies for trade malpractices. In this connection, will the Government inform this Council:*

- (a) *whether it knows the other forms of assistance that the Consumer Council and other relevant authorities can offer to the victims concerned; and*
- (b) *given that many patrons of transboundary removal services are expatriates, whether it has assessed if Hong Kong's international reputation has been tarnished by such malpractices; if the reputation has been tarnished, of the remedial actions it will take?*

SECRETARY FOR ECONOMIC SERVICES: Madam President,

- (a) Apart from naming the two removal companies to alert the public of their malpractices, the Consumer Council has provided assistance to the complainants concerned in the form of:
 - (i) mediation with the removal companies with a view to settling the complaints. With the Consumer Council's mediation, two cases involving these companies have recently been resolved to the complainants' satisfaction. Mediation is ongoing with other cases;
 - (ii) advice on seeking legal redress through the Small Claims Tribunal or a higher court depending on the amount of claim. The Consumer Council is prepared to send a representative to act as witness in such cases; and

- (iii) referral of cases involving any possible criminal elements to the police for investigation.
- (b) The number of complaints made to the Consumer Council in respect of transboundary removal services has been relatively small. The majority of such complaints received since the beginning of 1999 actually involved the two named companies. While we strongly disapprove of the malpractices, there is no evidence to suggest that Hong Kong's international reputation has been tarnished by these incidents.

The naming of the two companies by the Consumer Council has been effective in raising the awareness of the general public as well as deterring service providers from malpractices. We believe that consumer education remains an effective means to counter malpractices. In this regard, the press release issued by the Consumer Council on 19 September 2000 (which is also posted on its website) contained a checklist of points for consumers to note in engaging removal services. The same advice was also published in the October 2000 edition of the *Choice Magazine*. Meanwhile, the Consumer Council continues to be proactive in disseminating consumer protection information widely through its vast network of 12 consumer advice centres in Hong Kong and its consumer affairs counterparts overseas.

Problem of Road Traffic Noises

11. **MR FRED LI** (in Chinese): *Madam President, regarding the problem of road traffic noises, will the Government inform this Council:*

- (a) *of the progress made to date in exploring practicable measures to tackle the problem;*
- (b) *of the roads and road sections on which it has decided to construct noise barriers; and the estimated costs as well as the commencement and completion dates of these projects; and*

- (c) *in respect of those roads and road sections not suitable for constructing noise barriers, whether it has drawn up a timetable for consulting this Council on the specific measures to reduce the traffic noises; if so, of the details of the timetable and the specific measures?*

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

- (a) According to existing policy, when planning new roads, the government department or developer concerned must ensure that traffic noise will stay below the prescribed level. If it is envisaged that traffic noise generated will exceed the prescribed level, they must adopt all practicable direct measures such as building earth berms, erecting noise barriers or enclosures, to reduce the noise impact on neighbouring residents. Where direct measures are inadequate, they have to provide affected residents with noise reduction windows and air-conditioning.

With regard to traffic noise from existing roads, the Government is considering a comprehensive mitigation programme. We plan to consult the Legislative Council on it shortly.

- (b) We will include suggestions in this regard when we consult the Legislative Council on the comprehensive mitigation programme mentioned above.
- (c) The comprehensive mitigation programme that we are considering includes proposals to address the noise impact of existing roads and road sections which are unsuitable for the retrofitting of noise barriers.

Newly Created Posts in Government

12. **MISS CYD HO** (in Chinese): *Madam President, the Chief Executive has stated in his 2000 policy address that the Government will "create new job opportunities in areas where more social investment is required" and that about*

7 000 new jobs are expected to be available in such areas. In this connection, will the Government inform this Council of:

- (a) the numbers of posts for which recruitment exercises are to be conducted by the Government itself and through service contractors respectively;*
- (b) a breakdown, by department, rank and entry salary, of the posts for which recruitment exercises are to be conducted by the Government itself; and*
- (c) the average monthly salaries of the posts for which recruitment exercises are to be conducted through service contractors; whether it will stipulate in the relevant service contracts the remuneration and conditions of service for such posts, including their minimum salaries and maximum working hours; if not, the justifications for that?*

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

- (a) Of the 7 000 social investment related jobs to be created, it is estimated that approximately 1 400 will be subject to recruitment exercises to be conducted by government departments; 3 800 by the subvented sector; and the remaining 1 800 by the private sector.
- (b) For the posts subject to a government recruitment exercise, the information requested is as follows:

1. Home Affairs Department

The Department expects to provide approximately 900 full-time/part-time jobs. For environmental improvement projects, the jobs will be pitched at the Technical Assistant and Workmen levels at a salary in the range of \$5,000 to \$6,000 per month. For community involvement projects, Temporary Community Organizers (or the equivalent) are expected to be employed and paid \$41.50 per hour.

2. Drainage Services Department

The Department expects to create 20 full-time labourer jobs at a monthly salary in the range of \$5,000 to \$6,000.

3. Water Supplies Department

The Department expects to create 50 full-time labourer jobs at a monthly salary in the range of \$5,000 to \$6,000.

4. Department of Health

The Department expects to create approximately 270 full-time health programme assistant jobs at a salary in the range of \$6,800 to \$8,000 per month.

5. Social Welfare Department

The Department expects to create approximately 150 full-time jobs. These range from care and programme assistants to clerical assistants, welfare workers to professional social workers and clinical psychologist. Salaries for non-professional staff will range from \$5,000 to \$10,000 per month; and for professional staff from \$12,500 to \$48,000 per month.

As regards the 3 800 posts to be created in the subvented sector, approximately 2 000 will be in the Hospital Authority attracting a monthly salary of between \$6,000 to \$9,000. The jobs include personal care and support staff in hospital wards, community workers to help the discharged mental and elderly living in the community and staff to pilot a Patient Transport Service for the frail elderly. The majority of the approximately 1 800 jobs to be created in the Social Welfare Department, will be for care and programme assistants to help the disabled, the elderly and young people. Salaries are expected to range from \$5,200 to \$7,500 per month.

- (c) As regards the salaries to be paid by the private sector, this information will only become available upon completion of the recruitment process. In most instances, the remuneration to be paid to staff will be made known to the commissioning department, which will take this into account in determining the viability of the contract price and the delivery of services offered. Conditions to employment, including the standards for various employment benefits, are prescribed in the Employment Ordinance. This provides a framework under which basic employment rights and the benefits of employees are protected.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

DRUG TRAFFICKING AND ORGANIZED CRIMES (AMENDMENT) BILL 2000

DRUG DEPENDENT PERSONS TREATMENT AND REHABILITATION CENTRES (LICENSING) BILL

DANGEROUS GOODS (AMENDMENT) BILL 2000

CLERK (in Cantonese): Drug Trafficking and Organized Crimes (Amendment) Bill 2000
Drug Dependent Persons Treatment and Rehabilitation Centres (Licensing) Bill
Dangerous Goods (Amendment) Bill 2000.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

**DRUG TRAFFICKING AND ORGANIZED CRIMES (AMENDMENT)
BILL 2000**

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move that the Drug Trafficking and Organized Crimes (Amendment) Bill 2000 be read the Second time.

Over the years Hong Kong has been endeavouring to combat money laundering activities by means of legislation and administrative arrangements. In this connection, major international bodies working against money laundering have highly commended Hong Kong for the co-ordinated and continuous efforts we made to improve our anti-money laundering regime. Nevertheless, in view of the changing circumstances, the effectiveness of certain provisions in the relevant laws warrant further enhancement. The Drug Trafficking and Organized Crimes (Amendment) Bill 1999 was introduced into the Legislative Council on 15 December last year to propose amendments to the provisions concerned. However, owing to the unavailability of a Bills Committee slot, the 1999 Bill lapsed in the last Legislative Session and therefore has to be introduced anew. The content of the Bill is basically identical to the last submission insofar as the objects and proposals are concerned, with the exception of a minor alteration made with reference to the comments advanced by the Judiciary and the financial sector.

A working group comprising law enforcement agencies, financial and professional legal bodies was formed by the Government to improve the quantity and quality of suspicious transaction reporting. According to the working group, one of the major obstacles to such reporting is the small number of convicted money laundering cases, which in turn discourages people from reporting those transactions.

To improve the situation, the Bill makes a number of proposals. These include the clarification of the procedures in respect of issue of a confiscation order against an absconded person, the extension of the scope of the subject of the issue of a restraint or charging order, the introduction of penal provisions

against persons breaching a restraint or charging order, and the imposition of a requirement on persons holding any realizable property that is the subject of a restraint or charging order to provide information as to the value of the property. The Bill also proposes the addition of provisions to make it an offence for a person to deal with property if he has reasonable grounds to believe that the property which in whole or in part represents the proceeds of drug trafficking or indictable offences. In addition, the Government also proposes to apply the mental element of "has reasonable grounds to suspect" on offences related to undisclosed suspicious transactions. The Bill also proposes to increase the maximum term of imprisonment for a money laundering offence or offences such as failing to disclose suspicious transactions.

The Government has consulted the Action Committee Against Narcotics and the Legislative Council Panel on Security of the last term on the various proposals made in the Bill. Besides, the two professional legal bodies and financial regulators have also been consulted on a number of occasions. In general, they were supportive of the proposals.

Madam President, the Bill will further enhance the anti-money laundering regime in Hong Kong in keeping with the changing circumstances and to have greater deterrent effect on drug trafficking as well as other serious crimes. I hereby urge Honourable Members to support the Bill. Thank you.

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

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

DRUG DEPENDENT PERSONS TREATMENT AND REHABILITATION CENTRES (LICENSING) BILL

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move that the Drug Dependent Persons Treatment and Rehabilitation Centres (Licensing) Bill be read the Second time.

The Government adopts a multi-modality approach to drug treatment and rehabilitation services to cater for the different needs of drug dependent persons. In order to enhance the services of existing drug treatment and rehabilitation services, improve the building and fire safety facilities of voluntary treatment and rehabilitation centres and offer better protection for those undergoing rehabilitation treatment, the Government proposes to replace the obsolete Drug Addicts Treatment and Rehabilitation Ordinance with the Dependent Persons Treatment and Rehabilitation Centres (Licensing) Bill, so that voluntary residential and rehabilitation centres can be brought under a licensing system which will meet with the present needs and safeguard the interests of those undergoing treatment in these centres.

The proposed Bill was introduced to the Legislative Council of the last term on 23 February this year, but owing to the unavailability of time slot, the Bill lapsed and has to be introduced to the Legislative Council anew. The basic principles and main proposals of the Bill are identical to the last submission, with the exception of a few amendments made in the light of some latter stage comments received from non-government organizations.

According to the information provided by the Government Central Registry, as of the first half of 2000, there are still about 10 000 drug dependent persons in Hong Kong. With the improvement of the environment and services of treatment centres, we hope to further enhance the success rate of addiction treatment, thereby minimizing the community's financial commitment to drug treatment in the long run, for the benefit of more efficient utilization of the resources of the community as a whole. Moreover, many advanced countries overseas such as the United Kingdom, the United States and Australia do also have legislation on regulating the services and standards of drug treatment centres.

