

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 7 February 2001

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 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

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

MEMBER ABSENT:

THE HONOURABLE CHAN KWOK-KEUNG

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

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

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

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

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

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

CLERKS IN ATTENDANCE:

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

MR LAW KAM-SANG, J.P., DEPUTY SECRETARY GENERAL

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Specification of Arrangements (Government of the People's Republic of Bangladesh Concerning Air Services) (Double Taxation) Order	32/2001
Commodities Trading (Trading Limits and Position Limits) (Amendment) Rules 2001.....	33/2001
Tax Reserve Certificates (Rate of Interest) (No. 2) Notice 2001	34/2001
Entertainment Special Effects Ordinance (Cap. 560) (Commencement) Notice 2001	35/2001
Entertainment Special Effects (General) Regulation (L.N. 354 of 2000) (Commencement) Notice 2001	36/2001
Entertainment Special Effects (Fees) Regulation (L.N. 355 of 2000) (Commencement) Notice 2001	37/2001
Entertainment Special Effects Materials List Regulation (L.N. 356 of 2000) (Commencement) Notice 2001	38/2001

Other Papers

- No. 59 — Hong Kong Council for Academic Accreditation
Annual Report 1999-2000
- No. 60 — Audited Financial Statements and Programme of Activities
of the Hong Kong Examinations Authority for the year
ending 31 August 2000

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. Question time normally does not exceed one and a half hours, with each question being allocated about 12 to 15 minutes. Supplementaries should be as concise as possible and Members should not make statements when asking supplementaries.

First question.

Regulation of Disclosure of Information by Listed Companies

1. **MR MARTIN LEE** (in Cantonese): *Madam President, regarding the regulation of disclosure of information by listed companies, will the Government inform this Council:*

- (a) *of the heads of listed companies who, over the past year, contravened the Rules Governing the Listing of Securities (Listing Rules) by selectively disclosing to some outsiders company information which should be kept confidential before formal announcement, or by not making an announcement as soon as possible when the security of such information has been breached;*
- (b) *whether the relevant authorities received complaints about such contraventions over the past year; if so, of the details of, and the actions taken to investigate and follow up such complaints; and*

- (c) *whether it will enact legislation or give statutory status to the Listing Rules, to stipulate that heads of listed companies should release in an equitable manner information which is expected to have great influence on the prices of the securities of their companies?*

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

- (a) According to paragraph 2 of the Listing Agreement of the Listing Rules published by the Stock Exchange of Hong Kong Limited (Exchange), the issuer (that is, the listed company) shall keep the Exchange, members of the listed company and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:
- (i) is necessary to enable them and the public to appraise the position of the group;
 - (ii) is necessary to avoid the establishment of a false market in its securities; and
 - (iii) might be reasonably expected materially to affect market activity in and the price of its securities.

Note 2.1 of the Listing Agreement further specifies that information should not be divulged outside the listed company and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Furthermore, Note 2.2 stipulates that it is the direct responsibility of the directors of the listed company to ensure that information which is likely to have a significant effect on the price of its securities is kept strictly confidential until a formal announcement is made.

It is the responsibility of the directors of a listed company to ensure that their company complies with the Listing Rules. The Exchange may, under paragraph 39 of the Listing Agreement, require the

company to issue promptly an announcement clarifying the relevant information (for example, whether media reports on the relevant company are true). Having regard to the circumstances, the Exchange usually requires the listed company to make best endeavours to issue such "clarification announcements" before commencement of trading. If the listed company cannot issue an announcement in time as circumstances do not allow, it should make a request to the Exchange for suspension of trading of the securities. The Exchange may also take the initiative to suspend trading of the securities as circumstances warrant. In respect of a breach of the Listing Rules, the Exchange may publicly censure the listed company and its directors, suspend trading of its securities or in serious cases, delist its securities.

Over the past year, the Exchange publicly censured the following companies and individuals for breaching the information disclosure requirements under the Listing Agreement:

- (1) Wonson International Holdings Limited — the Exchange censured the company and its relevant directors for failing to inform the Exchange and its shareholders as soon as reasonably practicable after there was a change in the use of proceeds as originally set out in its prospectus. The company was in breach of paragraph 2 of the Listing Agreement. The directors of the company also failed to use their best endeavours to ensure that the company would comply with the Listing Rules, hence they were censured by the Exchange for breach of their Declarations and Undertakings with regard to Directors' Undertakings) given by them to the Exchange;
- (2) Benefun International Holdings Limited — the breach related to a proposed share placement by the company by way of subscription agreement under which the subscribers and the subscription price had been determined. The company and its relevant executive directors failed to make appropriate reference to the transaction in either of its "clarification announcements" subsequently made pursuant to paragraph 39 of the Listing Agreement. In such announcements, the

company and its executive directors denied that they were aware of any matter which could explain the fluctuations in the company's share price and volume. Therefore, the information misled the Exchange, the shareholders of the company and the investing public. The company and its relevant executive directors were censured by the Exchange for breaches of paragraphs 2 and 39 of the Listing Agreement, and the relevant Directors' Undertaking.

- (b) Over the past year, the Exchange did not receive any complaint about contravention of the above requirements. However, to enforce the disclosure requirements under the Listing Rules, the Exchange has dedicated a team of staff to monitor, on a daily basis, market activities and media reports on listed companies. As a result of these monitoring efforts, the Exchange may discover instances of possible selective disclosure, and seek explanation or clarification from the listed companies as necessary.

Last year, the Exchange made about 7 800 inquiries with listed companies on unusual movements in share price or turnover. Such movements arose from many factors and in many cases were not instances of possible selective disclosure. As a result of the Exchange's inquiries, listed companies made about 3 000 clarification announcements. In addition, about 1 100 disclosures were made by listed companies pursuant to paragraph 2 of the Listing Agreement. These announcements and disclosures ensure that investors have access to timely information on listed companies and help forestall unfounded speculation.

- (c) To ensure fair operation of the market, it is most important to maintain transparency so that investors can have timely access to information which is likely to have a significant effect on trading and the prices of securities. It is clearly stipulated in the existing Listing Rules that listed companies should disclose information that is expected materially to affect the price of their securities in an equitable manner to ensure market transparency.

On the question of whether the Listing Rules should be provided with statutory backing, we consider that the Listing Rules have worked well and are able to meet the needs of market development. Therefore, we have no intention at this stage to change the status of the Listing Rules, but will keep under review the enforcement of the Listing Rules in collaboration with the Securities and Futures Commission (SFC) and the Exchange, to see if there are areas for further improvement.

We have consulted the public on the enforcement of the Listing Rules. Comments received are that flexibility should be maintained in respect of the contents and interpretation of the Listing Rules, so as to facilitate market development and innovation. In addition, the Listing Rules represent the consensus of market participants in respect of standards of commercial conduct and behaviour acceptable to them. The Listing Rules should be reviewed and revised from time to time to keep pace with market developments.

If the Listing Rules were provided with statutory backing, they would be subject to the normal rules of legislative interpretation and procedures for amendments, and would lose flexibility. As the existing Listing Rules are enforced by the Exchange, they allow cases to be dealt with more expeditiously than by legal proceedings.

The Exchange and the SFC are conducting a comprehensive review of the Listing Rules, including requirements relating to disclosure of financial information, streamlining of disciplinary procedures and ways to enhance sanctions. This will enable the Exchange to enforce the Listing Rules in a more efficient and effective manner. It is expected that the relevant proposals will be implemented this year by stages. The SFC will also continue to conduct regular audits on the Exchange's efforts in enforcing the Listing Rules, and make recommendations for improvement to better meet the needs of the market as necessary.

MR MARTIN LEE (in Cantonese): *Madam President, I thank the Secretary for providing a very long reply. But after listening to it, I am even more perplexed. The Secretary said clear specification is made in the Listing Agreement that information should not be divulged in such a way as to place anyone in a privileged dealing position. Everyone will agree with this principle. However, I wonder if the Secretary is aware that there is legislation in the United States, Germany and Australia to prohibit such conduct. Germany, in particular, enacted the relevant legislation in 1994. The Secretary said Hong Kong would not enact such legislation since we wished to maintain flexibility. What kind of flexibility was the Secretary referring to? As long as there is flexibility, will some people gain an edge? Should the law allow such flexibility that will enable some people to obtain information in advance that may help them make money? Do we think that such flexibility is good for Hong Kong society?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): I thank the Honourable Martin LEE for his question. Mr LEE mentioned that other countries have enacted relevant legislation. For instance, Germany enacted such legislation in 1994. However, I wish to tell Mr LEE that our Listing Rules were made as early as in 1994. I hope Members can understand the most important point, that is, the fair disclosure rules that have been in force in the United States for a few months are nothing new. Those rules stipulate that listed companies may not disclose information only to persons of a certain category, just as I mentioned in the main reply. The scope of information regulated by us is no smaller than that covered by the new rules of the United States. In other words, our Listing Rules impose the same sort of requirements as in the current fair disclosure rules of the United States. This practice is not at all uncommon in other parts of the world. In the United Kingdom, for example, similar requirements are imposed by way of listing rules. Thus, the most important point is that such rules exist. What we are discussing is the enforcement of these rules. As long as they are enforced in an effective manner, they do not necessarily have to be enforced by the SFC. We might ask whether it will be more effective for the SFC rather than the Exchange to enforce the rules. I do not think this will necessarily be the case. There are some 70 staff in the Listing Division of the Exchange dedicated to monitoring and conducting active investigation on a daily basis, while the SFC also conducts audits to find out if the Exchange has enforced the Listing Rules in an effective manner. Both organizations are now reviewing what areas there are that warrant improvement.

MR MARTIN LEE (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. Does the Government think that it should allow some people, with the "flexibility", to obtain information in advance to "get rich", while other people cannot do so?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam President, actually, I have answered Mr LEE's supplementary. We in Hong Kong have the same requirements as the United States has, only that they are not in the form of law but in the form of the Listing Rules. So, my answer is, Hong Kong has imposed the same requirements as those in the United States, with the only difference being the form. If Hong Kong can enforce the Listing Rules effectively, the purpose will be achieved. Besides, Hong Kong is not unique in adopting this method. It is also the case in the United Kingdom.

MR HENRY WU (in Cantonese): *Madam President, in part (b) of the main reply, the Secretary pointed out that there were about 7 800 inquiries with listed companies on unusual movements. As I understand it, these unusual movements refer to the unusual upward movements of share prices. Will the Secretary tell me if this understanding is correct; if not, how many cases among the 7 800 inquiries involved unusual downward movements (or falling prices); or if yes, will the Secretary inform us why investigation was not conducted when share prices fell?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): As I understand it, unusual is unusual, that is, it is not usual. (*Laughter*) I believe people who engage in speculation in the stock market will understand it, and the Honourable Member should also know best what is usual and what is unusual by looking at the turnover or share price on normal days. For instance, if the share prices suddenly soar without any particular reason, that is unusual. As I said, apart from monitoring these unusual movements, we have a team of staff dedicated to monitoring on a daily basis any rumours in the press and the media that may influence the price of a certain stock. Moreover, the Exchange will also make inquiries with the relevant companies and request them to explain these unusual movements (be it a rise or fall of share prices). In my view, these explanations are very important to investors since they can confirm whether the rumours in the press are true. Actually, the Listing Rules were made to ensure there is

more information and greater transparency in the market, so that investors can at least obtain such information before deciding whether to invest in a certain stock.

MR HENRY WU (in Cantonese): *Madam President, the Secretary did not say how many cases among the 7 800 inquiries involved downward movements.*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): If they were not upward movements, they must be downward. I will not go back and count how many cases among the 7 800 inquiries involved upward movements and how many involved downward movements. My answer is, they were either upward or downward movements. *(Laughter)*

PRESIDENT (in Cantonese): We have spent more than 15 minutes on this question. But since the Secretary for Financial Services has given a rather detailed main reply, I will allow a few more Members to ask supplementary questions, lest Members who have been waiting for their turn will not be able to ask their questions.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, over the past month or so, there were reports that some listed companies had held meetings with analysts or fund managers behind closed doors and disclosed some important financial information or development plans that were yet to be publicized. This seems to be a usual practice. However, will this enable fund managers or analysts to obtain some information before it is disclosed to the market, as mentioned by the Secretary? There are some examples: last month, in a telephone conference at UBS Warburg, China Mobile disclosed for the first time that China would implement the policy of one-way charging; CNPC (Hong Kong) Limited told several analysts and fund managers last month that it would write off some \$3 billion by means of retrenchment; after releasing company information selectively to analysts last month, Hutchison Whampoa asked them to keep it a secret. Such insider information was later reported and exposed by the media. But no one knows whether anyone used the information to make any gains during the interim. May I ask the Secretary if it constitutes a violation of the Listing Rules by obtaining information at such meetings behind closed doors?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): I do not think holding meetings behind closed doors is a violation of the Listing Rules. The important thing is whether the contents of the meetings and the cases mentioned earlier violate the Listing Rules. Our greatest concern is that information should not be disclosed selectively so that some persons can obtain information not accessible to others and make a profit from such information. I do not think I should comment on individual cases here. But as I said, the Exchange was most concerned about the cases mentioned by Mr SIN just now. As reported in the newspapers, the lawyers of the Exchange did investigate those cases and follow up with the relevant companies in accordance with the law. The Exchange concluded that those cases did not constitute a breach of the regulations and no one had profited from the information.

MR ERIC LI (in Cantonese): *Madam President, apart from the efficiency and cost of enforcement, the greatest difference between the Listing Rules and statutory regulation is criminal sanctions can be imposed in the latter case, while the Exchange cannot put anyone into jail. Due to the special circumstances in Hong Kong, many major shareholders also manage the relevant companies and the information very often involves a major financial interest. Can the Government tell us whether censure, or what commonly called "beating the palm", of the directors will have sufficient deterrent effect in serious cases.*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): I think Mr LI was referring to the so-called family businesses. If I understand Mr LI's remark about making profit from information correctly, it is basically an allegation of insider trading. In this respect, Members need not worry too much, since such cases have gone beyond the ambit of the Listing Rules. If insider trading is involved, we will of course take action according to the relevant legislation on insider trading. However, Mr LI has made a good suggestion about penalties. Actually, I did mention in my reply that we are reviewing the matter, including whether the penalties can be raised to enhance the deterrent effect.

PRESIDENT (in Cantonese): Last supplementary question.

MR JAMES TO (in Cantonese): *Madam President, in part (c) of the main reply, it was pointed out that the Listing Rules were not given statutory status due to the wish to maintain flexibility in respect of their interpretation. The thrust of Mr Martin LEE's main question is the selective disclosure to certain persons of information that should be kept confidential. In respect of this point, does the Government still think that it is better to maintain flexibility with rules that have no statutory status, than to regulate with statutes and laws, and that the former would be more efficient in terms of enforcement and have a greater deterrent effect? How does the Government analyse this matter?*

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): I thank Mr TO for giving me the opportunity to reiterate my stand. We have indeed consulted the public on this issue and the comments received generally consider that the existing Listing Rules have worked well. As I explained earlier, if we enforce the regulation by way of statutes carrying criminal sanctions, the standards of proof may be even stricter, while the SFC may become the enforcement agency. I do not think this is the key to the question. The most important point is that we have a consensus that selective disclosure of information is wrong and that we must enforce the rules to prevent it. I cited the example of the United Kingdom which also makes use of the listing rules. The important thing is to make the rules and enforce them in an efficient and flexible manner. Due to the rapid developments of the market, we often have to amend the rules to cope with them. We find that the current practice is working pretty well. However, we certainly need to review it regularly, such as with regard to the point about penalty mentioned earlier, or the streamlining of the enforcement procedures for greater effectiveness. Besides, the SFC also conducts regular audits to examine if the Exchange can enforce the Listing Rules effectively. If not, it will examine whether there are areas for improvement. I can say we in fact keep the present operation under constant watch and our conclusion is that it is working well.

PRESIDENT (in Cantonese): Second question.

Environmental Pollution Caused by West New Territories Landfill

2. **MR TAM YIU-CHUNG** (in Cantonese): *Madam President, villagers of Ha Pak Nai Tsuen in Yuen Long have complained to me that the West New Territories (WENT) Landfill in the vicinity of their village is the breeding ground*

for flies and mosquitoes and gives off foul smell, which has, to a certain extent, caused a number of villagers to suffer from emphysema and trachea diseases. In this connection, will the Government inform this Council:

- (a) of the measures taken by the Administration to prevent the above landfill from becoming the breeding ground for flies and mosquitoes and affecting the health of local residents; and*
- (b) whether it has plans to conduct regular body check-ups for local residents in order to protect their health?*

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

- (a) To prevent the WENT Landfill from becoming a breeding ground for flies and mosquitoes and creating odour nuisance, the Environmental Protection Department (EPD) has set out in the management contract that the operation of the landfill should meet the most stringent environmental standards in the world.

At present, waste disposed of at the landfill is immediately spread in layers and compacted to prevent flies, mosquitoes and bacteria in the waste from dispersing. Special wastes like animal carcasses are disposed of in trenches which are then disinfected with lime powder and covered with soil.

When flies, mosquitoes or odour nuisance are detected, the contractor will take prompt action to cover the waste with tarpaulin or plastic sheet. Where necessary, insecticide will also be sprayed to prevent breeding of flies and mosquitoes.

The EPD monitors the work of the contractor closely to ensure that the landfill operation meets environmental standards and contractual requirements. Staff of the Department conduct random inspections at least three times a day. The inspections cover the landfill and areas in the vicinity, including Ha Pak Nai Tsuen. If flies, mosquitoes or odour nuisance are detected, the EPD will require the contractor to take immediate action to eliminate the nuisance. The

Department has also set up 139 on-site and off-site monitoring points, including two at Ha Pak Nai Tsuen, to monitor the water quality and the levels of landfill gas, dust, and noise in nearby areas.

In addition, the EPD has set up a hotline for members of the public to report any nuisance suspected to be related to the WENT Landfill. In the past two years, the EPD received only three complaints, including one from Ha Pak Nai Tsuen residents about odour problems. Upon receipt of the complaint, the EPD immediately carried out on-site investigation. However, no odour nuisance was detected. Nevertheless, the Department had asked the contractor to take preventive action against any such possible problems.

- (b) At present, there is no medical evidence to show any correlation between landfill operation and chronic respiratory diseases. For this reason, the Government has no plan to conduct body check-ups for nearby residents.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, when I visited villagers at Ha Pak Nai Tsuen earlier, I realized there were a particularly large number of flies. As I spoke to the villagers, some flies were flying about from time to time though there was no food on the table.*

In part (a) of her main reply, the Secretary indicated staff of the EPD conducted random inspections at least three times a day at the landfill and areas in the vicinity, including Ha Pak Nai Tsuen. Will the Secretary inform this Council whether the inspection staff had contacted the village representatives and villagers, or gained a fuller understanding of the situation, or listened to the views of village representatives and villagers, or whether the staff just conducted superficial inspections?

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Over the last two years, we have received two cases of complaint against flies in respect of the WENT Landfill. One of the two complaints was not substantiated. The other was found not to be related to the WENT Landfill, but rather to the rubbish dumped nearby, thus causing the flies nuisance. At present, in addition to random inspections at least three times a day at the landfill and areas in the

vicinity conducted by EPD staff, the Food and Environmental Hygiene Department conducts inspections in the vicinity of the landfill to see if there are other causes affecting environmental hygiene. Other than the random inspections mentioned, there is an EPD hotline for making reports. Thus, if villagers find any nuisance troubling them, I would advise them to make good use of the 24-hour hotline, which is 2472 4386. If they have any further comments on the operation of the landfill, they would be welcomed to raise them with us.

MR LAU WONG-FAT (in Cantonese): *Madam President, will the Government consider compensating or rehousing those villagers whose health has been affected by a change in the conditions of the environment?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, as I have explained in the main reply, there is no medical evidence to show that the operation of the landfill has affected people's health. So, the Government has no plans to make compensations or identify sites for rehousing. However, in view of Members' comments, we will request the Department of Health (DH) to send staff to visit Ha Pak Nai Tsuen to find out what is happening and explain the situation to the residents there and conduct talks on health and hygiene for them.

DR TANG SIU-TONG (in Cantonese): *Madam President, many villagers at Ha Pak Nai Tsuen have contracted trachea diseases. When they went to the DH for treatment, doctors told them their diseases were related to air pollution. Indeed, many of them have trachea diseases despite the fact that they do not smoke. I hope the Government will contact the villagers and conduct periodic body check-ups for them to examine if the odour nuisance affects their health. Actually, the Government planned to relocate the village at the initial stage of the construction of the landfill but eventually the plan was not implemented. Will the Government provide an explanation in this regard?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, we have made inquiries with the DH. According to information from the Department, the commonest chronic trachea diseases,

including emphysema and chronic bronchitis, are caused mainly by air pollution, infections from the work environment, hereditary factors and smoking. As I said, DH staff will pay a visit to villagers at Ha Pak Nai Tsuen to provide counselling on health issues and conduct talks. They will also find out what is happening there, what questions the villagers may have about their health conditions and what other comments the villagers may have.

DR TANG SIU-TONG (in Cantonese): *Madam President, did the Government actually have plans to relocate the village at the initial stage of the construction of the landfill?*

PRESIDENT (in Cantonese): Secretary, did you hear Dr TANG's follow-up question clearly?

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Yes, I did, Madam President. Unfortunately, according to the information I have on hand, there were no arrangements for relocating the village.

MR YEUNG YIU-CHUNG (in Cantonese): *Madam President, the Secretary said EPD staff conducted random inspections at least three times a day at the landfill and areas in the vicinity. Will the Secretary inform this Council whether there were many unsatisfactory cases after the inspections? If such cases arose, other than requesting the contractor to take action, would the Government disqualify the contractor?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, according to the information I have, during inspections by the EPD in the last two years, there were 20 findings of odour nuisance of which 15 were rated as minor, that is, barely detectable. As I said, if odour nuisance is detected, the EPD would take immediate action to locate the source of the nuisance, and, if it is found to have originated from the landfill, the EPD would immediately require the contractor to take specific actions, such as reducing the area of rubbish dumped, providing better cover for the rubbish or removing the rubbish that produces the odour nuisance.

If a contractor is found to have performed unsatisfactorily in undertaking the contract work, the Government has three options to secure improvement. First, if only some parts of its work fail environmental standards, we will immediately require the contractor to improve. This is relatively minor. Second, if it is proved that a contractor has made mistakes which it should not have made, the Government may, under the existing operating agreement, deduct the relevant amount from its operating charges as specified in the agreement. Thirdly, in the most serious case of failure, if the contractor consistently fails to improve the operation of the landfill, then the EPD may terminate the agreement. These options have been clearly stipulated in the agreement signed between the Government and the contractor. However, as I said, we have received only very few complaints from residents living in the vicinity of the landfill. In the past two years, there were only three complaints against nuisance caused by the landfill and there were only 20 incidents of odour nuisance discovered by EPD inspections. So, on the whole, we are satisfied with the operation of the contractor.