The proposed licensing scheme will require a person to apply to the Director of Social Welfare for a licence to operate any drug treatment and rehabilitation centre for voluntary residential care for four or more persons. The applicant has to satisfy the stipulated fit person criteria, fire services and building safety requirements, and other service conditions before a licence will be granted. The new plan will not impose unduly stringent requirement on the operations of the drug treatment centres. In fact, the drug treatment centres will continue to enjoy full autonomy in providing various forms of treatment and rehabilitation services for drug dependent persons, and these persons will be free to find treatment centres that meet their different needs.

To minimize the impact on the operation of the existing treatment and rehabilitation centres, there will be a grace period for existing centres to prepare for licensing whilst continuing with their operation. However, new centres will have to comply with the new requirements from the first day of their operation. Having regard to the different circumstances of various centres, the Administration proposes that centres subvented by the Social Welfare Department will have a grace period of four years whereas those receiving no subvention will have over four years.

Madam President, I hereby urge Members to support the Drug Dependent Persons Treatment and Rehabilitation Centres (Licensing) Bill. Thank you, Madam President.

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

The debate is now adjourned and the Bill referred to the House Committee.

DANGEROUS GOODS (AMENDMENT) BILL 2000

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move that the Dangerous Goods (Amendment) Bill 2000 be read the Second time.

The Bill seeks to improve our control of dangerous goods so as to align it with international standards and better meet the present needs of Hong Kong. Our policy is aimed at introducing more effective control of classified dangerous goods and enhancing public safety as a whole having regard for the trade's mode of operation to facilitate international trade.

The Dangerous Goods Ordinance provides for the control on land and at sea of about 400 types of dangerous goods under 10 broad categories in accordance with their inherent characteristics such as Category 1 which covers explosives, Category 3 which covers corrosive substances and Category 5 which covers flammable liquids. When the Ordinance was enacted in 1956, there were no international common standards governing matters such as the classification, labelling and packaging of dangerous goods. In the ensuing

decades, based on the system laid down by the United Nations Economic and Social Council's Committee of Experts on the Transport of Dangerous Goods, international codes have been developed and published. These codes have been revised regularly to catch up with the technological developments and requirements of global trade. Many of our major trading partners, such as the United States, the European Community and Australia, have aligned their national rules on dangerous goods with these international codes.

Although there have been minor amendments to our Dangerous Goods Ordinance since its enactment, no change in the control framework has ever been made. Furthermore, the ever-changing circumstances in Hong Kong have also called for a comprehensive review of and improvements to the control system under the Ordinance.

In 1995, a comprehensive and detailed review of the Dangerous Goods Ordinance was conducted by the Fire Services Department, the Civil Engineering Department and the Marine Department. As most of the dangerous goods in Hong Kong are imported and exported by sea, the departments unanimously agreed that the local control system should as far as possible follow the International Maritime Dangerous Goods (IMDG) Code, which was developed from the United Nations' standard system with a view to controlling the sea carriage of dangerous goods. The review also recommended that the control framework under the Ordinance be extended to cover a range of newly identified dangerous goods, with reference to the list of dangerous goods of the IMDG Code and the actual circumstances in Hong Kong. Suitable amendments were also recommended to the other arrangements under the Ordinance, including those on the exempted quantities, packaging and labelling of classified dangerous goods, and the penalty provisions.

Furthermore, with particular reference to the cyanide spillage incident on Tai Po Road in 1997, a consultancy study was commissioned by the Fire Services Department on the need to step up safety measures for the conveyance of dangerous goods by vehicles. Under the existing Ordinance, conveyance of dangerous goods of Category 1 (explosives), Category 2 (compressed gases) and Category 5 (flammable liquids) by vehicles is subject to licensing control. The consultancy study recommended the extension of the licensing regime to the conveyance of dangerous goods in all the other categories, a mandatory training programme to equip drivers with the knowledge and skills of handling dangerous goods, and the transmission of adequate information on the dangerous goods across the conveyance chain.

Following the comprehensive review of the Dangerous Goods Ordinance, we have developed a series of proposed improvements, which are summarized as follows:

- (a) The penalties for offences under the dangerous goods legislation should be strengthened to preserve the necessary deterrent effect which may have been eroded by inflation over time. Furthermore, heavier penalties should be imposed on repeat offenders;
- (b) The Director of Fire Services and the Director of Marine should be empowered to issue codes of practice to promulgate detailed guidelines and safety practices to be followed by the trade in the handling of dangerous goods;
- (c) Subject to some variations as appropriate, the coverage of controls of dangerous goods on land should be expanded from about 400 types under 10 broad "Categories" of dangerous substances to some 1 600 types under nine broad "Classes" in accordance with the IMDG scheme of classification;
- (d) The IMDG Code should be followed strictly for controlling conveyance of dangerous goods on board a vessel in the waters of Hong Kong. Nevertheless, existing controls regarding diesel oil at sea, which is not classified as dangerous goods under the IMDG Code, should be maintained;
- (e) The quantities of classified dangerous goods below which exemption from specified controls is allowed should be brought up-to-date;
- (f) The packaging, labelling and other requirements under the legislation should be revised in line with international standards;
- (g) In addition to the conveyance of dangerous goods in Categories 1, 2 and 5 (or the proposed Classes 1, 2 and 3 following the IMDG Code) by vehicles, the licensing regime should be extended to cover conveyance of all other Classes of dangerous goods. A requirement for mandatory training of the vehicle drivers should also be introduced; and

- (h) A registration system for Class 1 dangerous goods (that is, explosives and blasting agents) should be introduced in line with the control framework and legislative arrangements in our major trading partners such as the United Kingdom, Canada and Australia.

In order to implement the above proposals, we propose to amend the Dangerous Goods Ordinance and its subsidiary legislation. The Bill contains the necessary amendments to the principal Ordinance, including specific provisions for the implementation of the proposed control measures and empowering provisions on future modifications of the subsidiary legislation. I hereby commend the Bill to Members for early approval.

After completion of the legislative process, the improvement measures will be implemented by phases with a co-ordinated programme of education and publicity for the trade and the public, so that with a better understanding of the contents and requirements of the Bill, they may make proper preparation and arrangements.

We have consulted the Dangerous Goods Standing Committee on the proposals and obtained its support. A public consultation exercise was conducted in March last year and the Provisional District Boards and the trade were generally in support of the proposed amendments. Views were also sought from the Panel on Security in October last year, which indicated its understanding and support for the amendments. The Bill was introduced into the Legislative Council on 1 December 1999, but lapsed at the end of the 1999-2000 Legislative Session before the Legislative Council had time to scrutinize it. Re-introduction of the Bill is necessary.

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

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

The debate is now adjourned and the Bill referred to the House Committee.

MOTION

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Pharmacy and Poisons Ordinance.

PROPOSED RESOLUTION UNDER THE PHARMACY AND POISONS ORDINANCE

SECRETARY FOR HEALTH AND WELFARE: Madam President, I move that the Poisons List (Amendment) (No. 4) Regulation 2000 and the Pharmacy and Poisons (Amendment) (No. 4) Regulation 2000 as set out under my name in the paper circularized to Members be approved.

Currently, we regulate the sale and supply of pharmaceutical products through a registration and inspection system set up in accordance with the Pharmacy and Poisons Ordinance. The Ordinance maintains a Poisons List under the Poisons List Regulations and several Schedules under the Pharmacy and Poisons Regulations. Pharmaceutical products put on different parts of the Poisons List and different Schedules are subject to different levels of control in regard to the conditions of sale and keeping of records.

For the protection of public health, some pharmaceutical products can only be sold in pharmacies under the supervision of registered pharmacists and in their presence. For certain pharmaceutical products, proper records of the particulars of the sale must be kept, including the date of sale, the name and address of the purchaser, the name and quantity of the medicine and the purpose for which it is required. The sale of some pharmaceutical products must be authorized by prescription from a registered medical practitioner, a registered dentist or a registered veterinary surgeon.

The Amendment Regulations now tabled before Members seek to amend the Poisons List in the Poisons List Regulations and the Schedules to the Pharmacy and Poisons Regulations, for the purpose of imposing control on a number of new medicines.

The Pharmacy and Poisons Board proposes to add six new medicines to Part I of the Poisons List, and the First and Third Schedules to the Pharmacy and Poisons Regulations so that pharmaceutical products containing any of them must

be sold in pharmacies under the supervision of registered pharmacists and in their presence, with the support of prescriptions.

The two Amendment Regulations are made by the Pharmacy and Poisons Board, which is a statutory authority established under section 3 of the Ordinance to regulate the registration and control of pharmaceutical products. The Board comprises members engaged in the pharmacy, medical and academic professions. The Board considers the proposed amendments necessary in view of the potency, toxicity and potential side effects of the medicines concerned.

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

The Secretary for Health and Welfare moved the following motion:

"That the following Regulations, made by the Pharmacy and Poisons Board on 4 October 2000, be approved —

- (a) the Pharmacy and Poisons (Amendment) (No. 4) Regulation 2000;
and
- (b) the Poisons List (Amendment) (No. 4) Regulation 2000."

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

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Health and Welfare be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority of the Members present. I declare the motion passed.

MEMBERS' MOTION

RESUMPTION OF DEBATE ON THE "MOTION OF THANKS"

Continuation of debate on motion which was moved on 25 October 2000

PRESIDENT (in Cantonese): We shall continue our debate on the Motion of Thanks.

PRESIDENT (in Cantonese): Mrs Selina CHOW, you can speak on Mr LEE Cheuk-yan's amendment.

MRS SELINA CHOW: Madam President, I think we all know that the Motion of Thanks is based on a convention and practice from the British Parliament where the Motion of Thanks is moved to thank the Queen for her address, after she has, as a constitutional monarch, delivered her yearly speech on behalf of the government of the day.

Of course, the Hong Kong situation is quite different, particularly now that we do not have a Governor representing the Queen. Members have, in fact, raised in the past, of conducting the debate in somewhat a different way. That is something which is quite important for us to consider as it is after all a change in convention. It needs deliberation, and it needs debate. Thus, I think that the Committee on Rules of Procedure should attend to that. We were about attend to that last year but we did not have enough time. Maybe the new Chairman of the Committee on Rules of Procedure would take that on quite soon. In taking that on, the Committee would probably need to tackle whether this debate ought to remain a neutral one during which each and every one of our

Members can, in fact, express his or her views freely. Once you have a judgment or a choice as to how to steer the motion either in support of the Government or against the Government, you might not be able to accommodate all the views which are, perhaps, not necessarily on the same side, so to speak.

Now I would like to speak on Mr LEE's amendment which I cannot support. As I do not believe that it contains some of the key emphases. Of course, the key emphases in my opinion may not be the key emphases in Mr LEE's opinion. I think that is mainly the problem of having such amendments to the Motion of Thanks. Because each one of us may have different emphases which, we feel, ought to be highlighted in the policy address. However, if we want to include that in the motion, it would actually give the impression that this House is sharing the same view that certain emphases ought to be highlighted and not others. I do not believe that it is a consensus which can easily be reached. For example, many of us would consider that the Government has a more important task of facilitating the recovery of the economy, which would have the effect of narrowing the gap between the rich and the poor and eradicating poverty. As you all know, that is, in fact, included in Mr LEE's amendment as measures that the Government should take. I really do not believe that the Government can necessarily take those measures. But in helping to facilitate the recovery of the economy, those would become the natural effect.