MR HOWARD YOUNG (in Cantonese): *In the fourth paragraph of part (a) of the main reply, the Secretary indicated the EPD had set up 139 monitoring points, two of which were set up at Ha Pak Nai Tsuen. Will the Secretary inform this Council whether the test results from these two monitoring points reveal any signs of trouble in the air quality? Since the equipment may monitor the levels of methane and dust, can the test results tell us whether there are problems with the air quality that may make people sick?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, I said in the main reply that the operation of the three landfills in Hong Kong should meet the most stringent environmental standards in the world. At the WENT Landfill alone, there are 139 monitoring points. I do not have the specific data recorded by the two monitoring points at Ha Pak Nai Tsuen now, but I understand that in general, in the past two years, the two monitoring points at Ha Pak Nai Tsuen recorded data showing no significant changes in the levels of dust, gas and noise, and the data reflect a situation where stringent environmental and hygiene standards are met.

Concerning environmental hygiene, as I said, there are monitoring points to monitor the environment and collect data, and EPD staff conduct random inspections every day. In addition, staff of the Food and Environmental Health Department inspect the vicinity of the landfill every week. Furthermore, we have read the records of inspections and are satisfied with the hygiene conditions shown.

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

MR HOWARD YOUNG (in Cantonese): *Madam President, I mentioned the functions of the monitoring points and I asked whether they might monitor air quality. I do not think noise is related to my supplementary question.*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, the monitoring points can monitor dust and gas. I forgot to mention gas just now. The monitoring points have certain contribution in monitoring air quality.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, I went to Ha Pak Nai Tsuen to speak to the villagers. I learned that among the 200-odd villagers, a dozen of them have emphysema, and some even died of the disease. The Secretary indicated that the DH staff would go to the village to conduct counselling about health, but she also said no body check-ups would be done. Will the Secretary inform this Council how the Government can tell what the health conditions of the villagers are if it does not carry out body check-ups for them? Will the Government conduct a research, for the purpose of comparison, to find out why 6% to 7% of the villagers at Ha Pak Nai Tsuen contracted emphysema but villagers with no landfills in the vicinity of their villages do not have the disease? Is this not dubious? Will the Secretary inform this Council whether the Government will do that?*

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Cantonese): Madam President, as I said, at present there is no medical evidence to show that the landfill and the nuisance caused by it will affect the health of the people. However, I also said causes of chronic trachea diseases are diverse. It is not just the people in a certain village, but I believe many people in Hong Kong are suffering from chronic trachea diseases.

Since DH staff will visit Ha Pak Nai Tsuen to find out what is happening to the people there, I trust the Department will take appropriate actions should it discover any problem that needs to be followed up.

PRESIDENT (in Cantonese): We have spent more than 16 minutes on this question. We will now move on to the third question.

Assistance to Hong Kong Businessmen Investing in Mainland

3. **MR HUI CHEUNG-CHING** (in Cantonese): *Madam President, regarding the assistance provided to Hong Kong businessmen who have investments in the Mainland, will the Government inform this Council:*

- (a) *of the respective numbers of requests for assistance and complaints referred by the Trade and Industry Department (TID) to the Liaison Office of the Central People's Government (Liaison Office) in the Hong Kong Special Administrative Region (SAR) for follow-up since the reunification of Hong Kong with China, with a breakdown by the contents of the requests and complaints;*
- (b) *of the means by which the channel for seeking assistance and lodging complaints is made known to these businessmen; and*
- (c) *whether it plans to set up economic and trade offices in major municipalities in the Mainland and establish a mechanism with the relevant local agencies for referral of and following up the complaints made by Hong Kong businessmen about policy implementation and law enforcement in the Mainland?*

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

- (a) Since our reunification with the Mainland, the business community has occasionally requested the SAR Government to reflect their views or to offer assistance in respect of their concerns over mainland economic, trade and business issues. Under the principle of "one country, two systems", the SAR and mainland provinces and municipalities must respect one another's trade and business policies, legal systems and jurisdiction. Our policy is to handle such requests in accordance with this principle and, depending on the circumstances pertinent to each case, refer them to the relevant mainland authorities through various channels for follow-up.

The views, requests for assistance and inquiries received and handled by the TID since the reunification can be classified as follows:

- (i) *Comments or requests for assistance made in respect of mainland trade and business policies and local law enforcement issues that generally affect Hong Kong businesses*

These comments usually came from local chambers of commerce or businesses affected in a particular region. The TID would carefully consider them and, where necessary, collect further views and suggestions from the Hong Kong businesses concerned. The TID would then reflect such views to the Central or local authorities through various channels, including the Mainland and Hong Kong Joint Commission on Commerce and Trade, the Liaison Office in the SAR, the Beijing Office of the SAR, and the contacts and visits between the TID and mainland economic and trade authorities.

As such views on issues that generally affect Hong Kong businesses did not involve individual complaints, the TID has no statistics on cases received. Issues on which the views of Hong Kong businesses had been referred through the Liaison Office and other channels included the Mainland's new measures on processing trade and its labelling requirements for the import/export of food products.

(ii) *Complaints involving individual business disputes*

It is public knowledge that the SAR Government does not intervene in business or legal disputes of individual enterprises. This also holds true for businesses operating in the Mainland, hence the small number of such complaints received by the TID. According to statistics available, the TID received only three such cases last year, one of which had been referred to the Liaison Office for follow-up.

(iii) *Inquiries on mainland policies and legislation*

The bulk of requests received by the TID were inquiries on mainland business and trade legislation. Most of these inquiries did not require referral. The TID would answer such inquiries to the best of its knowledge or provide the inquirers with the contact details of the relevant authorities. The TID received close to 1 000 such requests last year.

- (b) As far as publicity is concerned, the Commerce and Industry Bureau and the TID maintain frequent communication with the local trade and business associations on Mainland-Hong Kong economic and trade matters. We would avail of such occasions to explain the Administration's support services available to Hong Kong businesses operating in the Mainland. Our reports and discussions at the Legislative Council on such services were also widely covered by the media.

In addition, the TID issues regular Commercial Information Circulars and organizes seminars at which it not only collects the views of local businesses but also explains the role and functions of the Department.

Through these channels, we believe we have made it clear to the business community the various inquiry and assistance services in place.

- (c) The SAR Government is considering the issue on setting up additional offices in the Mainland. It is worth pointing out that even if we decided to establish economic and trade offices in the Mainland, the primary function of such offices would be to promote the economic and trade relations between Hong Kong and the cities concerned and not to handle complaints from Hong Kong businesses on mainland policies or laws. In addition, such offices must operate under the "one country, two systems" principle mentioned above. It follows that complaints received by such offices from Hong Kong businesses will be handled in accordance with our existing policy guideline, that is, the SAR must respect the Mainland's trade and business policies, legal system and jurisdiction, and it will not intervene in the business or legal disputes of individual enterprises.

I would like to add one final point: If Hong Kong businessmen have any complaints on policy implementation and law enforcement in the Mainland, the most appropriate action for them to take is to bring these to the attention of the concerned mainland authorities direct.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, the Secretary mentioned in the third paragraph of part (b) of the main reply that the commercial and industrial sector should be well aware of the various mechanisms for inquiries and complaints. But if that is really the case, why have so many Hong Kong businessmen in the Mainland still complained about the lack of complaint channel? Does the TID have any plan to enhance the publicity work among Hong Kong businessmen in the Mainland?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, as I pointed out earlier on, if Hong Kong businessman have any complaints on policy implementation and law enforcement in the Mainland, the most appropriate action for them to take is to bring these to the attention of the relevant authorities direct. Therefore, one simply cannot say that there is no channel of complaint. I wish to reiterate, and I am sure Members will also understand, that the SAR Government can only handle matters and problems within its jurisdiction, and Hong Kong businesses operating in any places outside

Hong Kong, including the Mainland, must abide by the local laws in force. If they have any views or complaints about the local authorities concerned, they should bring them to the attention of these authorities direct.

Regarding which authorities or departments in the Mainland will receive complaints, the government departments responsible for commerce and industry, the Beijing Office of the SAR Government and the Trade Development Council can all provide the relevant information to Hong Kong businessmen. Therefore, one simply cannot say that there is no channel of complaint.

Moreover, on 18 October last year, that is, when this Legislative Council held its first meeting, I already gave a very detailed reply to a similar question. On that occasion, I gave a very thorough account of the complaints mechanism put in place by the mainland Customs, and I also explained the directive issued by the mainland Customs to its various checkpoints. That is why one simply cannot say that there is no channel of complaints.

MR KENNETH TING (in Cantonese): *Madam President, the Secretary mentioned in the main reply the point of seeking assistance from the Liaison Office. May I ask the Secretary under what circumstances and criteria will the TID refer a complaint to the Liaison Office for assistance?*

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): *Madam President, as pointed out in the main reply, the TID has so far received only three relevant complaints, and one of them has been referred to the Liaison Office for follow-up at the request of the Hong Kong businessman concerned. Usually, we will have to study the circumstances pertinent to a case before deciding whether it is appropriate to refer it to the Liaison Office. However, if the complainant so requests, we may still assist him in referring his complaint to the Liaison Office.*

MR AMBROSE LAU (in Cantonese): *Madam President, in the first paragraph of part (c) of the main reply, the Secretary mentioned that even if the Government decided to establish economic and trade offices in the Mainland, the primary function of such offices would be to promote the economic and trade relations between Hong Kong and the cities concerned and not to handle complaints from*

Hong Kong businesses on mainland policies or laws. Since the aim is to promote the economic and trade relations between Hong Kong and the Mainland, why should we not try to help Hong Kong businesses by persuading the mainland Government to make improvements in case any policies and regulations of the Mainland are found to be adversely affecting the investments of Hong Kong businesses?

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam President, this question must be answered in two parts. First, if the views concerned are about policies or regulations of the Central that generally affect Hong Kong businesses in the Mainland, we will certainly reflect such views to the Central Government after collecting all the relevant information. If necessary, we will also follow up and discuss the issues with the Central Government, in the hope that improvements can be made to the laws and their enforcement to prevent Hong Kong businesses from experiencing any operational difficulties. I have cited some examples in the main reply, including the case involving the new measures on processing trade, which has been referred to the Central Government for high-level handling. Another example concerns the labelling requirements for the import/export of food products. These are matters that can definitely be handled by an economic and trade office. But of course, even without such an office, we are still able to handle them. What we think cannot be handled are individual complaints about law enforcement or administration relating to the mainland Government and other authorities, for they will involve a fundamental principle. We Chinese people have many meaningful sayings, and one of them tells of a message like this: "Do unto others as you would have them do unto you." Suppose the Central Government now wishes to set up an office in Hong Kong with the sole responsibility of receiving complaints from Chinese enterprises operating in Hong Kong about the Hong Kong Government, and suppose such complaints will be handled by the Central Government direct, I am sure that this will lead to a huge outcry in Hong Kong, and people will certainly disapprove of the establishment, saying that this damages the principle of "one country, two systems". And, even a porcupine, an animal much liked by the Financial Secretary, will stick out its quills. To sum up, it is hardly justifiable for the SAR Government to set up an office in the Mainland for the sole purpose of receiving complaints from Hong Kong businessmen about the mainland Government.

DR TANG SIU-TONG (in Cantonese): *Madam President, since the small differences in the interpretation and enforcement of Central policies and laws by the seven Customs checkpoints in Guangdong Province have created some kind of confusion among Hong Kong businessmen, the Central Government is now considering the possibility of stationing a Customs official in the Liaison Office on a permanent basis, so as to liaise directly and quickly with SAR Government to clarify and explain the Customs policy of the State. Is this really true; if yes, what is the progress?*

PRESIDENT (in Cantonese): Dr TANG Siu-tong, what is the relevance of your supplementary question to the main question?

DR TANG SIU-TONG (in Cantonese): *Madam President, what I have said refers to a rumour reported in the press. I wish to ask the Secretary whether it is true. And, I also wish to know whether such an arrangement is one of the ways to handle complaints from Hong Kong businesses.*

PRESIDENT (in Cantonese): Dr TANG, this then means that your supplementary question is not relevant to the main question. I hope that you can raise it through other channels in the future. Fourth question.

Remedial Works to Foundations of Tin Chung Court

4. **DR TANG SIU-TONG** (in Cantonese): *Madam President, in his reply to my question on 29 November last year, the Secretary for Housing pointed out that the selection of contractors for remedial works to the foundations of Blocks K and L of Tin Chung Court in Tin Shui Wai had already reached the final stage, and such works would commence in January this year. The Secretary also mentioned that the consultant commissioned by the Housing Department (HD) had found a new machine that could facilitate piling works and included it in the new remedial scheme as well. In this connection, will the Government inform this Council of:*

- (a) *the name of the contractor awarded the contract for the remedial works and the current progress of such works;*
- (b) *the functional features of the new machine, the country from which it is imported, the structure and height of the buildings to which it may apply, as well as the geological condition of the sites on which it can operate; and*
- (c) *the details of the new remedial scheme, and whether these have been endorsed by the independent third party, engineering consultant Binnie Black; if so, whether the consultant concerned will be held responsible under the contract signed with the HD if the scheme is proven to be unworkable or defective in the future?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, on 18 January this year, the Building Committee of the Housing Authority (HA) decided to award a contract for the remedial works to Gammon Construction Company Limited (Gammon Construction). The actual works are expected to commence later this month, and C M Wong Associates Limited, the remedial scheme design consultant, will supervise the implementation.

The new machine which I referred to in my reply to the Honourable Member's question on 29 November 2000 is called "hydraulic piling jacking machine". It installs, by hydraulic jacking, new steel H-piles next to existing piles to strengthen the foundation. This piling method, developed in China, can be applied in the geological conditions of Tin Shui Wai area and is suitable for supporting multi-storey buildings. The advantages include low piling noise and minimal disturbance to ground soil and underground water. Moreover, in the course of jacking down the steel pile, the ground soil will be compressed to enhance its load bearing capacity. In June 2000, a trial test of the "hydraulic piling jacking machine" was carried out by the HA in Tin Shui Wai, which has confirmed that steel H-piles can be jacked into deep soil strata to support a building with a height of more than 40 storeys.

As regards part (c) of the question, the remedial scheme for Blocks K and L of Tin Chung Court, using the "hydraulic piling jacking machine", has been carefully examined and endorsed by Binnie Black & Veatch Hong Kong Limited (Binnie Black), which is an internationally renowned geotechnical and structural consultant. In addition, in December 2000, the HA also appointed an

independent foundation expert, Prof H G POULOS, to review the effectiveness of the remedial scheme. He has concurred that the proposed remedial scheme will be effective in restoring and strengthening the foundation of the two blocks to their original specifications. Binnie Black will be responsible for auditing the implementation of the remedial scheme. If the remedial scheme it has endorsed is found to be unworkable or defective in future, the HD will take action against the company and any other parties involved in the remedial scheme in accordance with contractual provisions.

DR TANG SIU-TONG (in Cantonese): *Madam President, on 29 November last year, the Secretary explained to us that the University of Hong Kong had withdrawn from the scheme because it could not take out an insurance policy. Now that Prof H G POULOS has been commissioned as the third party, he would be held legally responsible if the scheme should end up in failure. Could the Secretary inform this Council whether Prof H G POULOS has taken out an insurance policy in this connection? As far as I know, the Sydney University has already made a clean break with him.*

SECRETARY FOR HOUSING (in Cantonese): *Madam President, in principle, Binnie Black is the company practically responsible for the remedial scheme. If any party should be held responsible in the future, the responsibility must lie with Binnie Black. I believe Binnie Black must have the resources or taken out a sufficient insurance policy to cater for this aspect of the scheme. Since Prof H G POULOS is not directly in charge of the works project, he does not have any responsibilities for paying compensation in principle.*

MR LAU PING-CHEUNG (in Cantonese): *Madam President, it is mentioned in the second paragraph of the main reply that in jacking down the steel pile the ground soil would be compressed. However, as we all know, a building is not supported by ground soil but by foundation piles; hence, I reckon that the said effect may not be of any help. Could the Secretary inform this Council whether the compressed ground soil would have any impact on the municipal facilities built underground, such as gas pipes, water mains, drains and so on? Could the Secretary also inform this Council whether the Administration has taken into consideration the aforementioned issues before deciding to adopt this method?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, what I tried to say in my main reply is that the new machine can install, by hydraulic jacking, a new pile next to the existing piles; and that so doing will not have any impact on the supplementary infrastructure in the vicinity. With this piling method, we can compress the ground soil on the one hand and jack the H-piles into the deep soil strata on the other for enhanced load bearing capacity. The original depth of the piles was calculated by the HA and the design consultancy concerned, and this consultancy is now carrying out the remedial works in accordance with the original plans. Given that the consultancy firm carries out the foundation remedial works in accordance with the original specifications, there should not be any further problems in principle.

PRESIDENT (in Cantonese): Mr LAU Ping-cheung, which part of your supplementary has not been answered by the Secretary?

MR LAU PING-CHEUNG (in Cantonese): *Madam President, I think the Secretary has not answered the part of my supplementary asking whether the Administration has taken into consideration the possible impact on other municipal facilities built underground.*

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

SECRETARY FOR HOUSING (in Cantonese): Madam President, I thought I had answered this part of the Honourable Member's supplementary. My answer was that there should not be any impact on such facilities.

DR RAYMOND HO (in Cantonese): *Madam President, the hydraulic jacking piling method mentioned by the Secretary just now is nothing new; it has in fact been in use for quite some time. But then, I do agree with the Secretary in that this piling method produces low operation noise and causes minimal disturbance to ground soil and underground water. However, I cannot subscribe to his view that the steel piles jacked into the deep soil strata will compress the ground soil and thereby enhance its load bearing capacity, for soil can rebound upon compression. Since this piling method is so effective, may I ask the Secretary*

why did the Administration not apply it to the construction of the housing estates in Tin Shui Wai but have chosen, instead, the precast prestressed concrete piles which have been commonly regarded as problematic?

SECRETARY FOR HOUSING (in Cantonese): Madam President, to put it simply, whereas the percussive piling method is faster but noisier, the hydraulic jacking piling method, as I said just now, operates with a low noise. Moreover, under special circumstances like the present case in which a number of piles have already been jacked into the ground and it is impossible to demolish the buildings already built upon them to carry out piling works again, this new machine is indeed the most convenient and effective means to achieve our objective.

DR RAYMOND HO (in Cantonese): *Madam President, my supplementary was: Since this piling method is so effective, and it can support a building with a height of more than 40 storeys as mentioned by the Secretary in the second paragraph of the main reply, why did the Administration not abandon other less satisfactory methods and adopt or require contractors to use this piling method for the housing estates in Tin Shui Wai?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, naturally the HA has not given me the answer to that question. Nevertheless, I trust that upon learning of the new machine the HA will consider whether or not to use this piling method when constructing buildings in Tin Shui Wai area in the future. Perhaps the HA will also agree that this piling method is more desirable compared to other piling methods used in the past. I believe the HA will certainly draw a lesson from this experience.

MR AMBROSE LAU (in Cantonese): *Madam President, the Secretary mentioned in the last paragraph of the main reply that if the remedial scheme was found to be unworkable or defective in future, the HD would take action against the responsible parties in accordance with contractual provisions. As far as I understand it, while responsibilities must first be established before any action can be taken, the action to be taken is contingent on the responsibilities the relevant company is required to take under the contractual provisions. In this connection, may I ask the Secretary what are the responsibilities of the company under the contractual provisions?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, there can be different kinds of defects. If it is established to be a question of professional responsibility, we would take action against the professional parties concerned, such as Binnie Black. If the staff of a certain construction company, say, Gammon Construction, should make any mistakes during the construction process, we would of course take action against the company concerned. So, we really cannot define any responsibilities at too early a stage. The Honourable Member's supplementary is a hypothetical question, and is therefore very difficult to answer. To sum up, however, I would say each party has a different role to play in this entire remedial scheme. Nevertheless, on the professional front, if the remedial method considered as feasible by Binnie Black is found to be unworkable or defective in future even though each and every process has been completed in compliance with the original specifications, Binnie Black will have to assume responsibility for the mistake in this respect.

MR HOWARD YOUNG (in Cantonese): *Madam President, with regard to the remark he made upon pointing out that this new piling method was very effective and would produce lower piling noise, may I ask the Secretary whether he was saying that the piling method was suitable for remedial works only and would not be considered for extensive use in housing construction?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, as I have pointed out earlier on, this method can be adopted for general construction works as well. However, as far as the remedial works for completed buildings is concerned, this machine should be the most effective. I trust that the HA will consider using this machine extensively in the future. I believe the HA will gain invaluable experience from this remedial scheme and will consider whether or not to use this machine extensively in the future.

DR TANG SIU-TONG (in Cantonese): *Madam President, with regard to the foundation remedial works in question, the Secretary told us last year that the estimated expenditure was \$140 million and the works was expected to be completed within 22 months. Now that the contract for the remedial works has been awarded, could the Secretary inform this Council of the estimated cost and implementation period of the remedial works as set out in the contract?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, the two figures mentioned by the Honourable Member remain unchanged. By that I mean the remedial scheme will cost about \$142 million and is expected to be completed in phases within 22 months.

PRESIDENT (in Cantonese): Last supplementary.

DR RAYMOND HO (in Cantonese): *Madam President, because of the past changes in the earth's crust, the geology of an area is not the same as that of other areas. The geology of Hong Kong is likewise not the same as that of other places. Since the HA has appointed an overseas expert, Prof H G POULOS, to offer independent opinion on the remedial scheme, may I ask the Secretary why did the HA not consider appointing a local expert well-versed in the geology of Hong Kong to provide independent opinion? Actually, the Government may also consider appointing experts from local universities to offer independent opinion on the scheme. In this connection, could the Secretary inform this Council whether the Government has ever considered appointing local experts?*

SECRETARY FOR HOUSING (in Cantonese): Madam President, the answer is a definite yes. Binnie Black is one of those experts referred to by Dr HO. As regards Prof POULOS, who is a world-renowned expert, the HA consults him on the remedial scheme because he is the most authoritative expert in the field. Since both the local expert and the overseas expert concur that the remedial scheme is appropriate, the HA is very confident that the remedial works will be a success.

PRESIDENT (in Cantonese): Fifth question.

International Events Fund

5. **DR DAVID LI**: *Madam President, regarding the International Events Fund (IEF), which was established in 1998 to support the staging of international events in Hong Kong as a means to promote tourism, will the Government inform this Council of:*

- (a) *the assessment criteria adopted by the authorities for deciding whether to support an event through the IEF;*
- (b) *the events the IEF has supported to date, the main terms and conditions of support in respect of each event, and the amount still available now; and*
- (c) *the number of visitors and amount of tourism receipts which have been brought to Hong Kong by such funded events?*

SECRETARY FOR ECONOMIC SERVICES: Madam President,

- (a) The IEF was established in the form of a five-year revolving government loan facility of \$100 million for the Hong Kong Tourist Association (HKTA) to promote international events in Hong Kong. A Steering Committee was set up to oversee the management of the IEF.