As regards the constitutional system, some of us would perhaps rate the reform in political accountability of the executive and the improvement of the relationship between the executive and the legislature as a higher priority than reform in the election system for the legislature. Of course, Mr LEE obviously does not quite agree with that. But that is to indicate the point that we might have very, very different views.

For those reasons that I have stated, I certainly do not agree with what Mr LEE has included in his amendment. Therefore, I oppose the amendment and I appeal to Members to support my original motion.

Thank you, Madam President.

FINANCIAL SECRETARY (in Cantonese): Madam President, I would like to thank Honourable Members for making so many valuable suggestions during the two-day debate on the policy address last week.

In his policy address this year, the Chief Executive proposes a series of measures to ride out the storm. His strategy aims at a permanent cure. Hence, he allocates huge amounts of resources for higher education, enhancing the competitiveness of individuals in a knowledge-based society, allowing every student, irrespective of his family background, to have equal opportunities of advancement in society and improve his or her quality of life.

In the debate last week, many Members made a lot of proposals on using financial means to achieve short-term relief for the needy. My colleagues and I will study them carefully as we draft the Budget for 2001-02. I believe Members are aware that last Friday I started to consult Members in separate groups for their ideas on the revenue part of next year's Budget. The consultation process will continue well into the middle of November. I will consider carefully the ideas collected by me during the consultation process.

Some Members pointed out we must have a matching tax system if Hong Kong is to continue to prosper in the new millennium under the "new economy", for such a tax system will enhance Hong Kong's competitiveness. I fully agree with this view. The Government of the Special Administrative Region (SAR) endeavours to maintain a low, simple and predictable tax regime. This is an important policy that serves to maintain Hong Kong's competitiveness and the confidence of international investors. Article 108 of the Basic Law stipulates that the Hong Kong SAR must, taking the low tax policy as reference, enact laws concerning, *inter alia*, matters of taxation. The SAR Government will strive to maintain this edge.

Moreover, opposition was expressed by Members to sales tax. My views are no different from that of these Members. Given the choice, I would certainly not impose any new tax items, including sales tax. However, I need to point out that a tax regime that can maintain Hong Kong's competitiveness must, in addition to observing the principle of being low, simple and predictable, guarantee that the Government has stable and adequate revenue, in particular recurrent revenue, so that expenditure on public services can be met and fiscal balance achieved. This is stipulated in the Basic Law.

Since the public accounts show that we have been operating in the red since 1998-99, that is, recurrent expenditure exceeded recurrent revenue, our sound financial foundation would be undermined if this were to continue. As a responsible government, we can ill-afford to ignore this or to squander bit by bit the people's wealth hard-earned through all these years.

An internal task force led by the Secretary for the Treasury is now studying whether the operating deficit reflects a structural problem. We have also set up an Advisory Committee on New Broad-based Taxes comprising tax experts, academics, economists, representatives from the business sector and other non-government persons to study what effective and practicable new taxes are suitable for Hong Kong. When there is a need — I must stress when we do have the need — the Committee will make proposals to broaden the revenue base to ensure that we have a stable recurrent revenue in the long run.

In the middle of next year, the Committee will launch a comprehensive consultation exercise. People across a wide spectrum of the community, including Members of the Legislative Council, will be consulted. Honourable Members may then comment on the proposals of the Committee. The Committee and the task force will complete their study by the end of next year and each will submit a report to me. I will study their proposals carefully and make a decision only after I have considered the comments from the public.

Members requested that the Government should delay restoring the concessionary duty on ultra low sulphur diesel (ULSD) from the present \$1.11 per litre to \$2 per litre. It was also demanded that we review the mechanism on fuel tax to reduce the retail price of fuel in Hong Kong. I very much understand the concern expressed by the transportation industry over a rise in the price of crude oil in the international market, as it may push up the price of local fuel. In fact, the Government is equally concerned over this development. We have been monitoring closely the effect of the price of crude oil in the international market on the retail price of local fuel to enable us to find suitable measures to cope with the situation.

It should be noted that the existing duty levied on ULSD by the Government is, in terms of the total amount or a percentage of the retail price (17.5% now), is far below that in other regions which are comparable to Hong Kong by economic standards. Such regions include the United Kingdom, Belgium, Japan, France, Holland and Germany. In these countries, the duty amounts to almost 40% to 70% of the retail price. Even if the duty on ULSD is

restored to \$2 per litre on 1 January 2001, our rate is still lower than that in these countries. In addition, to encourage the switch to the use of liquefied petroleum gas (LPG) by vehicles, we have exempted the duty on auto-LPG. Such concessions have caused a loss of recurrent revenue in the order of up to a hundred million dollars. Unfortunately, Members who requested the Government to further reduce fuel tax have not made proposals for recurrent revenue to make up for the loss in revenue.

Some Members also asked that the Government to refrain from increasing fees and charges relating to people's livelihood and the businesses in general. This has made me feel somewhat upset. As I said, we were facing operating deficits but many of the fees and charges have not been revised since 1998. Over the years, the lack of adjustment has led to heavy subsidization. This Council has strongly and repeatedly urged the Government to abandon the "user pays" principle and the discipline laid down in the Basic Law. If this continues, our financial foundation would be further challenged. Furthermore, since the second quarter of 1999, we have recorded positive growth in our Gross Domestic Product for five quarters in a row. We forecast that the annual growth for this year would reach 8.5%. Hong Kong has achieved a stable economic recovery. Therefore, both the Government and Honourable Members should re-establish the "user pays" principle and gradually resume adjustment of government fees and charges. The Secretary for the Treasury will shortly put forward detailed proposals on how this goal can be achieved. The Secretary will discuss with Members about this and hopes to reach a consensus on the issue.

Faced with requests from some Members for increased welfare expenditure, tax reliefs, extension of the freeze on government fees and charges or other preferential treatments, I often had the dream of acceding to these requests, ignoring all principles, or pleasing everybody before I retire. Then everybody will rejoice in harmony. What a happy ending that would be! But the reality dictates that I, as a responsible government official, must not forget the costly price to pay for these superficially perfect scenes, especially when the cost will ultimately be borne by the people of Hong Kong in the long term.

Next, I would like to respond to the concern of some Members over reforms in the financial market. I thank them for their comments. We did learn from the Asian financial turmoil and took the opportunity to carry out reforms in the financial sector. Our risk management abilities have improved and the defensive power of our financial system has been strengthened. Hong Kong's position as an international financial centre has been reinforced as well.

In fact, with globalization of the financial market of increased complexity, and with the fast development in information technology, new financial products have emerged, links between various facets of the market have become closer and market boundaries blurred. There is therefore a need for us to further strengthen the co-ordinating mechanism among financial regulators so that we can ensure that our regulatory regime will neither leave inter-market loopholes nor cause unnecessary overlaps.

For the above reasons, I set up a Council of Financial Regulators at the end of last month and convened its first meeting. The Council consists of regulators such as the Financial Services Bureau, the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC), the Mandatory Provident Fund Schemes Authority and the Office of the Commissioner of Insurance. This new Council will be meeting quarterly to discuss the inter-market regulatory framework and policy matters. It will also study developments in the international financial system for our own reference.

Other than this newly-established Council, the merged Hong Kong Exchanges and Clearing Limited set up a Risk Management Committee in May this year to take charge of front-line risk management in the securities and futures markets. In addition, the Financial Stability Committee, chaired by the Secretary for Financial Services, will hold regular meetings with the Chairman of the SFC and the Chief Executive of the HKMA to regulate the operation of the local securities and monetary markets. They will discuss and follow up matters concerning inter-market risk management. Indeed, all regulators maintain proper channels for co-operation and communication in their daily operations.

The next step in reforms in the financial sector is to implement the various proposals in the Securities and Futures Bill. The Financial Services Bureau and the SFC have been conducting extensive consultations and listening to comments from various sectors. The Bill will help boost the status of Hong Kong as an international financial centre, enhance protection for investors and increase the transparency of the operation and regulation of the market. The Bill will be tabled before the Legislative Council in a few weeks. I hope Members will support the early passage of the Bill.

I heartily thank Dr the Honourable David LI for raising the issue about the future role of the HKMA. The Chief Executive said in the policy address that we should examine how the accountability of principal officials for their respective policy portfolios can be enhanced. This proposal will increase the accountability of the Government. My colleagues and I will study how the future new system will affect the statutory regulators in Hong Kong. We must ensure that such regulators can continue to maintain the financial order of Hong Kong in a professional, neutral and balanced manner to achieve stability in the financial system of Hong Kong.

Thank you, Madam President.

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, in last week's motion debate, Members gave many invaluable views on the Government's policy to support small and medium enterprises (SMEs) and the development of trade between Hong Kong and the Mainland. I am very grateful for these suggestions and wish to make some responses now.

The Government fully appreciates Members' concern about the financing difficulties of SMEs and has adopted various measures to improve the financing situation of SMEs.

As far as banks are concerned, the Hong Kong Monetary Authority (HKMA) has sought over the past year to encourage banks to consider the operation of SMEs and adopt more flexible lending policies in vetting and approving loan applications by these enterprises. After in-depth discussions with the industry, the HKMA consulted the public on the establishment of a Commercial Credit Reference Agency (CCRA) in July this year. We believe that the establishment of the CCRA will help financial institutions to assess the risk of lending, and will thus improve the financing situation of SMEs.

I was very pleased to hear Dr David LI say in his speech that the Financial Constituency generally agreed that with an effective credit reference agency in place, financial institutions would be more willing to consider the loan applications of SMEs on the basis of their credit worthiness, cash flow and business plans. This shows that to a certain extent, the establishment of the CCRA will reduce banks' reliance on collateral. This could help to change the "bricks and mortar lending culture" mentioned by Members. The relevant

consultation period is now over. Since the proposal is widely supported by the banking and business sector, the HKMA will set up an interdepartmental working group to study the technical details with the relevant members of the industry, in order to ensure that the scheme is comprehensive and effective.

In terms of the overall financing environment, it is worth mentioning that in a survey undertaken by the HKMA in March this year, more banks indicated that they would more actively develop their business of lending to SMEs. Some banks have even set up divisions responsible for lending to SMEs. Lending institutions specially serving SMEs have also appeared in the market. This shows that the financing channels of SMEs are increasing all the time.

Moreover, the Government will continue to keep in touch with the banking sector and co-operate with the various institutions and business associations supporting SMEs. Through different means such as talks, consultancy services and on-line information, we will help banks to better understand the credit needs of SMEs on the one hand, and assist SMEs to enhance their financial management on the other so as to facilitate their raising of loans.

As far as the SMEs are concerned, according to a survey conducted by the Hong Kong Productivity Council in September this year, SMEs in Hong Kong continued to be optimistic about the business environment over the following three months (from October to December). They also expected that their financial pressure would ease in the next quarter by 11% over the percentage of last quarter. The main reason is that SMEs expect that interest rates will not rise by a large margin and that business will pick up along with economic growth.

Various signs show that while financing is still the main problem faced by the enterprises, the overall situation is gradually improving.

Still, the Government of the Special Administrative Region (SAR) will not make light of the problem of financing of SMEs. We will continue to actively support the development of SMEs through various channels.

For instance, the Government will continue to actively encourage the business sector, especially SMEs, to develop their business through e-commerce. We will work closely with organizations such as the Hong Kong Trade Development Council, the Hong Kong Productivity Council and the Hong Kong

Information Technology Federation Limited to help more SMEs understand the efficiency of e-commerce, as well as helping them participate actively in e-commerce in order to enhance their competitiveness, through exhibitions, symposiums, advertising and hotline services.

The Government will also work closely with the Small and Medium Enterprises Committee in its new term of office to formulate the relevant specific support measures under the themes of "helping to start a new business", "helping to build a new business" and "helping to expand a business". The Committee will examine carefully the invaluable views given by Members and different sectors of society.

I will now turn to the trade links between Hong Kong and the Mainland. The SAR Government understands that Hong Kong businessmen often encounter different problems with their investments in the Mainland. Due to the principle of "one country, two systems", it would be inappropriate of the SAR Government to intervene into the commercial or legal disputes of individual businessmen. However, we are now taking the initiative to reflect to the relevant mainland authorities through different channels the general problems encountered by Hong Kong businessmen in the Mainland. The Mainland-Hong Kong Special Administrative Region Joint Commission on Commerce and Trade set up last year is a very good example.

In addition, through collecting and disseminating information on mainland trade policies and the relevant regulations, we seek to help the business sector to grasp the trade situation in the Mainland. For instance, the Trade and Industry Department's Commercial Information Circular and the Hong Kong Trade Development Council's "Business Alert - China" available to business organizations regularly for free contain the latest regulations and market information on the Mainland. We will study how to strengthen the relevant information service to help the business sector grasp business opportunities on the Mainland.

In future, the SAR Government will continue to provide support to Hong Kong businessmen doing business in the Mainland and help them to improve their business environment in the Mainland through various means. We welcome views from Members and the business sector to help us improve our services. We will also examine if there is a need to set up offices in the Mainland to provide assistance to Hong Kong businessmen.

Our country will soon join the World Trade Organization. This will bring both opportunities and competition. The SAR Government appreciates the mixed feelings of the business sector very well. We will enhance our communication with the relevant mainland authorities through various channels to continue to promote the economic co-operation between both regions. At the same time, we will also take a greater initiative to communicate with the local business sector to actively find out how local enterprises can be helped in grasping opportunities and meeting challenges more effectively. As mentioned by many Members, SMEs are particularly concerned about the question of competition in the future. That is why we will actively examine and discuss these issues with the soon to be set up new term Small and Medium Enterprises Committee to come up with sound strategies.

Thank you, Madam President.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, this year, many Members have spoken on the initiatives relating to education and manpower training announced in the policy address. I would like to respond to comments on education before I proceed to speak on issues concerning manpower training.

First, I would like to thank Members for their support of the direction and specific initiatives of the education reform. The pace of the reform and the prioritization of resources will have to depend on the actual circumstances in the community and the readiness of supporting condition. Education is about people influencing people. If we do not change the ways people think, the ways that schools operate, and the ways teachers teach, then even if we put in more resources to improve school premises and to reduce class size, the actual benefits these could bring about would be limited. The departure of whole-day schooling from the established objective is a good example in hand.

The Government has been investing heavily in education. Total spending on education now represents 4.25% of our Gross Domestic Product. Although it falls short of the best, it is much better than the worst. The point is how available resources could be best used to focus on the priority items and the students in greatest need for help. Only by so doing can we enhance the effectiveness of teaching.

Experiences from the nine-year compulsory and universal education prove that full government funding cannot ensure the quality of education. Nor would it facilitate the development of a diversified education system, or cater for the different needs of individual students. Therefore, at this stage, the Government does not intend to fully subsidize early childhood education, but it will ensure that no one will be deprived of early childhood education for lack of financial means.

As regards early childhood education, the Government has, for many years, been providing financial support to non-profit-making kindergartens through rent reimbursement, government rent and rates reimbursement, as well as provision of subsidy. We also provide assistance to pupils from low-income families in the form of fee remission, benefitting nearly 40% (that is, more than 65 000) of the pupils last school year. Starting from this school year, we will further relax the household income criteria under the Kindergarten Fee Remission Scheme so that more pupils can be benefitted. At present, the Government's annual expenditure on subsidy to kindergartens, kindergarten fee remission, and kindergarten teacher training amounts to about \$900 million.

To enhance the quality of kindergarten teachers, the Government will be spending an additional \$600 million in training over the next five years. In addition, the Education Department (ED) and the Social Welfare Department (SWD) are currently examining further harmonization of kindergartens and child care centres, including their regulatory frameworks and modes of subsidy. The review is expected to be completed by the middle of next year. We have earmarked a recurrent allocation of \$100 million to implement the improvement measures and additional subsidy on early childhood education arriving from the review. All the above amply demonstrate clearly the Government's commitment to the provision of quality early childhood education.

Indeed, to enhance the quality of early childhood education, a multi-pronged approach must be adopted. In the past year, the ED has already done a lot in this respect, including setting performance indicators to help kindergartens carry out self-evaluation, increasing the ratio of trained teachers so as to improve the teaching quality, and publishing the profile of kindergartens to increase the transparency of school operation. Looking ahead, we will not only strengthen the pre-service and in-service training for teachers and improve the teachers to pupils ratio, but will also step up parent education and co-operation between parents and schools.

In respect of basic education, recently, there is much voice in the community urging the Government to reduce the class size as soon as possible. Some Members also share this view. Indeed, this subject has been debated for quite a period of time. Three years ago, after extensive discussions in the education sector, the Government decided to implement whole-day primary schooling first. The target is to have full implementation in the 2007-08 school year. To achieve this, however, we have to temporarily suspend reduction of class size.

Some Members suggested reducing the class size to 25 pupils. According to our rough estimation, this will need 300 additional primary and secondary schools and nearly 20 000 more teaching posts. Land supply in Hong Kong is so limited that it is impossible for us to meet concurrently the needs of providing school premises for whole-day schooling and reduction of class size. Besides, it is doubtful whether there will be enough people who have both "the heart and the ability" to join the teaching profession and fill these posts. Instead of trying to do the impossible, should we not be realistic and try to explore other more practical and feasible methods to improve the quality of teaching?

A recent international research conducted by the London School of Economics and Political Sciences indicates that teachers' quality has more to do with the effectiveness of learning than smaller class size. In fact, the current average class size in primary schools is 34.5 pupils. For some secondary schools which take in band 5 students, each class has about 30 students. Under the discretionary admission system, the class size in the more "popular" primary and secondary schools exceeds 40 pupils, even up to 45 pupils. However, their effectiveness of teaching is by no means poorer than schools having a smaller class size.

At present, Hong Kong's teacher to student ratios are 1:22 for primary schools and 1:19 for secondary schools. In this respect, we do not compare unfavourably with our neighbouring countries such as Singapore and South Korea. In recent years, the Government has been making sustained efforts to provide additional resources for schools and to increase the flexibility in the use of such resources for the purpose of relieving the burden on teachers. I sincerely hope that practical steps will be taken by schools to review their management models, work procedures, curriculum arrangements and distribution of work. Creative and innovative ideas should be developed to

reduce the workload of teachers and to provide more room for students. For example, schools should do away with useless home assignments, reduce the frequency of dictations and examinations, encourage students to do more reading and learn by themselves, re-schedule the teaching timetable flexibly, adjust the number of students to meet the needs of different teaching and learning activities, and bring in community and parental resources to support school education. The ED will provide schools with in-school support to assist them in process review and curriculum integration. With the Quality Education Fund, schools will also be assisted in terms of resources.

The Chief Executive announced the target of raising the age participation rate in tertiary education to 60% in 10 years' time. A number of Members of this Council have expressed concerns about the feasibility of this long-term target and the question of quality assurance. This is, of course, understandable. Nevertheless, with the advent of the knowledge-based economy and to meet the future local manpower demand, it is essential for us to set a clear target. At present, in many of our competing economies, more than 60% of senior secondary school graduates pursue tertiary education. Hence, to set 60% as a 10-year target is by no means over-ambitious. It is, in fact, a planning guideline that will take account of the actual situation. I would like to share with Members an inscription I saw on the wall of a church in a foreign country which reads:

"Visions without missions are only fantasies;
Missions without visions are but boring labour;
Visions plus missions are the true hope of this world."

In his policy address, the Chief Executive has outlined the long-term vision for our tertiary education. Now it is for us to mobilize the whole community and join our efforts to work towards our goals. Whether the goals can be fulfilled relies on the co-operation and endeavour of all.

Some Members doubted whether a sufficient number of post-secondary education places could be provided on a self-financing basis. At present, the number of post-secondary places available falls short of demand. In fact, in the past one or two years, a number of institutions have offered over 2 000 new post-secondary places without any government support. In view of the favourable response, these institutions intend to increase their intake capacity in the coming year. I am sure that with the Government's active encouragement,

coupled with various items of assistance, more education service providers will be offering a diverse range of post-secondary courses.

We have now started to make contact with and encourage some experienced and capable organizations to build on their present strength and offer more tertiary education courses. Their initial response is very positive. As various industry sectors have different manpower development needs, we hope that those sectors which are facing manpower shortage or are in need of skills upgrading, such as the information technology and financial services sectors, will pool their efforts within the sector or collaborate with an appropriate education institution to run trade-specific diploma or sub-degree courses. In addition, overseas tertiary institutions or community colleges are also welcome to run courses or establish branches in Hong Kong.

The Government will provide loans for non-profit-making educational bodies and tertiary institutions which need start-up funding to offer post-secondary programmes. Where necessary, the Government will also consider providing land for them to build new premises. Students will also have access to various levels of subsidy in the form of grants, low-interest loans and non-means tested loans. We will ensure that no one will be deprived of the opportunity to receive tertiary education for lack of financial means.

In a knowledge-based economy, our tertiary education system needs to be flexible and responsive to market changes. The curricula and programmes must be adjusted according to the manpower demands of the community and to ensure the employability of our graduates. Public sector institutions may be less responsive to market changes and hence fail to meet the requirements of the new era. At present, a number of tertiary institutions are offering extramural courses on a self-financing basis, and many non-publicly-funded post-secondary institutions are also operating very successfully.

As regards quality assurance, I must stress again that we will never "give up quality for quantity" in achieving our targets. We will hold active discussion with the Hong Kong Council for Academic Accreditation, the Federation for Continuing Education in Tertiary Institutions, professional bodies and experts in the education sector to work out an appropriate academic accreditation and quality assurance mechanism, including setting stringent graduation requirement. We will also invite the Education Commission and the University Grants Committee (UGC) to study the feasibility of developing a transferrable credit

unit system for post-secondary and university programmes, and to examine the impact of such a system on the mode of funding for universities. We expect that at the initial stage of implementing this new policy, most of the additional post-secondary places will be provided by a number of UGC-funded institutions on a self-financing basis. These are self-accrediting institutions which have well-established mechanisms for assurance. Furthermore, I expect that market forces, students' choices and employers' recognition will all contribute to ensuring the quality of these programmes.

As far as students' quality is concerned, there is a view that we do not have enough secondary school leavers who are capable of pursuing tertiary education. In reality, the actual problem is that our existing rigid education system does not allow ample room for our students to develop according to their own aptitudes and strengths. Some secondary school graduates may not be able to get good grades in public examinations, but they do possess other qualities. We must provide them with appropriate learning opportunities for them to develop their potentials to the full. We must treasure Hong Kong's precious human resources and nurture talents with a view to laying a solid foundation for Hong Kong's long-term developments.