The primary objectives of the IEF are to assist in the promotion of events in Hong Kong which have international appeal and which help attract visitor arrivals and enhance the image of Hong Kong as the Events Capital of Asia. It may provide three different types of financial support to organizers of international events, including upfront equity injection, grants and loans, which may charge interest at a commercial rate, a concessionary rate or be interest-free. In addition, the IEF can provide assistance in kinds, such as publicity and marketing programmes overseas and in Hong Kong to help enhance the events' publicity and ticket sales.

Having regard to the primary objectives of the IEF, the IEF Steering Committee and the HKTA have drawn up a set of assessment criteria for providing support to individual events. While each application is considered on its own merits, events which meet one or more of the following guidelines would be considered to have merits in meeting the IEF objectives if they:

- (i) are exclusive to Hong Kong or, in the case of a regional tour, starting the tour in Hong Kong (or in certain cases ending in Hong Kong);

- (ii) will attract international television coverage;
- (iii) are regular events or events which have the potential to develop into annual events;
- (iv) bear the words "Hong Kong" in the event title in the case of regular events;
- (v) take place over a period of certain days or months; or if they are one or two-day events, have the potential to attract audience in excess of 10 000;
- (vi) take place at a time of the year which compliment the Hong Kong tourism business cycle; and
- (vii) contain other attractions which meet the IEF funding objectives.

In addition, funding support will only be awarded if the IEF Steering Committee and the HKTA are satisfied with the viability of the event proposal, the budget submitted and the ability of the event organizer to deliver the event as outlined in the application.

- (b) To date, the IEF has extended support to 12 events of a wide variety covering sports, entertainment and exhibitions. A cumulative total of HK\$24.7 million interest-bearing loans has been granted. The IEF support in respect of these events are briefly summarized in the Annex tabled to Members. Around HK\$93 million is still available to support future events.
- (c) The HKTA has not conducted individual assessment on each of the events which received IEF support, since separate assessments were made in respect of the effectiveness of the Spotlight Hong Kong programme, under which all IEF supported events are also promoted. (I should mention that Spotlight Hong Kong is an umbrella programme for promoting events in overseas markets.) In respect of the first four events listed in the Annex and the Hong Kong's EuroChristmas, about 41 000 overseas visitors were attracted to visit Hong Kong. Based on the average per capita

spending of tourists in the year when the event was held, the HKTA estimated that some HK\$190 million tourism receipt had been generated.

Apart from quantifying benefits from individual events, the presence of events of international standing in general also brings intangible benefits to Hong Kong. These events help maintain Hong Kong's overall attractiveness as a tourist destination. They also increase international publicity on Hong Kong.

Annex

Support Granted by IEF

	<i>Proposals</i>	<i>Type of Support (Granting Date)</i>	<i>Amount</i>
1.	Samsung Action Asia Challenge <i>(Adventure Sports)</i>	Interest-bearing loan (28 August 1998)	HK\$175,000
2.	Celine DION in Hong Kong Concert	Interest-bearing loan (23 October 1998)	HK\$4,000,000
3.	A Sentimental Journey <i>(Drama)</i>	Interest-bearing loan (28 August 1998)	HK\$4,000,000
4.	The Manulife Cup South China (HK) vs Manchester United (UK) <i>(Soccer)</i>	Interest-bearing loan (31 March 1999)	HK\$4,000,000
5.	Spirit of Flight Exhibition	Interest-bearing loan (6 March 1999)	HK\$7,800,000
6.	The Power Slam <i>(Basketball Competition)</i>	Interest-bearing loan (14 April 1999)	HK\$2,000,000
7.	Hong Kong F1 Powerboat Grand Prix	Interest-bearing loan (29 September 1998)	HK\$1,000,000

	<i>Proposals</i>	<i>Type of Support (Granting Date)</i>	<i>Amount</i>
8.	HK Action EXPO - Asia '99 <i>(Sports Exhibition, Competitions and Workshops)</i>	Interest-bearing loan (13 January 1999)	HK\$500,000
9.	Cable & Wireless HKT: Air Supply Valentine Concert 2000	Interest-bearing loan (21 September 1999)	HK\$500,000
10.	Hong Kong's EuroChristmas	A grant (21 October 1999)	HK\$68,982.4
11.	Interactive Digital and Electronic Entertainment Expo 2001	Interest-bearing loan (8 September 2000)	HK\$200,000
12.	The Legendary Peter, Paul and Mary Live in Hong Kong 2001 <i>(Concert)</i>	Interest-bearing loan (25 July 2000)	HK\$500,000

DR DAVID LI: *Madam President, would the Secretary for Economic Services inform this Council of the reasons for the bad debt provision of HK\$13.92 million on the operation of the IEF in the HKTA account for the year 1999-2000, and whether the HKTA expects to repay to the Government the outstanding loan in full by November 2003?*

SECRETARY FOR ECONOMIC SERVICES: Madam President, the amount of bad debt provision as mentioned by Dr the Honourable David LI arose in the event of organizers' inability to actually stage the events in Hong Kong, either because their certain partnership with other organizers fell through or that they have not been able to take the business proposal or business plan forward. These are the main reasons for the bad debt provision mentioned by the Honourable Member.

As regards the payment of the loan, if we go back to the Finance Committee's approval of the loan itself, in five years' time, the HKTA will be required to repay the entire capital to the Government. For each year, a simple interest rate of 5% is also payable.

DR YEUNG SUM (in Cantonese): *Madam President, the Secretary mentioned that loans were granted for these international events mainly because the Government had hoped that they would attract international television coverage. Would the Secretary then inform this Council whether any survey has been made so far on the background of the audiences of these types of television programmes and how to attract people with stronger spending power to spend in Hong Kong?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, as Dr YEUNG said, one of the reasons why we stage or subsidize these international events is because the Government hopes that they will attract international television coverage. But the most important point is to attract visitors to Hong Kong. The HKTA will conduct a review after the conclusion of these events. I do not have detailed information at hand on the reports by the international media on each of the events.

DR YEUNG SUM (in Cantonese): *Madam President, my supplementary is whether the Government has studied the background of the audiences of these types of television programmes.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, the Government has not conducted this type of studies.

MRS SELINA CHOW (in Cantonese): *Madam President, I would like to declare an interest. I am the Chairwoman of the Steering Committee of the IEF. The Secretary said in her main reply that the Government may provide organizers of international events with three different types of financial support, and she also said that this is a revolving loan facility of \$100 million. This Fund is actually different from other types of government funds. For other funds, the Government makes direct grants from the Fund to the organizers to encourage the holding of certain types of events. Can the Government inform this Council whether the offer of loans by the Fund will indirectly impede the holding of some international events in Hong Kong, and has the Government considered reviewing or changing this mode?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I wish that the offer of loans by the Fund would not impede the holding of the events. International events do bring certain economic benefits and now that we have two years' experience, we will start studying how we can effectively and flexibly co-ordinate this Fund with other sponsorship or subsidization methods and make them interactive, apart from assisting organizers in holding the relevant activities. Our ultimate objective is to gain the best benefits with the lowest costs. The Commissioner for Tourism is in fact conducting a preliminary study on this. In addition to studying how we can financially assist in or subsidize the holding of these events, we also plan to conduct a more comprehensive review to find out how we can support organizers in conducting practical market researches in a planned and systematic manner. We will study which types of activities will be more cost effective and how we can attain mutual co-ordination on terms of the timing, nature and scale of the activity and the procedures of financial assistance when we hold a certain type of activities. We will also make longer-term arrangements for these activities so that they will not become known only a few months before they are held. In regard to international events, we hope that notices can be given one year in advance or even earlier so that the HKTA will have sufficient time to publicize the events more thoroughly. We have just started to conduct this study and review.

MR FRED LI (in Cantonese): *Madam President, international events will mainly attract foreign visitors and they are not held for local audiences. May I ask the Government whether the 12 events set out in the Annex can achieve the purpose of attracting foreign visitors to Hong Kong or have achieved poor results or even fallen through and caused bad debts? I hope the Secretary will tell us how many visitors have visited Hong Kong for this purpose. I wish the Secretary would not just cite the four events and the Hong Kong's EuroChristmas as examples as she has just done because I find it necessary to consider the overall situation.*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I would like to explain that one of the major objectives of the Government in assisting the holding of these events is to attract foreign visitors, but we also hope that Hong Kong people will have a chance to participate in or be spectators of these events for this will certainly have stimulating effects on our

economy. I can give Members some data. For instance, the HKTA estimated that the Celine DION in Hong Kong Concert had attracted around 2 700 visitors to Hong Kong while the Cantonese drama, A Sentimental Journey, had attracted around 5 000. However, I do not have detailed figures on other events at hand.

MR FRED LI (in Cantonese): *Madam President, can I ask the Secretary to submit the information to this Council later?*

PRESIDENT (in Cantonese): Secretary for Economic Services, do you wish to respond to the request made by Mr Fred LI?

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, I need to inquire with the HKTA about the relevant information, however, I cannot guarantee that I can provide detailed information on every event. (Annex I)

MR MARTIN LEE: *Madam President, would the Secretary please enlighten this Council how it is possible to assess how many tourists have been attracted to come to Hong Kong by specific events, because they might have come to Hong Kong not because of these events, but in spite of them. One of the examples given was the wonderful match between South China and Manchester United. Now I would certainly doubt whether any people would have come to Hong Kong just for that match.*

SECRETARY FOR ECONOMIC SERVICES: Madam President, I would not venture into estimating who is a footballer and who would support which football team, and to what extent would a football team attract so many visitors for a particular match when there could be a host of other reasons. I agree with the Honourable Member that there is not a precise science that we can pinpoint a particular visitor's sole purpose or objective of visiting Hong Kong. But we do conduct surveys and we do ask visitors for their broad reasons in visiting Hong Kong.

As a matter of interest, the Honourable Member may wish to note that on a separate survey on the visitors in 2000, actually 40% of our visitors indicated

that they are interested in performing arts. Another 16% specifically mentioned that they are interested in cultural and exhibition activities. And another 13% mentioned that they are quite interested in sporting activities in Hong Kong.

I am no statistician, but there are ways of collecting information which may not be a precise science, but it does give us a little benchmark and a rough estimate as to how many of our visitors actually came at that time solely or partly for a particular reason or a particular event.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, concerning the bad debt ratio, the amount accounts for around 13% to 14% of the total sum and the items account for around 25% of the total number of events. I wish I have not calculated wrongly but I think the ratio is relatively high. If Dr the Honourable David LI from the banking sector knows that there is such a bad debt ratio in the books of his subordinate, I believe he will immediately order a thorough investigation. Does the Secretary have any specific measures to reduce the bad debt ratio?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): *Madam President, having absorbed the experience, the Steering Committee has more rigorously implemented the procedures for vetting applications. During the time events are held, more frequent communication with the organizers and requests for provision of more information are made. Moreover, we have shortened the repayment period for the organizers.*

MR HENRY WU (in Cantonese): *Madam President, the Secretary mentioned bad debts when she answered the supplementary question, and other colleagues have also raised other questions. We certainly wish that the relevant parties could fully utilize the Fund. Among the 12 events set out in the Annex, we can see that there were four events in 1998, six in 1999 and only two in 2000. The total of the two loans in 2000 only amounted to \$700,000 which was not comparable to the \$10 million total loan amount for 1998 and 1999. Can the Secretary inform this Council whether the Administration was stricter in vetting the applications or even rejected some applications because of the bad debts? Can the Secretary provide us with the total number of applications received in the past three years?*

SECRETARY FOR ECONOMIC SERVICES (in Cantonese): Madam President, the vetting procedures are stricter than before and we received a total of 40 applications in the past.