Next, I would like to turn to employment and training. Many Members proposed to solve the problem of unemployment by deploying public funds to directly or indirectly subsidize employment. However, as I have said during the motion debate on marginal workers on 18 October, employment opportunities should be created on the basis of economic growth. In turn, to maintain Hong Kong's competitiveness in the globalized economy, economic growth must be driven by productivity. If we insist on maintaining work processes that are of low efficiency and low technology for the purpose of creating jobs, it will only push up operating cost and product prices, adversely affect internal investment or consumption and undermine our external competitiveness. Similarly, by artificially retaining mismanaged or inefficient business just for the sake of reducing unemployment, we will jeopardize our long-term overall economic development. Job opportunities created solely on the Government's support will not last and will become a heavy drain on the public coffers.

It is our belief that only by adopting a forward-looking manpower policy which integrates education and training can we solve Hong Kong's employment problem effectively and permanently. Without compromising the principle of a

market economy, we will do our best to create jobs in areas where more social investment is genuinely required. The Chief Executive has announced that the Government will create about 7 000 new jobs, some of which are permanent ones through the provision of hospital services and services for the elderly and the disabled in the coming year. This will help ease the unemployment situation. About 8 000 new jobs will also be created by the Government through normal growth in the provision of services next year. In addition, with the launching of various planned infrastructure projects and public works programmes, it is estimated that more than 50 000 new jobs will also be made available in the labour market in the coming year. A total of about 65 000 new jobs will be created.

Many Members expressed their concerns about the cost-effectiveness of programmes operated by the Employees Retraining Board (ERB) and whether these programmes can offer long-term solution to unemployment. Indeed, retraining is not a panacea for all ills nor "Po Chai Pills". Whether it can work would have to depend on the employees' ability and attitude, and the support of the employers. However, if we do not provide opportunities for retraining, the problem of unemployment will undoubtedly deteriorate further. In the past two years, the ERB has made much effort to improve the quality of its programmes, to enhance their recognition, to follow closely market development and to run courses that are geared to market needs. Standardized evaluation and quality assurance mechanisms will also be introduced step by step. Moreover, the ERB is committed to improving the cost-effectiveness of its courses, for example, introducing unit-cost standards for courses. Meanwhile, using the current indicator of 70% employment rate as a basis of effectiveness, the ERB will conduct retention surveys for all its "tailor-made" programmes and sample retention surveys for its full-time courses. The efforts of members and staff of the ERB are worth acknowledging by the community.

In a knowledge-based economy, low education and low skills are the main hurdles to employment. With economic restructuring, some employees of the most affected industries may have to change to other growing industries. Those who manage to remain in their jobs will also need to adapt to a new mode of work and to learn new technology. For this, we have earmarked \$400 million for the provision of focused training to employed and unemployed people possessing secondary school levels or below education, to upgrade their skills so as to adapt to the needs of the industries concerned.

On overall manpower planning, we have just completed an assessment of local manpower balance in the next five years and will report to the Legislative Council Panel on Manpower later this month. We will update the projection regularly which will be used as an important reference in our formulation of employment and retraining strategies. We will also conduct special surveys on manpower balance for individual industries. Surveys on the information technology sector, the financial services industry and the travel and tourism industry have been completed recently. In developing trade-specific manpower training measures, we attach great importance to industry participation. For example, the Government has set up task forces with the information technology sector and the financial services sector respectively to consider ways to strengthen the training and supply of local manpower. These task forces comprise representatives from the Government, the industry and training bodies. Similar surveys and tripartite co-operation can be promoted in other industries. We will also carefully and actively consider importing from the Mainland and overseas more talents of which there is a shortage in Hong Kong so as to support our economic development, especially the development of the local information technology and financial services.

In closing, may I take this opportunity to thank Members for their valuable comments and well-intentioned criticisms on the policy address. I look forward to working with you in the year ahead in enhancing the quality of Hong Kong's manpower resources and implementing all the initiatives on education and manpower set out in the policy address. Thank you.

SECRETARY FOR HEALTH AND WELFARE (in Cantonese): Madam President, Honourable Members, one of the main themes in the policy address and one which stimulated considerable debate amongst Honourable Members was the subject of poverty. I am most grateful to Members for the insightful comments and suggestions that they made in the course of the debate. Honourable Members raised a number of specific points to which I would like to respond. But before doing so, I should like to make some general remarks about the question of poverty. No one can contend that poverty is a simple issue with straight-forward solutions. It is an exceedingly complex and multi-dimensional subject which presents enormous and profound challenges to governments all over the world.

A number of Honourable Members have continued to call on the Government to establish a poverty line. We have examined the issue and would like to share with Members the following insights. To begin with, no universally agreed definition of poverty exists. It can include: first, unacceptable deprivation; second, low monetary income and consumption; third, lack of basic needs; fourth, low human development in terms of education, health and nutrition; and fifth, risk and vulnerability, voicelessness and powerlessness, and so on. The first three definitions focus more on material and financial resources, whereas the latter two are much broader and incorporate the more fundamental issues which need to be addressed in dealing with poverty.

In applying the narrower definition of poverty which relates only to monetary income and conception, three approaches are generally adopted to define poverty: first, abject poverty with its focus on minimum subsistence. The World Bank sets this at US\$1 to US\$2 a day per person; second, relative poverty which concentrates more on equitable distribution of income. One example is the percentage of the population below half of the median per capita household income. But this implies that even in the wealthiest of countries, there will always be a sector of the population in this category; and third, budget standards which are based on a list of the goods and services required to meet basic subsistence levels.

In Hong Kong, we have adopted the budget standards approach in our Comprehensive Social Security Assistance (CSSA) to determine the financial resources required by members of the community to meet basic needs.

There are many definitions of poverty, and causes of poverty are also complex and interrelated. In fact, the broader definitions of poverty encapsulate not only the many causes of inadequacy of financial resources, such as ill-health, disability, illiteracy and unemployment, but also the inability and lack of opportunities for economic and social participation. The definition of poverty that each society adopts is based on the norms and values of that society and is often subject to a number of variables including time, place and prevailing social conditions. But in general, the common goal is to provide assistance for the disadvantaged in society. Therefore, we have not used a simple single income line to define poverty, and we will not do so in future either. Instead, we have only defined the disadvantaged members of society to whom we should render greater support and assistance. The Chief Executive has also espoused in his policy address our social policies and our commitments to enable socially

disadvantaged groups to have the opportunities for economic and social participation. In addition, we have drawn up income and asset criteria based on basic needs to determine eligibility for social security assistance.

The Chief Executive highlighted not only long- and short-term measures in his policy address, but also measures which cover a wide range of areas with specific targets. In the final analysis, policies and programmes which encourage human development and sustained and healthy growth in the economy provide the best environment for people to leave the poverty net. Sustained economic growth is pivotal to reducing poverty in a community. Our economic recovery has not only created jobs, but has also increased opportunities for individuals to achieve upward social mobility. Integrated with the economic policies are our social policies which ensure that members of the community have the qualifications, knowledge and skills to meet the needs of the new economy and benefit from it.

For many years, Hong Kong has been renowned as a city of opportunity. What we must do is to ensure that all members of our community, especially the socially disadvantaged, can grasp the opportunities arising from the longer-term and broader strategies. In his policy address, the Chief Executive said that the financial plight of low-income families had aroused considerable public concern. Moreover, early action was required to assist those in genuine need to alleviate the situation since it would inevitably take some time for the full impact of our economic recovery to be experienced by all in the community. In this connection, the Government must carry out programmes of a shorter term to cater for the needs.

Whilst we have no intention to move away from our strict adherence to a market-based economy, we must not overlook the need for continuous social investment. This is especially needed for those who are unable to benefit from the improving economy in the short term. But fundamentally, it should be remembered that economic growth funds this social investment, which will ultimately benefit society as a whole. This approach is most suitable for a society such as ours which believes in self-reliance and self-improvement. This must continue lest people lose the ability or drive to survive on their own. In that case, as overseas experience has shown, they can be trapped in permanent poverty.

At the micro-economic level, the Government's programme of job creation specifically aims to provide employment for the vulnerable groups. This will be complemented by training and re-training opportunities so as to ensure that they have the necessary skills and minimize the mismatch between the supply of labour and the requirements of the economy. We will also be expanding and extending our social services networks and outreach services to provide targeted services and support to the socially vulnerable, thereby enabling them to make continuous self-improvement and giving them opportunities for economic and social participation.

As regards job creation, Honourable Members will recall the Chief Executive's pledge to create an additional 15 000 jobs over the next two years, excluding infrastructural-related jobs and jobs created in the market by the thriving economy. 7 000 of these jobs will be created in areas where more social investment is required, including health campaign work, support services in hospitals, enhanced services for women, new arrivals, single-parent families, the elderly and the disabled, urban cleansing and greening, and district improvement work. We believe that this package of measures, which includes the new training initiatives, will have the following benefits:

First, the jobs to be created will provide opportunities for participation, accelerate the pace of job placement and enable in-service workers to gain experience which will be helpful to individuals in sustaining their employment;

Second, the various employment-related support services will enable the socially disadvantaged to re-enter the job market and adapt to new roles;

Third, the quality of life for many socially disadvantaged groups will be improved since social service provision, particularly in the health and welfare aspect, will be enhanced. Greater emphasis will be placed on outreaching to those who, for one reason or another, do not come forward to receive the assistance they require; and

Fourth, the community can better optimize its human resources potential and build up its social capital.

However, there will always be some in our community who require more direct assistance and in some cases, for a longer period of time. The CSSA

scheme is our basic safety net for those who lack financial means. In addition, our extensive housing, health care, rehabilitation, social welfare and education programmes also provide "social wages" to the economically disadvantaged members of society.

As part of the package of measures to provide assistance to low-income families, the Chief Executive has proposed to complete the review of the Old Age Allowance (OAA) within the next 12 months. The objective is to see how we can further improve the livelihood of a group of elders who, because of their meagre savings and lack of family support, have to depend largely on the OAA for a living.

In the past few weeks, there has been considerable public discussion on the OAA. Irrespective of the original policy intent, the community tended to regard the OAA as a token of paying respect to the elder members of the community. Views were expressed on the need for means testing and concerns also voiced on possible cutbacks on the amount payable under the OAA.

As a first step of our review, we have researched into the origin and history of the OAA. In 1973, the then Hong Kong Government commenced payment of the OAA to elderly aged 75 or above. As we understand that many elderly people reaching this age will have special care needs, the OAA payment is to encourage families to continue to shoulder the care responsibility. For this reason, the OAA was not payable then to elderly living in elderly homes. When the OAA was first introduced, it was paid to only 35 000 elderly people at a rate of \$60 a month. The total expenditure was only \$25.2 million in 1973-74. In 1979, we lowered the age limit to 70, and in 1991 we further lowered it to 65. However, for applicants aged between 65 and 69, they are required to make a means declaration. In 1999-2000, about 446 000 or close to 60% of persons over the age of 65 were drawing the allowance and total public expenditure amounted to \$ 3.46 billion.

Over the last three decades, Hong Kong has undergone fundamental transformations in its socio-economic structure. This generation of elders are healthier. An increasing number of elderly people continue to engage in active employment and some have regular incomes from assets and investment. The health and financial positions of elderly in the next generation are expected to improve further. We need to review our policies in the context of socio-economic and political developments as well as the ever-changing social needs and values.

However, I would like to make it clear that the purpose of this review is not to cut back on the benefit enjoyed by current recipients. In the 12 months ahead, we will listen carefully to the views of the community. I look forward to working with Members of this Council and other interested parties so as to come up with practical proposals to provide additional assistance to those OAA recipients who are in greater financial need.

Some Members spoke about women's issues in the motion debate last week. I wish to point out that the Government attaches great importance to the promotion of the well-being of women. Our decision to set up a Women's Commission demonstrated the Government's determination and commitment in this area of work.

In response to some specific comments made by Honorable Members, let me say a few words about the Commission. The Women's Commission will be a central mechanism tasked to identify all the needs of women. In more specific terms, the Commission is responsible for handling all matters of concern to women. Given the important mission of the Commission, we will need support and input from various sectors of the community, and its membership will be drawn widely to represent various sectors and interest groups. The Commission will develop a long-term vision and improved strategy for the development and advancement of women. We believe that the Commission will initially focus on the further improvement and extension of women's services. The Commission has the full support of the Government and will be adequately resourced to carry out its work. It will assume a role similar to that of other major commissions such as the Education Commission and the Elderly Commission.

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, first of all, I would like to thank Honourable Members for their views on tourism development and competition policy at the Motion of Thanks debate.

On tourism matters, I would like to thank the Honourable Howard YOUNG for his support for our work relating to tourism development in Hong Kong.

Tourism plays a very important role in the economy of Hong Kong. In 1999, it generated receipts of more than \$56 billion and is closely related to other important economic activities such as air services, hotels, retail, international business and trade conferences or exhibitions.

Tourism in Hong Kong had gradually picked up in 1999. Its performance in 2000 is very encouraging. Visitor arrivals reached more than 9.5 million in the first nine months this year, an increase of more than 16% over the same period last year. If this trend continues, we believe that visitor arrivals for the year will exceed our forecast of 12.5 million.

However, we will not be complacent. In the face of keen competition, we must be proactive, and we need to formulate long-term strategies to promote the sustainable development of tourism.

The Tourism Commission was set up under the Economic Services Bureau in May last year. Since then, we have completed a review of the roles and division of responsibilities between the Tourism Commission and the Hong Kong Tourist Association (HKTA).

The Tourism Commission is mainly responsible for formulating and co-ordinating the implementation of policies, strategies, infrastructure and plans for promoting tourism development. At the same time, it also leads and co-ordinates the work of other government departments, the HKTA and the tourism industry in formulating strategies for tourism development. The Commission completed in June this year a Vision and Strategy Statement comprising more than 50 short-term and long-term initiatives with a view to consolidating Hong Kong's position as Asia's premier international city and a world-class tourist destination.

The principal role of the HKTA is to promote Hong Kong as a tourist destination overseas and to assist in enriching visitors' travel experience. The focus of its work is on market promotion, and on co-ordination of all sectors in the tourism industry with a view to improving tourism products and enhancing Hong Kong's attractiveness. The HKTA completed a Strategic Organization Review (SOR) of its role and organization in 1999. The review confirmed the need to boost efforts in promotion and marketing in future and also the need to restructure its organization. The latter includes recommendations to expand the size of HKTA's Board of Management and to phase out its membership system.

We will introduce a bill into the Legislative Council in the current Legislative Session to amend the Hong Kong Tourist Association Ordinance to implement the recommendations of the SOR. Meanwhile, the HKTA will restructure its administrative framework to enhance support for overseas promotion.

Madam President, I would like to take this opportunity to give a brief account of the work plan of the Tourism Commission and the HKTA to demonstrate our commitment to foster the sustainable development of the tourism industry in a comprehensive and strategic manner.

In terms of hardware, the initiatives include the development and enhancement of tourism infrastructure and facilities. In terms of software, we would continue to promote Hong Kong as the Events Capital of Asia, upgrade the quality of service and promote a hospitality culture in Hong Kong to enrich the experience of visitors. At the same time, we also need to streamline entry and exit procedures to facilitate visitors.

On tourism infrastructure, we will continue the implementation of Hong Kong Disneyland project. Work is proceeding as planned. In addition to continuing studies on developing other tourism infrastructure such as a cruise terminal, we are also actively implementing plans for other projects, for example:

- we invited expressions of interest for the construction of a cable car system linking Tung Chung and Ngong Ping on Lantau at the beginning of this year. We are now considering details for implementation of the project.
- on improving tourist attractions, we have started a tourist district enhancement scheme in the Central and Western District. These improvements include areas such as redesigning street lamps, repaving road surfaces, streetscape improvements, and erecting visitor signages and information boards, and so on.

On the software side, one of our targets is to continue to promote Hong Kong as the Events Capital of Asia to enrich the experience of visitors to Hong Kong. We will continue to provide assistance in the staging of world-class events in Hong Kong, for example, the Hong Kong's EuroChristmas, a European style Christmas fair scheduled to be held at the Wan Chai waterfront in

December this year. The event will also showcase Hong Kong's uniqueness as an international metropolis where the East meets the West.

On improving service quality and promoting hospitality culture in Hong Kong, we share the Honourable Mrs Selina CHOW's view that we should improve the overall quality of service of the tourism industry and should promote a hospitality culture among members of the public. To ensure the service quality of inbound travel agents, we will introduce in 2001 a bill to put in place a licensing system to regulate inbound travel agents to complement the industry's work in self-regulation. As to Mr Howard YOUNG's suggestion of improving the quality of tour co-ordinators, we have also started discussion with the industry with a view to enhancing the professionalism of tour co-ordinators.

With our active support, the HKTA launched the Quality Tourism Services (QTS) Scheme in late 1999 to promote the concept of quality service to the retail and dining sectors. The aim is to build up the QTS logo as a symbol of quality service for reference by visitors. As at mid-October, more than 1 400 shops have joined the Scheme.

To make visitors feel welcomed, plans are also in hand to launch systematically a publicity and public education campaign on hospitality culture to enhance public understanding of the role of tourism.

On facilitating entry and exit of visitors, we have earlier agreed with the China National Tourism Administrations to increase the daily quota of the Hong Kong Group Tour Scheme from 1 500 to 2 000. We have also agreed to extend the duration of the convenient visa arrangements for overseas visitors' group tours visiting Shenzhen via Hong Kong from three days to six days, and extend the arrangement to nine designated cities in the Pearl River Delta Region. We will continue to maintain close liaison with the Mainland to ensure smooth operation of the relevant schemes.

Madam President, effective promotion and marketing is very important in consolidating Hong Kong's position as a premier tourist destination. The HKTA's responsibilities in this regard are important and over the last 40 years, its exemplary achievements are there for all to see.

In the year ahead, the HKTA will continue to enhance the effectiveness of promoting Hong Kong overseas by expanding the use of e-marketing and

revitalizing the worldwide marketing campaign — the "City of Life" Campaign. The HKTA will also continue to step up co-operation with other industry bodies to promote multi-destination tourism and to develop new markets. On improving tourism products and developing new tourism routes, the HKTA has stepped up liaison with the local travel trade, and plans to launch new tourism routes in early 2001 such as a heritage trail of former military sites on Hong Kong Island.

Madam President, I am confident that with the concerted efforts of the Government, the HKTA and the tourism industry in implementing the initiatives as mapped out in the Vision and Strategy Statement, we will be able to bring tourism development in Hong Kong to a new horizon.

Madam President, I would like to turn to the topic of competition policy now. During the Motion of Thanks debate, some Members requested that the Government should introduce a competition law and establish a competition authority.

First of all, I would point out that the Government is committed to promoting competition so as to enhance economic efficiency and free flow of trade, thereby also benefiting consumers. So in terms of objective, I believe that the Government and Honourable Members should be in agreement.

As regards what is the best means to promote competition so as to enhance economic efficiency and free flow of trade, there is no international standard or consensus at this stage. While some economies have enacted competition laws, the scope of regulation and the implementation mechanism differ widely.

An all-embracing competition law which applies across the board is very controversial, and has its own inadequacies. For instance, it may not be able to address the special concerns, circumstances and needs of individual sectors, but may catch some harmless economic activities. Moreover, establishing the enforcement agency and an appeal body may create a large bureaucracy. More importantly, it may compromise Hong Kong's free trade policy and free market operation.

In view of this, the Government considers that the appropriate approach is to adopt a proactive, transparent and comprehensive "Competition Policy" to enhance economic efficiency and free flow of trade, thereby removing barriers

and restrictions to competition in different sectors; adopting sector-specific measures where necessary including establishing codes of practice, setting or amending licensing conditions; enhancing public awareness; encouraging and persuading private sector companies to comply with competition principles voluntarily; as well as adopting legislative measures, where necessary.

Some Members have mentioned the views of the European Parliament on our competition policy in its recent report on Hong Kong. I would like to reiterate that Hong Kong is one of the freest markets in the world, with an open business environment and a highly competitive economy. In the "2001 Index of Economic Freedom" released today by the United States Heritage Foundation, Hong Kong is rated the world's freest economy for the seventh year in a row. All local and foreign businesses can compete on a level playing field. All companies, big or small, will find room for development in Hong Kong. As the Honourable CHAN Kam-lam said in his speech, the views of the European Parliament on our competition policy might be a result of some people's misunderstanding regarding Hong Kong's free trade policy.

To promote competition and create a good business environment, the Government promulgated the Statement on Competition Policy in 1998, and the Competition Policy Advisory Group (COMPAG), chaired by the Financial Secretary, was specifically tasked to review competition-related issues which have significant policy and systemic implications. In the past two years, the COMPAG had reviewed existing practices which might not have fully complied with competition principles, followed up on competition-related complaints, and examined new initiatives to promote competition. These initiatives included those liberalizing the telecommunications sector, which the Honourable SIN Chung-kai was pleased to see. New competition initiatives have also been introduced in other sectors, including the broadcasting, financial services, insurance, and legal services sectors, as well as for the tendering of clinics in public housing estates.

In fact, apart from the above competition initiatives, the Statement on Competition Policy also obliges all Policy Bureaux and departments to take implications on competition into account when formulating policies, and to regularly review existing policies and established practices from the competition standpoint.

Some Members have expressed concern about competition in the local major fuels market. In fact, the Government is similarly concerned. The Competition Subcommittee was set up under the Energy Advisory Committee in February this year to provide a forum for more focused discussion on competition-related issues in the fuel market. In response to the recommendations of the Competition Subcommittee, the Government has taken a series of measures to promote competition in the fuel market to facilitate new entrants and enhance market transparency. These include relaxing the conditions for bidding petrol filling stations (PFS), re-tendering existing PFS sites upon expiry of their current leases, stepping up efforts to identify suitable PFS sites and, where possible, adopting a more flexible approach in handling applications for the change of land use to set up PFSs.

The Government will continue to examine with all relevant committees other measures with a view to further enhancing competition and transparency in the fuel market.

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, although the emphasis of this year's policy address is not on environmental protection, many Members have expressed views on the work of protecting the environment. I am very grateful for their support for and concern about environmental protection.

Several Members suggested that the Government should speed up the work on improving the environment. I agree with this entirely. Over the past months, with the support of the All-Parties Alliance of the last Legislative Council, we have done a lot of work in improving the air quality. For instance, the Legislative Council endorsed in June the Government's proposal to introduce a concessionary duty on ultra low sulphur diesel. One month later, Hong Kong became the first Asian city to introduce this clean fuel. Starting from August, ultra low sulphur diesel has become available at all filling stations in Hong Kong and is well received by the transportation industry.