PRESIDENT (in Cantonese): Last supplementary.

MR HOWARD YOUNG: *Madam President, when the IEF was established two and a half years ago, it was hailed as a mechanism to pull Hong Kong out of tourism doldrums. But in the Annex that the Secretary has supplied to us, there is no application for interest-free loan which, I believe, does come under the criteria, and there is only one grant which meets the eligibility criteria mentioned by the Secretary, but granting only a pitiful amount of \$68,000.*

Thus, I would like to ask the Government, in view of the only two and a half years left to fully utilize the IEF to achieve the original purpose, whether the criteria need to be reviewed so that support in the form of interest-free loans or grants perhaps could be materialized?

SECRETARY FOR ECONOMIC SERVICES: Madam President, the Steering Committee determines whether a loan should be interest-free or, if interest is to be charged, the rate of interest and at what level. From what I understand, the Steering Committee evaluates the risk of the event itself as a business concern, applies its criteria and determines whether interest ought to be charged.

At the same time, bearing in mind that the loan itself is a revolving government loan, the HKTA has to pay to the Government a simple interest of 5%. It will be for the Steering Committee to determine how it is going to reconcile interest-free loans with its obligations to the Government. I will reflect this view to the HKTA and the Steering Committee.

PRESIDENT (in Cantonese): Sixth question.

Use of Staffing Service of Employment Agencies by Government Departments

6. **MR LEE CHEUK-YAN** (in Cantonese): *Madam President, it is learnt that the Lands Department has entered into an agreement with a personnel consultant, whereby the latter is to hire contract staff and then to assign them to work in the Survey and Mapping Office of the Lands Department. While the company pays each of such staff a monthly salary of \$8,500, it charges the Lands Department a service fee at a rate of \$549 per person per day, thereby reaping lucrative profits. In this connection, will the Government inform this Council:*

- (a) *whether the Lands Department has selected the company through open tender; if so, of the details; if not, the reason for that;*
- (b) *of the other government departments which are also engaging private agencies to provide such staffing service; and the amount of service fee paid to these agencies by each of these departments in the past year, and the total amount of salary received during the same period by the same category of staff working in each of these departments; and*
- (c) *whether it has reviewed the cost-effectiveness of such staffing service provided by private agencies; if so, of the results of its review; and whether it will consider discontinuing the above practice and allowing the departments concerned to recruit their staff directly?*

SECRETARY FOR THE TREASURY (in Cantonese): *Madam President, regarding part (a) of the question, according to the information provided by the Director of Lands, the Department has entered into an agreement with a consultancy company, under which the latter is to provide qualified staff and assign them to work in the Survey and Mapping Office of the Lands Department. The tender notice for the contract was published in the Gazette in November and December 1998, and the scope of service was to provide contract staff to support and update the database of the District Land Information System of the Survey and Mapping Office of the Lands Department. The Lands Department awarded the contract on 23 February 1999 through the open tender procedure. The contract period lasts for 24 months, from 1 March 1999 to 28 February 2001. According to the contract, the company is to provide the Lands Department with*

21 to 39 staff each month at a daily rate of \$549 per person to carry out the work. The total cost of the contract is around \$9 million. The Lands Department does not have any information on the salary paid by the company to the staff.

As for part (b) of the question, generally speaking, Controlling Officers will draw up their own manpower plan according to the demand for services and the operational need. For example, for short-term service demand or non-full time work or work which does not warrant the employment of permanent staff, Controlling Officers will consider means to meet such demand other than recruiting civil servants directly. The purpose of doing so is to enhance efficiency and productivity and avoid imposing a long-term burden on the Government.

Commissioning outside companies for service is only one of various options to secure manpower resources. According to the tenders approved in the past two years by the Central Tender Board chaired by the Secretary for the Treasury, only two other departments have engaged outside companies for provision of manpower.

One of them is the Leisure and Cultural Services Department, which commissioned an outside company for library assistant manpower service. The contract is for 12 months and the estimated value is around \$22 million.

The other is the Information Technology Services Department (ITSD), which has assigned seven outside companies to provide information technology (IT) manpower to serve various departments. Such manpower requirements include computer operators, programmers, systems analysts and project managers. The contract period is 24 months and the estimated value is \$470 million.

Since the Government's contractual relationship is with the company in terms of procuring specific services from the company, we do not and should not enter into any further contract with the manpower provided by the company. The Government does not have any information on the salary received by the manpower employed by the company.

Concerning part (c), Controlling Officers can decide, according to their operational need, whether to engage an outside company for manpower service or recruit manpower directly and to review the cost-effectiveness of the various

modes of manpower supply. To decide on ways to tackle manpower needs and to conduct related reviews are a part of the regular work of government departments. The Audit Commission also carries out value for money audits to ensure government departments make the most cost-effective use of resources.

One example is the arrangement the ITSD made in meeting demand for IT staff and the related review. In 1996, the ITSD compared the costs of several manpower options and concluded that meeting the IT manpower demand through a service contract with outside company incurred the lowest cost, followed by direct recruiting in-house staff.

Last year, the Director of Audit conducted a value for money audit on the various methods the ITSD had adopted to secure manpower to meet demand. The Director of Audit published the findings in his Report No 35, which stated that according to the costing data provided by the ITSD in 2000, the cost of securing IT manpower through outside company was lower than that of in-house staff, at a cost ratio of 0.8:1.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, the Government's reply has impressed us that it is unaware that it has been treated like a "fool". While the headhunting company charges the Government a daily rate of \$549 per person, the monthly salary received by the staff is only \$8,500 or \$200-odd daily. The company has been able to "pocket" more than \$200 per person daily. If we calculate on the basis of a two-year contract valued at \$9 million, a headhunting company will be able to "pocket" more than \$4 million by recruiting 21 to 39 staff. Does the Secretary feel that the Government has been "cheated"? Should public money be spent in this way? Even the fee increase issue to be discussed today involves only \$2 million, yet more than \$4 million in public money has gone to someone's pocket. Will the Secretary consider it inappropriate for a private company to have "cheated" so much money out of the Government? Will the Government consider recruiting non-civil-service staff direct in future? Even for short-term appointment, the Government should employ non-civil-service staff direct rather than through headhunting companies.*

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, the question raised by Mr LEE can be divided into two parts, with the first part concerning "rip-off". There is no way for the Government to agree or disagree

with Mr LEE with respect to the existence of "rip-off" by contractors because the Government does not know the monthly or daily salary actually received by the staff. Indeed, I have explained in the main reply that the Government should not interfere with the employer-employee relationship.

As regards the second part of Mr LEE's question, the Government's position is that the contractor has gone through a fair and open competition in the form of a tender for the provision of manpower resources to the Lands Department. It was based on the maximum cost-effectiveness that the Government decided which contractor should be awarded the contract. We believe public money will not be wasted through such fair and open competition in the market.

MR LAU CHIN-SHEK (in Cantonese): *Madam President, the Secretary mentioned in the fourth paragraph of the main reply that the estimated value of the contract of the Leisure and Cultural Services Department was around \$22 million and stated in the fifth paragraph that the estimated value of the contract of the ITSD was \$470 million. The Secretary also pointed out that upon paying the fees, the Government would not bother with the actual pay of the staff of the contractor. This is not unique to the Lands Department; other government departments face the same situation too. Will the Secretary obtain information on the staff recruited by the company (I am not talking about entering a new agreement) to examine whether these companies are reaping "excessive profits"?*

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, the Government is of the view that there is basically no question of making "excessive profits". The Government has identified the most cost-effective contractor for the provision of manpower resources through market competition by way of a fair and open tendering process. From the Government's standpoint, there is no "rip-off" or "profiteering" to speak of.

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

MR LAU CHIN-SHEK (in Cantonese): *Madam President, will the Government try to obtain information from the outside companies because the Secretary has all along insisted that she has no idea. This is why I asked whether she would ask those companies for information.*

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

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I understand that Mr LAU was hoping that the Government would obtain relevant information to decide whether the companies have engaged in "rip-offs". However, the Government does not consider it necessary to do so because it does not see "rip-off" as a problem.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, it is really strange that the Government is obviously aware of the existence of "rip-off" but still it is willing to be "cheated". Why is the Government insisting on this practice instead of reviewing the relevant policy? The Secretary has actually mentioned in the main reply that Controlling Officers will draw up their own manpower plan according to the demand for services and the operational need. This implies that there are in fact numerous ways to solve the problem. The Secretary has even mentioned that the Government may choose to hire staff direct. Why is the Government still willing to put the money on a plate after knowing that it has been cheated instead of considering other options such as recruiting staff itself? The example quoted by the Secretary earlier may be applicable to an individual department but not to other government departments. Why does the Government not consider other effective solutions?*

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I would like to reply to Mr LEUNG's question according to my interpretation.

Profit making and "rip-off" are two different things. In procuring services, the Government acknowledges that contractors will not bid for tender for the provision of services unless they will be able to make a profit. I believe no businessmen in Hong Kong economy will be willing to operate a loss-incurring business for the Government. Neither are there any businessmen who

will be willing to charge the Government at a cost-recovery rate only. Profit making *per se* is therefore not an undesirable practice. Profit making is totally different from "rip-off". I would like to stress once again that it is our belief that the procurement of manpower resources through a fair and open tender will not lead to "rip-off". As I explained in the main reply earlier, it is most cost-effective for each Controlling Officer to decide on the way to meet manpower demands.

I have also pointed out in the main reply that according to the information provided by the Treasury, three government departments have solved their manpower problems by this means. One of these departments has completed a review and the Director of Audit has also carried out a value for money audit on the review too. Insofar as this case is concerned, procuring manpower through the contractor is more cost-effective than recruiting staff direct by the Government.

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

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, the Secretary's reply is only based on the example cited by her. Will the Secretary inform this Council of the reasons for the department in question not recruiting its staff direct? The department is actually well qualified to recruit its staff direct. Why did it not consider doing so?*

PRESIDENT (in Cantonese): Mr LEUNG, I am afraid the Secretary has answered your supplementary question already. You think she has not fully answered your supplementary question probably because you are not satisfied with her reply.

MISS CYD HO (in Cantonese): *Madam President, all the other public services in Hong Kong, including franchised public services, are subject to profit control. While the profits made by kindergartens are capped, the interests charged by loan sharks are subject to a cap of certain percentage points too. According to the information provided by the Honourable LEE Cheuk-yan earlier, the outside*

company can make a profit of up to 40% to 50%. Does the Government consider this reasonable? Is there a contradiction between the Government's ways of handling these companies and the profits made by other public service providers? While all other companies are subject to a profit limit, why does the Government consider there is no problem with these manpower companies and see them as normal profit-making companies rather than profiteering companies? Will the Government agree that there is contradiction in these two different areas?

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, the Government sees no contradiction at all. Actually, all profit-control mechanisms have been set up for special reasons. Miss HO has actually provided the answer in her supplementary question. Special control will only be imposed on certain franchised companies or particular service industries, such as kindergartens, for certain special reasons. Generally speaking, there is absolutely no profit control on various trades and industries operating in Hong Kong. The manpower companies mentioned in the main reply are just general business operators. This is why the Government considers it not necessary to impose profit control on them.