At the same time, the Legislative Council has approved grants to help diesel taxi drivers switch to liquefied petroleum gas (LPG) taxis. Since the grants were disbursed in August, nearly 2 500 diesel taxi have been converted to LPG taxis. We estimate that with the improvement of the filling station network, the number of LPG taxis will continue to increase. The Government's

initial medium-term target is to provide sufficient filling services for 8 000 taxis by the end of the year. However, with the opening of two dedicated filling stations this weekend, we will achieve this medium-term target ahead of schedule.

The last Legislative Council also approved the Government's application for funding to provide grants for the installation of particulate traps in pre-Euro-standard light duty diesel vehicles. Since its implementation in September, this scheme has financed the installation of such traps in over 1 000 vehicles.

The few examples cited by me show that if the Government and the Legislative Council can co-operate closely in promoting environmental protection, we will certainly achieve greater and faster results.

In the last Legislative Council, Members passed the proposal with a vast majority, with only two votes against it, to raise the fixed penalty for smoky vehicles to \$1,000. I made it clear at that time that the new penalty level will come into force on 1 December this year.

Recently, individual Members have proposed to postpone the commencement of the new fixed penalty level for smoky vehicles. Their main argument is that there is inadequate matching support for the maintenance of smoky vehicles. I do not think that this argument is tenable.

To tie in with the relevant amendment to the fixed penalty, we have worked with the vehicle maintenance trade over the past year to try to raise the standard of vehicle maintenance service. The Working Group on Vehicle Maintenance Services comprising representatives from the maintenance trade, professional bodies and government departments was set up in January this year to examine ways to improve vehicle maintenance. We have also organized a series of vehicle maintenance workshops and provided adequate training courses to the maintenance trade. In this connection, the Environmental Protection Department (EPD) and the transportation and maintenance industries have held 18 seminars to enhance mechanics' knowledge of engine maintenance and the smoke test on the chassis dynamometer. The Vocational Training Council has also started a course for diagnosing and repairing smoky diesel vehicles. It is able to provide 2 000 training places a year.

In order to explain the relevant legislation on vehicle emission, the EPD provided on-site demonstration on the proper way of tuning the engine at the vehicle emission testing centres between September last year and May this year. The EPD also allows vehicle owners to test the emission level of their vehicles at designated car testing centres to see if it meets the standard on a voluntary basis. The various measures we have taken to prepare for the amendment to the relevant fixed penalty have achieved satisfactory results.

With regard to vehicle maintenance data, the Services Manager Association has surrendered the maintenance data on the emission of pre-Euro diesel vehicles. We will mail this data to the Hong Kong Vehicle Repair Merchants Association and over 2 000 maintenance workshops shortly. The Vocational Training Council also plans to set up an Automotive Engineering Database Centre so that the maintenance and transportation industries can obtain more detailed maintenance data.

Thanks to the efforts in various aspects, the technical standard of maintaining smoky vehicles has been greatly enhanced. In September last year, only about 40% of vehicles could pass the EPD's test for smoky vehicles, while in September this year, the passing rate exceeded 90%. These figures show that the argument that the industry has not acquired the skills to maintain smoky vehicles is hardly convincing.

I have spent more time on talking about the measures to tie in with the raised fixed penalty for smoky vehicles in order to stress the importance of continued co-operation between the Government and the Legislative Council to implement the policies and measures we have agreed upon. I wish to take this opportunity to call on Members to support the commencement of the new fixed penalty level on 1 December this year as scheduled, in order to improve the air quality expeditiously and protect public health.

Apart from effectively dealing with air pollution caused by vehicles, we have also done a lot of work on reducing regional pollution. In order to enhance the co-operation between the Special Administrative Region (SAR) and Guangdong Province in environmental protection and sustainable development, the governments of both sides set up the Hong Kong/Guangdong Joint Working Group on Sustainable Development and Environmental Protection in June this year. Several panels have been formed under the Working Group to study how to enhance our mutual co-operation in improving the air quality of the Pearl

River Delta Region and the quality of Dongjiang water, as well as in conservation in forestry respectively. These panels have begun their work. We will account for the progress of the relevant work to Members and the public in due course.

As for waste management, I very much agree with the views expressed by Members. We need to do more in waste reduction, separation and recovery. We are formulating specific proposals on reducing, separating and recovering domestic waste. We will step up public education and encourage the public to take part in this work. Moreover, we will also promote different waste recovery programmes through the District Councils, community organizations and environmental groups. In addition, we are planning to organize waste separation activities in all primary and secondary schools territory-wide over the next two years.

Some Members have suggested that the Government should start levying landfill charges soon in order to encourage waste reduction with financial incentives. We are discussing with the industry the details of charging for the disposal of construction waste. We hope Members will support the proposals that we come up with in future.

One or two Members have expressed concern about the progress of the work on food safety and environmental hygiene after the reorganization of municipal services. Since its establishment in January this year, the Food and Environmental Hygiene Department (FEHD) has actively introduced a new service culture. We cannot expect the Department to solve problems in terms of policy and management that have accumulated over several decades in a mere 10 months. However, we are resolved to gradually fulfil our pledge to improve services for the public. The majority of staff of the FEHD are encouraged by the new style brought about by the new service culture. Only a very small fraction of staff has expressed concern or dissatisfaction. In this connection, the Department will enhance communication with staff and continue to formulate clear guidelines on work to raise the quality of service. It will also commend staff with outstanding performance. I am confident that the entire staff of the FEHD will be united in their effort to provide better services to the public.

With regard to the difficulties faced by agriculture and fisheries industries mentioned by Members, we will continue to promote the development of agriculture and fisheries industries by providing the infrastructure, technical support, training and conservation programmes, and so on.

On the whole, to improve our living environment, the relevant Policy Bureaux and departments must make extra efforts, while Members' support is also indispensable. I hope that guided by the last Legislative Council's spirit of co-operation with the Government in improving the air quality, Members will continue to maintain a close partnership with us so that we can improve the living environment of the people together.

Thank you, Madam President.

SECRETARY FOR HOUSING (in Cantonese): Madam President, some Members have spoken and expressed their concern on housing development. They have also expressed support for our new ideas. In fact, housing is everyone's concern and the task of formulating housing policies is not an easy one. On the one hand, the Government must strike the right balance between the interests of various sections of the community. On the other, its priority is to look after those who are most in need. With these principles in mind, we published in February 1998 the White Paper on Long Term Housing Strategy, setting out our long-term goals and overall strategy.

By now, we have already implemented all the specific initiatives contained in the White Paper as well as new ones put forward in subsequent policy addresses. As a result of our efforts in the past three years, the number of inadequately housed people has been reduced from 9% of total households to 6.3% today, while the average waiting time for public rental housing has been reduced from 6.5 years to five years. 117 000 households which cannot afford to rent or buy flats in the private sector have been allocated public rental flats. More than 150 000 families have bought their own homes under various housing assistance schemes. Among these, over 50 000 are families which have bought the public rental flats in which they live. Since property prices have stabilized, many families have bought flats in the private sector market.

While we have made good progress in several key directions, we review regularly our policies and ways of implementation in response to changing circumstances and aspirations of the community. I am therefore grateful to Members for their comments on the Chief Executive's policy address and the Housing Policy Objective booklet of the Housing Bureau. I wish to respond today on four issues: supply of land for housing, providing housing assistance opportunities, public housing quality, and housing needs of elderly and non-elderly singletons.

First, supply of land for housing. To match Hong Kong's population growth and for long-term planning purposes, the public has all along strongly demanded that the Government should have a sufficient land bank for housing development. The Government also agrees that we should have an adequate land bank. In fact, the Government has taken steps towards providing an adequate supply in the next eight years. The Housing Bureau maintains a computerized inventory which has at present information on about 1 000 actual or potential housing sites. Progress of these sites is monitored by the relevant government departments, including Project Directors in the Housing Department, Lands Department, Planning Department and Territory Development Department. For the period up to 2007-08, these sites have the potential for building up to 730 000 flats. I must emphasize, however, that this is only a "potential", not a specific target. In deciding to develop these sites, the Government must consider the land and housing needs of the community in the long term, and comply with town planning and engineering requirements. Hence, the Government does not have a fixed "flat production target". These 1 000 sites only signify that we have a sufficient land bank which can be released for the purpose of building flats, if there is actual market demand. In other words, the number of sites to be provided by the Government each year will depend on the market situation and actual housing demand at the time, and not on any fixed target.

As for the property market, everyone knows that property prices fluctuate inevitably. Hong Kong was under the impact of the Asian financial crisis in recent years, and our property market was seriously affected. Nevertheless, with the revival of the economy, the private property market has been developing in a stable and healthy manner. The number of transactions has also stabilized. The Government will continue to monitor market developments.

Second, several Members have referred to providing sufficient housing assistance opportunities. The Government is committed to providing 50 000 housing assistance opportunities annually to eligible families, which include the provision of public rental housing, subsidized home ownership flats and loans for purchasing flats in the private sector. I am grateful to those Members who have expressed support for the Government's direction in the provision of housing assistance. In fact, the provision of loans to make up for the reduction in home ownership flat production will offer a wider choice to prospective home buyers in the low-income group.

Thirdly, I turn to public housing quality. Madam President, Members have stressed repeatedly the importance of public housing quality and safety. This is understandable. Their concerns are shared both by the Government and by the community. I can tell Members that the Housing Authority (HA) and the Housing Department (HD) have taken wide-ranging measures to restore public confidence in public housing. Following public consultation, the HA has approved 50 measures to improve the quality of public housing. These measures have either been implemented or are under active planning.

I know that Members expect to see results quickly. So does the Government. The HD will set up an independent unit this month to undertake independent checks of piling, structural and building works submissions of the Department, and to conduct site inspections at various stages of projects to comply with requirements under the Buildings Ordinance. Separately, the Investigation Panel on Staff Discipline in the Tin Chung Court and Yuen Chau Kok incidents will soon complete its investigations and will submit a report to me later this month. Meanwhile, the Ombudsman's independent investigation is also underway. I hope the results can be made public soon.

In addition to these focused investigations, the government-appointed Construction Industry Review Committee, chaired by the Honourable Henry TANG, is making progress in its deliberations to improve the quality, safety and efficiency of the construction industry in Hong Kong as a whole. The Committee's report will be completed by the end of next month. As several investigations are now underway, I agree with those Members who feel that it is not necessary to set up a Select Committee of this Council to conduct further investigation similar to those already completed or near to completion.

Finally, Madam President, I would like to say a few words about the housing needs of the elderly. As every one knows, the Government of the Special Administrative Region (SAR) has been taking care of the housing needs of various sectors of the community, and we have paid special attention to the housing needs of the low-income elderly. I am grateful to Members who have acknowledged and supported our efforts in this area. As a result, about 60 % of the elderly are now living in public housing flats. As a further measure, the Chief Executive has pledged in his policy address this year that public rental flats will be offered before the end of 2003 to the low-income elderly who meet the eligibility criteria and who have submitted their applications before the end of

March 2001, as well as having registered on the public housing Waiting List. This is a significant step by the Government to improve the present position. Some Members have asked how this new measure will be implemented. At present, there are already six Information Centres run by the HD in Hong Kong to provide housing service to elderly people. Due to the new pledge we have made, these Information Centres will continue to provide special service to the elderly. The HD and other government departments will shortly take proactive measures to encourage the elderly who have housing needs to register. In the meantime, we will examine the feasibility of providing rental subsidies in lieu of allocation of public rental flats to eligible elderly applicants. This new measure will widen their choice of housing. We will consider whether rental subsidies would be a cost-effective alternative to satisfying the housing needs of the elderly.