Madam President, I have stressed repeatedly in the main reply and supplementary replies that the Government does not have any information on the data mentioned by Mr LEE. Therefore, the Government cannot comment on the validity of the data obtained by Mr LEE. It is also for this reason that the Government cannot support Miss HO's saying that the contractor has made a profit of certain percentage points.

PRESIDENT (in Cantonese): Although we have spent more than 16 minutes on this question, I will allow one last supplementary question.

DR LUI MING-WAH (in Cantonese): *Madam President, the business sector will base on two criteria to decide whether or not contracting-out is required. The first criterion is whether it is essential to recruit short-term staff as helpers; and the second one is there will not be enough work for the workers. The Secretary has made it clear that outside companies are selected through a fair and open tendering procedure, which is above criticism. Nevertheless, I share*

the views of the Honourable LAU Chin-shek and Mr LEE Cheuk-yan that the cost of contracting-out by the Government is too high. Will the Secretary explain, if outside company can recruit staff with the pay it offers, why it is impossible for the Government to recruit temporary staff on one-year or two-year appointment through a different channel? Like an outside company, the Government can also recruit staff by paying them at a daily rate of some \$300. In that case, there will be no question of "excessive profits" or "rip-off".

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I have explained earlier that it should be up to the Controlling Officers to make the decision. The review carried out by the ITSD and the findings of the value for money audit conducted by the Audit Commission have precisely demonstrated that the cost of recruiting IT manpower direct by the Government by offering short-term contracts will be higher than the cost of securing IT manpower through contractors.

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

DR LUI MING-WAH (in Cantonese): *Madam President, my supplementary question is: If private companies can recruit staff by paying wages at this rate, why can the Government not do so? Is it because the Government is powerless or are there other reasons?*

PRESIDENT (in Cantonese): Dr LUI, I believe the Secretary has answered your supplementary question, there is no need for her to give you a reply again. You may consider raising the question through other channels.

WRITTEN ANSWERS TO QUESTIONS

Implementation of Dangerous Dogs Regulation

7. **MR WONG YUNG-KAN** (in Chinese): *Madam President, regarding the operation of the Dangerous Dogs Regulation (Cap. 167 sub. leg.), will the Government inform this Council:*

- (a) *of the number of dog keepers prosecuted for contravening the Regulation and the average penalty imposed by Courts on those who have been convicted;*
- (b) *of the number of large dogs which have passed the examination set by the Agriculture, Fisheries and Conservation Department (AFCD) for exempting dogs from the requirement of being held or tied on leashes in public places; and*
- (c) *how it enforces the requirement that large dogs have to be held or tied on leashes in public places*

since the Regulation came into effect last year?

SECRETARY FOR THE ENVIRONMENT AND FOOD (in Chinese):

Madam President,

- (a) Provisions under the Dangerous Dogs Regulation made under the Dogs and Cats Ordinance concerning the control of fighting dogs and known dangerous dogs came into effect on 17 June 2000 and those concerning the control of large dogs came into effect on 17 November 2000. So far no dog keeper has been prosecuted or convicted for contravening such provisions.
- (b) So far 167 large dogs have passed the exemption examination held by the AFCD.
- (c) To enforce the provisions under the Dogs and Cats Ordinance and the Dangerous Dogs Regulation including the requirement that large dogs have to be held or tied on leashes in public places, AFCD staff regularly inspect public places, including popular locations where dog keepers exercise their dogs. The number of monthly inspections ranges from 200 to 300. The staff also carry out investigations on public complaints.

Financial Situation of Employees Compensation Assistance Fund

8. **MR JAMES TIEN** (in Chinese): *Madam President, as it has been reported that the accumulated surplus of the Employees Compensation Assistance Fund will be exhausted soon, will the Government inform this Council:*

- (a) *of the amount of compensation determined by the Court over the past three years in respect of each claim made against the Fund;*
- (b) *whether it will consider amending the Employees Compensation Assistance Ordinance (Cap. 365) to set an upper limit for the amount of compensation payable to each employee under the Fund; if not, of the reasons for that; and*
- (c) *of the measures to improve the financial situation of the Fund?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President, in respect of the three questions raised by the Honourable James TIEN on the Employees Compensation Assistance Fund, I set out my reply as follows:

- (a) According to statistics of the Employees Compensation Assistance Fund Board (the Board), the amounts of compensation awarded to 51 applicants by the Board during 1998 to 2000 were determined by the Court. The amounts of assistance for these cases ranged from \$20,000 to \$4.56 million. For details of the amounts paid to these applicants, please refer to the attached Annex.
- (b) The Employees Compensation Assistance Scheme (the Scheme) was set up in 1991 to provide assistance to injured employees who could not obtain their entitlement to compensation due to default of employers or their insurers. The Scheme is financed by a levy imposed at a rate of 1% on the employees' compensation insurance premium. From 1996-97 for two years in a row, the Scheme had to pay one claim which exceeded \$10 million each. As a result, the Scheme experienced annual deficits that depleted its reserves. The Education and Manpower Bureau commissioned a consultancy study in 1999 to review the Scheme and to propose ways of resolving the problems identified.

After consulting all relevant parties and having examined their views, the Administration considered that in order to restore the financial viability of the Scheme, it is necessary to re-define its scope of protection by imposing a payment limit to each application for assistance from the Fund. We are consulting the Labour Advisory Board with a view to determining the payment limit in respect of each application. Our aim is to strike a balance between providing reasonable compensation for injured employees without insurance cover and reducing the financial volatility of the Scheme.

- (c) To improve the financial position of the Scheme, we are actively considering various measures that can help increase its income and better manage the expenditure. These measures include:

Imposing a Payment Limit on Application for Assistance

The Administration is considering to impose a payment limit in respect of each application for assistance. Through this measure, the financial stability of the Scheme will be greatly enhanced. The Scheme would not be exposed to financial difficulties when it is unexpectedly required to make payment of a large sum as awarded by the Court.

Strengthening the role of the Board in legal proceedings

The Employees Compensation Assistance Ordinance does not explicitly empower the Board to defend claims in legal proceedings. As a result, the Board has been placed in a passive position and hence not able to supply relevant information to the Court or negotiate with an applicant for an early settlement of a claim. To protect the interests of the Board, the Administration proposed to strengthen the role of the Board in legal proceedings.

Empowering the Board to Collect a Surcharge from Employers who Fail to take out Insurance Cover

At present, an employer who takes out an employees' compensation insurance is required to pay a levy to the Board. Those employers who fail to take out insurance cover will at the same time default

payment of the levy to the Board, even though the Board may have to take up the liability to make payments to the employees of such employers. The Administration proposed that these employers who fail to take out employees' compensation insurance in accordance with the law should be held liable to pay a surcharge to the Board.

Increasing the Levy Rate

Since the inception of the Scheme, the levy rate has remained at 1%. Even if all the above measures to better manage the expenditure of the Scheme are implemented, they will not be sufficient for the Board to balance its income and expenditure. Therefore, the Administration considers that it would be necessary to suitably increase the levy rate so as to enable the Scheme to continue operating in a financially viable way. In setting the rate of increase, we will adopt a pragmatic approach and fully consult the relevant parties.

Annex

Applicants assisted by the Employees Compensation Assistance Fund Board and
with payment determined by Court Judgement

<i>Year of Assistance</i>	<i>Case</i>	<i>Amount of Payment Made (\$)</i>
1998	1	20,416.45
	2	245,814.09
	3	1,199,221.52
	4	4,559,637.97
	5	291,569.01
	6	51,792.13
	7	101,740.03
	8	438,539.94
	9	692,979.82
	10	491,012.51

<i>Year of Assistance</i>	<i>Case</i>	<i>Amount of Payment Made (\$)</i>
1999	1	56,144.51
	2	2,963,034.96
	3	3,699,969.42
	4	118,486.62
	5	1,266,237.00
	6	758,664.38
	7	764,490.28
	8	1,667,418.51
	9	731,562.48
	10	1,931,861.43
	11	196,525.11
	12	542,757.88
	13	3,742,829.53
	14	3,881,164.46
	15	1,732,729.74
	16	3,729,087.56
	17	2,044,745.14
	18	605,302.74
	19	106,494.47
2000	1	2,981,327.81
	2	1,385,325.25
	3	1,045,786.46
	4	887,544.50
	5	1,737,185.55
	6	279,656.08
	7	2,734,717.63
	8	2,780,680.97
	9	524,838.73
	10	332,349.88
	11	1,335,798.97
	12	3,949,337.37
	13	801,645.87
	14	1,496,685.49
	15	152,493.29
	16	1,126,611.79

<i>Year of Assistance</i>	<i>Case</i>	<i>Amount of Payment Made (\$)</i>
2000	17	29,774.67
	18	82,535.58
	19	703,610.69
	20	1,297,537.00
	21	919,054.35
	22	297,170.96

Road Safety of Flyovers with Two-way Traffic

9. **MRS MIRIAM LAU** (in Chinese): *Madam President, regarding traffic accident statistics and road safety in relation to flyovers with two-way traffic, will the Government inform this Council:*

- (a) *of the respective numbers of such flyovers with no central divider on part and the whole of their lengths;*
- (b) *of the number of traffic accidents involving head-on collisions of vehicles which occurred on each of such flyovers in the past three years;*
- (c) *of the number of such flyovers which have sections classified as traffic accident black spots; and*
- (d) *whether it plans to install more fixed or movable dividers on such flyovers to prevent head-on collisions of vehicles; if not, of the reasons for that?*

SECRETARY FOR TRANSPORT (in Chinese): Madam President, there are 49 two-way flyovers in Hong Kong which do not have a central divider either on part or on the whole length of the flyovers. The number of traffic accidents involving head-on collisions at these flyovers were four, eight and five in 1998, 1999 and 2000 respectively. Details are set out at the Annex. None of these flyovers has been classified as traffic accident black spots.

The Administration does not have plans to install fixed dividers on the above 49 two-way single carriageway flyovers because it would reduce the width of the carriageway as to render it possibly substandard. Also, a central divider would provide less flexibility for temporary traffic arrangements in case of traffic accidents. As regards movable central dividers, the Administration considers it undesirable to install such dividers at single carriageway flyovers as they would be easily displaced by even a slight impact of vehicles and would then cause obstruction and increase the risk of traffic accident.

The Administration is committed to finding means to reduce the risk of traffic accidents. To alert drivers that the traffic on two-way single carriageway flyovers is running in opposite directions, road markings including double white lines and straight-ahead arrow markings indicating the flow directions on these flyovers have been placed. In addition, we have introduced, on a trial basis, collapsible cylinders on the single carriageway flyover at Texaco Road since December 2000. These cylinders are installed on the narrow space in between the double white lines to separate the traffic. They could be removed for traffic diversion in case of accidents. The Administration is now carefully assessing the performance of these cylinders. Subject to the evaluation results, we will consider extending the installation to other flyovers.