We are also conscious of the housing needs of low-income non-elderly singletons. In the past years, we have offered assistance to them through the provision of public rental housing, subsidized home ownership flats and loans for the purchase of flats in the private sector. Having reviewed the situation, we intend to increase the loan quota for eligible non-elderly singletons under the Home Starter Loan Scheme, and will seek the approval of the Finance Committee of this Council soon. I thank those Members who support this proposal.

To conclude, Madam President, the SAR Government has formulated a clear, comprehensive housing strategy with a number of focused measures for long-term housing development to benefit the people of Hong Kong. We must not be complacent or remain stagnant. We have devised new measures this year to respond to new problems. We will build on our success and continue to provide better housing for all. I ask Members and our community to render us continued support.

Thank you, Madam President.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, I am delighted to have the opportunity to wind up this annual debate on the policy address on behalf of the Administration and would like to urge Members to support the initiatives set out in the policy address.

First of all, let me thank Members for their views on the Chief Executive's policy address. I hope my colleagues and I have, through the briefings conducted in the past two weeks and the debate this afternoon, demonstrated that we have a positive and visionary blueprint for the future, underpinned by specific measures to tackle the problems of the day.

On the basis of the long-term strategy outlined in his first three policy addresses, the Chief Executive has charted the way forward for Hong Kong into the new century. And we are now beginning to see the fruits of the various initiatives. Indeed, people now generally recognize the importance of innovation and technology to our economic development, and attach greater importance to the quality of our environment and sustainable development. I must however stress that, in putting together the building blocks of our long-term vision, we have not lost sight of the immediate needs and concerns of the general public. The Asian financial crisis in the past two years has brought about unprecedented challenges to our economy. We have drawn up timely measures to alleviate its adverse effects on the community and help put Hong Kong back on the path of economic recovery.

This year's policy address seeks to address the more immediate concerns of the community, namely, matters relating to education, helping the poor and the governance of the Hong Kong Special Administrative Region. Having listened carefully to the views of Members and the wider community, it is fair to say that the reaction to the policy address is on the whole positive. While some Members believe that some of the proposed measures have not gone far enough, the majority view is that they are in the right direction.

Madam President, my colleagues have responded to the main queries and concerns raised by Members in the debate. I would like to comment on a number of issues.

First, let me say a few words on the much debated subject of executive accountability. The Chief Executive announced in his policy address that we would examine how the accountability of the 19 principal officials at Secretaries and Directors of Bureaux rank could be enhanced. This announcement has generated considerable interest and debate on how the proposal should be implemented. My colleagues and I are in full support of a thorough study of the whole question of accountability, and will listen most carefully to the views of the community.

I must, however, emphasize that conducting a study into the question of accountability does not mean that we do not have a system of accountability now. Principal officials, and indeed all civil servants, are subject to a set of well-defined rules and proceedings which deals with misdeeds or failures in duty, and which determines appropriate follow-up action. To keep pace with our political development and the growing expectation of the public, we consider it opportune to conduct a thorough review of the current system so that the powers and responsibilities of principal officials in formulating and implementing government policies are clearly spelt out. Only then could we define what accountability should mean and where it should rest.

This is a complex subject involving very complicated issues. We will be looking into it in depth. There are, nevertheless, a number of guiding principles which should be sacrosanct. Firstly, the new system must be in line with that set out in the Basic Law. Secondly, consistency and continuity in governance must not be compromised. In practice, that would mean that we will not follow the American system of replacing several thousand officials every few years. We will also not adopt a "Westminster-style Ministerial System" whereby members of the legislature become principal officials. And the political neutrality and impartiality of the Civil Service and, the permanence and integrity of civil servants in the policy-making process must be guaranteed. In sum, the system must ensure that we maintain a clean, efficient, predictable and professional government which effectively delivers services the public expects of it.

I could go no further than this at this juncture. As I said, the matter involves very complicated issues which have yet to be considered.

Related to the issue of accountability of principal officials is the role of the Executive Council in the formulation and implementation of policies and how the Executive Council relates to the legislature. We have heard the views of Members on this subject including the possible effect on the composition of the Executive Council. We will take them into account in our study.

For government officials other than the principal officials, there is a general consensus that the present civil service system serves us well and should remain intact. I take exception to the sweeping remarks by some Members that government officials lack sincerity, could not arrive at coherent consensus and are inefficient. Many in the community will agree that it is the culture of

objective analysis and problem-solving and the good tradition of consensus building within the Civil Service that has contributed in part to Hong Kong's stability and prosperity.

That said, we are aware that the present civil service system is not perfect. There is a lot of room for improvement. Since the reunification, we have put in place a number of measures which seek to make the system more flexible and efficient. We have implemented various reforms, the objective of which is to enhance productivity and cost effectiveness, with a view to better serving the needs of the community.

In a rapidly changing information and technology era, we have to reform the Civil Service to ensure that we can respond to the needs of the community and keep pace with time. To help staff cope with challenges arising from the reforms and to nurture a culture of continuous learning and self-development amongst civil servants, we have earmarked \$50 million for the training of civil servants in the next three years. We are also committed to fostering better communication with staff, to encouraging team spirit so as to work towards building a better Hong Kong.

The relationship between the executive and the legislature is another issue of particular concern to Members. The Basic Law provides for a system of checks and balances, a complementary relationship between the executive and the legislature. Given their respective constitutional roles and responsibilities, it is unrealistic to expect that the two branches would share the same views on each and every issue. Indeed, it should not come as a surprise that there might at times be tension between the two.

We should, however, not let the differences of opinion between the executive and legislature on certain matters overshadow the close co-operation between them. For example, the legislature, in its first term, passed 157 bills, nearly all of the subsidiary legislation and most of the financial proposals put forward by the Administration. This is no small achievement and reflects the close co-operation between the executive and the legislature.

That said, we fully appreciate that better co-operation between ourselves and the legislature would only be to the benefit of the community as a whole. In the light of Members' views, we shall try to improve further and enhance our existing channels of communication. One area which we believe merits closer examination is how we could better make use of the existing panel system.

With the objective of ensuring that the relevant proposals meet the needs of particular sectors and are in the overall interest of the community, we have made it a general practice to explain and discuss major policy, legislative and financial initiatives with relevant panels before they are formally introduced into the Council or put before the Finance Committee. However, for want of a more structured approach, the results were not as notable as we had wished. The Bills Committee system has, on the other hand, shown to be an effective mechanism to enable the Administration to discuss and work with Members with a view to ensuring that our legislative objectives are met. In view of this, we wish to explore with Members the possibility of adopting the same *modus operandi* in respect of the operation of panels.

As we see it, the advantages are at least two-fold. Firstly, it would enable the Administration to know at an early stage the views and stance of Members on a proposed initiative. Secondly, the public will be able to see the work of Members in the policy-formulation process. I understand that the wish to see a more formal and disciplined arrangement for the operation of panels is also shared by some Members, and that the Committee on Rules of Procedure of the Legislative Council has been tasked to look into the matter in greater detail. I look forward to a constructive dialogue with Members on the matter, and as a means towards further strengthening the co-operation between the Administration and the legislature.

I would also wish to explore with Members how we could better use the limited time available to Members and officials so that we could focus more on matters of public concern to work for the betterment of the general public.

Indeed, communication between the Administration and the legislature should not be limited to the confines of the Chamber. My colleagues in Policy Bureaux and departments regularly explain and exchange views with Members on various policy proposals and respond to Members' queries concerning their work. In future, we would continue to exchange views with Members, both formally and informally, on matters of public concern.

District Councils is another importance avenue for reflecting the views of the community. In this connection, the District Councils play a vital role in collating public opinion which enables the Government to respond promptly to the needs of districts. Since the establishment of the new District Councils in

January 2000, the Government has implemented a series of measures to enhance their role and functions and to strengthen the support for District Council members.

Now that the District Councils have operated for more than 10 months, the parties concerned have accumulated some experience. Hence, we will soon be conducting a review to see how we can further enhance the functions of the District Councils. As a first step, we will organize a District Administration Seminar on 18 November and have invited all District Council members to attend. Through this seminar we hope to be able to better grasp the views of District Council members on the District Administration Scheme and the support they require. When we review the functions of the District Councils later, we will consider these views carefully.

Madam President, we have faced up to numerous challenges in the past three years and have learnt some valuable lessons in implementing some much-needed reforms. In putting into effect the Chief Executive's vision for Hong Kong, we would continue to adopt a positive, open and sincere attitude, facing up to our responsibilities and taking into account the views of the community. And I am confident that, with the support of Members and the wider community, we shall achieve our goals. I urge Members to support the policy address.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr LEE Cheuk-yan to Mrs Selina CHOW's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr LEE Cheuk-yan rose to claim a division.

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

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

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Dr David LI, Dr LUI Ming-wah, Miss Margaret NG, Mrs Selina CHOW, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Miss LI Fung-ying, Mr Henry WU, Mr Tommy CHEUNG, Mr LEUNG Fu-wah, Dr LO Wing-lok, Mr IP Kwok-him and Mr LAU Ping-cheung voted against the amendment.

Geographical Constituencies and Election Committee:

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

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

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 30 were present, four were in favour of the amendment and 26 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 29 were present, 15 were in favour of the amendment and 13 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mrs Selina CHOW, you may now reply.

MRS SELINA CHOW (in Cantonese): Madam President, I trust that Honourable Members have all heard the views expounded by government officials today. I wish to appeal once again to Members to respect this convention. If Members have any other suggestions on the Motion of Thanks, I hope they can wait until after the Committee on Rules of Procedure has discussed the issue to make them. I earnestly hope that Members can respect this neutral motion and lend it their support.

MR MARTIN LEE: Madam President, may I have about 10 minutes to deliberate among ourselves before we vote on the Motion of Thanks?

PRESIDENT (in Cantonese): I give Mr Martin LEE my approval. The meeting will now be suspended for 10 minutes to enable Members to further deliberate over their voting decision later on.

4.50 pm

Meeting suspended.

5.03 pm

Council then resumed.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mrs Selina CHOW, as set out on the Agenda, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

Mr Martin LEE rose to claim a division.

PRESIDENT (in Cantonese): Mr Martin LEE has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Dr David LI, Dr LUI Ming-wah, Miss Margaret NG, Mrs Selina CHOW, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Miss LI Fung-ying, Mr Henry WU, Mr Tommy CHEUNG, Mr LEUNG Fu-wah, Dr LO Wing-lok, Mr IP Kwok-him and Mr LAU Ping-cheung voted for the motion.

Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr LAW Chi-kwong and Mr Michael MAK abstained.

Geographical Constituencies and Election Committee:

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

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

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 30 were present, 26 were in favour of the motion and four abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 29 were present, 14 were in favour of the motion and 14 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negatived.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 8 November 2000.

Adjourned accordingly at nine minutes past Five o'clock.