Annex

Head-on Collision Accidents occurred at
Single Carriageway Flyovers in the Territory
during the past three-year period ending 31 December 2000

<i>Location of the Flyover</i>	<i>No. of Head-on Collision Accident</i>
<i>Hong Kong Island</i>	
Robinson Road Flyover across Old Peak Road and Albany Road	1
Aberdeen Main Road Flyover across Aberdeen Praya Road	1

<i>Location of the Flyover</i>	<i>No. of Head-on Collision Accident</i>
Tai Hang Road Flyover between Gloucester Road and Tung Lo Wan Road	1
<i>Kowloon</i>	
Cheong Wan Rd – both accesses leading to KCRC-Hung Hom Station podium from Tsim Sha Tsui and Hung Hom	1
Gascoigne Road Flyover	2
Flyover from Boundary Street into Prince Edward Road East	1
Flyover joining Fung Mo Street and Ma Chai Hang Road Roundabout	1
<i>Sha Tin</i>	
Tai Po Road – Tai Wai	4
<i>Tsuen Wan</i>	
Texaco Road Flyover	5
Total:	17

Corporatization of Survey and Mapping Office of Lands Department

10. **MR LAU PING-CHEUNG** (in Chinese): *Madam President, regarding the corporatization of the Survey and Mapping Office (SMO) of the Lands Department, will the Government inform this Council:*

- (a) *whether the staff who opt to be seconded to the new corporation with their civil servant status retained will be assured that if they apply for transfer back to the Lands Department within a certain period of time, say 10 years, their applications will definitely be accepted; if not, of the reasons for that;*
- (b) *given that the new corporation will be wholly-owned by the Government, of the measures in place to ensure that the Director of Lands will impartially exercise the powers conferred by the Land Survey Ordinance (Cap. 473) to settle disputes over land boundary plans between the corporation and other survey and mapping firms in the private sector; and*
- (c) *whether it has considered retaining the SMO within the existing government structure and turning it to operate as a trading fund, so that it can flexibly meet the rapidly changing demands of the market, thereby achieving the same objectives as corporatization; if not, of the reasons for that?*

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

- (a) When the SMO has been corporatized, the new corporation will take over the survey and mapping work currently undertaken by the Lands Department. Staff of the SMO will work in the new corporation. If they choose to retain their civil servant status, they will remain in the civil service establishment until they leave the service in accordance with the relevant provisions of the Civil Service Regulations.
- (b) Under the Land Survey Ordinance (Cap. 473), the work of authorized land surveyors in the private sector are confined to carrying out land boundary survey. They undertake such work in accordance with the requirements of the codes of practice issued under the Ordinance. These codes of practice are approved by the Land Survey Authority (that is, the Director of Lands), in consultation with the Hong Kong Institute of Surveyors. They provide practical instructions or guidance in respect of land boundary survey and related matters.

Authorized land surveyors, when carrying out land subdivision work under section 30 of the Ordinance, have to deposit with the Authority the land boundary plan and the survey record plan. The Authority inspects these plans and documents for compliance with the approved codes of practice.

Upon setting up of the proposed Survey and Mapping Corporation, the Director of Lands will continue to be the Land Survey Authority while the corporation will provide appropriate professional and technical advice to him to facilitate the discharge of his functions under the Ordinance. In administering the Land Survey Ordinance, the Authority will ensure that it will perform its functions effectively, and will act in a fair and impartial manner.

- (c) It has always been the Government's aim to enhance the efficiency, quality and cost-effectiveness of the public service. There are a number of ways to improve the provision of public services, such as the Enhanced Productivity Programme, corporatization, trading fund operation and contracting out of services. The choice of these options depends on the circumstances and the nature of the services concerned. In the case of the SMO, many of its activities and products, particularly digital map data, have great market demand. Institutional reform through corporatization will help maximize the SMO's market potential and enable it to respond to changing market demands in a timely manner. We believe corporatization of the SMO is the appropriate option as this will further enhance efficiency and will provide a better service to the public and the industry.

Implementation of Admission of Talents Scheme

11. **MISS LI FUNG-YING** (in Chinese): *Madam President, with regard to the implementation of the Admission of Talents Scheme, will the Government inform this Council:*

- (a) *of the number of such talents approved to work in Hong Kong since the implementation of the Scheme in late 1999, with a breakdown by the industry in which these persons are engaged;*

- (b) *of the highest, lowest and average monthly salary of these persons when they came to work in Hong Kong;*
- (c) *of the respective numbers of these persons' spouses and children who have been approved to accompany them to Hong Kong; and*
- (d) *whether it has received applications by these persons to change employment or become self-employed after their arrival to work in Hong Kong; if so, of the details?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) the Admission of Talents Scheme was introduced on 17 December 1999. As at the end of January 2001, 111 entry applications for employment have been approved under the Scheme. A breakdown of the successful applicants by industry is as follows:

<i>Industry</i>	<i>Number</i>
Information/communication/multi-media technology	46
Engineering and environmental protection	38
Finance	12
Legal	3
Medicine	4
Biotechnology/bio-medical	2
Others (chemical technology, education and research in Chinese traditional medicine, and so on)	6
Total	111

- (b) The highest, lowest and the average monthly remuneration of the approved candidates are \$260,000, \$21,500 and \$44,900 respectively.
- (c) As at the end of January 2001, 52 spouses and 36 dependent children of the admitted talents were approved to come to Hong Kong.
- (d) We have not received any applications for change of employment or setting up of business.

Proposal to Abolish the Levy of Estate Duty

12. **MR FREDERICK FUNG** (in Chinese): *Madam President, will the Government inform this Council whether it will consider abolishing the levy of Estate Duty so as to attract more private funds from overseas to invest in the territory; if so, of the details; if not, the reasons for that?*

SECRETARY FOR THE TREASURY (in Chinese): Madam President, we have no plan to abolish Estate Duty now, for Estate Duty constitutes a steady source of revenue, even though the amount collected each year, at \$1.2 billion to \$1.5 billion, is relatively small. Estate Duty is not an onerous tax since only estates with an aggregate value of over \$7.5 million are liable to this tax and since the tax rates are charged on a graduated scale from 5% to 15%. In addition, the matrimonial home passed on by the deceased to the surviving spouse is exempt from Estate Duty regardless of its value. We therefore do not consider the existence of Estate Duty has deterred private investment into Hong Kong although we do not rule out the possibility that abolition of the Duty may induce more private investment. A subsidiary benefit from the imposition of Estate Duty is that the Inland Revenue Department has found the administration of Estate Duty useful in helping to identify some tax evasion cases.

Counselling Service for Persons Aggrieved by Financial or Domestic Problems

13. **MR LEUNG FU-WAH** (in Chinese): *Madam President, with regard to providing psychological counselling or psychotherapy to people distressed by financial or domestic problems, will the Government inform this Council of:*

- (a) *the total number of cases in which people with financial or domestic problems sought help from the Social Welfare Department (SWD) for psychological counselling or psychotherapy over the past three years;*
- (b) *the number of clinical psychologists currently employed in the SWD for providing such services to these people; the ratio of this number to that of the people receiving psychotherapy at present; and how it compares to the relevant ratios in the developed countries in Europe and America; and*
- (c) *the average waiting time for people seeking psychotherapy before they can have their first appointment with the clinical psychologists of the SWD?*

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

- (a) Members of the public with personal or family problems may approach one of the 65 Family Service Centres operated by the SWD or the non-governmental organizations (NGOs) and receive assistance including, counselling. Where necessary, referrals are made by social workers in these Centres for clients to see clinical psychologists. Over the past three years, the SWD's clinical psychologists handled 5 171 diagnostic and treatment cases. Since the classification of clinical psychologists' cases is mainly based on clinical diagnoses, statistics on the number of service users receiving psychological counselling or psychotherapy because of financial or family problems is not available.

- (b) Thirty-four clinical psychologists provide psychotherapy and diagnostic assessment work on a full-time basis in the SWD. This number does not include the clinical psychologists providing services in rehabilitation day or residential facilities. As at December 2000, the number of cases requiring psychotherapy or diagnostic intervention was 1 350. The ratio of clinical psychologists to service users was therefore approximately 1:40. In addition, 11 clinical psychologists are employed by seven NGOs with government subvention to provide similar services to needy families. As at December 2000, the number of active treatment and diagnostic cases handled was 434. The ratio of clinical psychologists to service-users was approximately 1:39. The ratio is comparable with that of the SWD. We do not have comparable figures from developed countries in Europe and America.
- (c) Normally, service users are offered an appointment within two months from the date of referral. According to the nature and severity of the symptoms, priority cases are handled within one month. For those with an urgent and critical need for service (such as child abuse cases, suicide, family tragedies, and so on), service is provided within one or two days.

Funding Obtained from Council for the AIDS Trust Fund

14. **MISS CYD HO** (in Chinese): *Madam President, it has been reported that the funding obtained by some organizations engaged in the prevention of AIDS from the Council for the AIDS Trust Fund (AIDS Council) this year was substantially reduced, compared to that obtained last year. As a result, the services provided by such organizations have been seriously affected. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of organizations which applied to the AIDS Council for funding and whose applications were approved in each of the past five financial years, together with detailed information about the organizations subsidized under the three categories of funding application, namely "ex-gratia payments", "medical and support services" and "publicity and public education", including the name of each organization and the amount of funds obtained;*

- (b) *of the details of the guidelines and criteria adopted by the AIDS Council for vetting and approving funding applications;*
- (c) *of the mechanism and indicators currently adopted by the AIDS Council for assessing the effectiveness of the activities of the organizations which receive its funding support, and deciding whether funding should continue to be provided for these activities; whether it has taken into account the continuity of the services concerned in making such decisions;*
- (d) *where the amount of funds granted by the AIDS Council to an organization in a certain year is less than that in the previous year, whether*
 - (i) *it has explained to the organization why the funding has been cut down;*
 - (ii) *it has assessed if the cut would have any impact on the services provided by the organization; if the assessment result is in the affirmative, of the measures adopted to mitigate the impact; if no assessment has been made, of the reasons for that; and*
 - (iii) *a mechanism is in place for such organizations to lodge appeals; and*
- (e) *whether the AIDS Council has explained to the organizations concerned the reasons for the rejection of their applications; if not, of the reasons for that; and whether a mechanism is in place for these organizations to lodge appeals?*

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

- (a) The numbers of organizations which applied to the AIDS Council for funding and those whose applications were approved during the past five financial years are as follows:

	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-2000</i>
No. of applicant organizations	28	25	23	29	26
No. of successful organizations	20	23	18	21	24

The names of organizations whose applications were successful and the amounts of funds granted under the categories of "medical and support services" and "publicity and public education" are set out at Annex. "Ex-gratia payments" were disbursed to persons infected by HIV through the transfusion of blood products. For the protection of privacy, the names of the recipients cannot be disclosed. So far 57 persons have received ex-gratia payments totalling \$33 million.

- (b) The AIDS Council considers each application on its own merits, that is, whether or not it fulfils the objectives of the Fund. The proposed project should have a clearly defined scope and is self-contained, and the application should include a detailed implementation plan and ready cost estimate. For medical and support services projects, they should be able to bring direct benefits to HIV/AIDS patients and their families in a significant way. Services proposed by the projects should not duplicate those normally provided by the Hospital Authority and Department of Health. For publicity and public education projects, they should be able to enhance public understanding of AIDS, foster acceptance of people with HIV/AIDS or promote prevention of the disease. In assessing the applications, the AIDS Council also takes into consideration the track record of the applicants in completing similar projects.

The AIDS Council has published a pamphlet outlining the above funding criteria. Copies of the pamphlet are distributed together with the application forms to applicants. The information is also available on the website of the AIDS Council.

- (c) Successful applicants are required to submit a detailed written report on the project and their evaluation of the extent to which the original objectives of the project have been achieved, within one month of the project's completion. They are also required to submit a detailed statement of income and expenditure (supported by certified receipts and invoices) of the project and to return to the Fund any unspent balance of the grant. For multi-year projects, applicants are required to report to the AIDS Council the progress of their projects at the end of the first year and second year of implementation, as appropriate. The AIDS Council will examine the report to assess whether the stated objectives of the project are met. Members of the AIDS Council and its two Sub-Committees may attend events sponsored by the Fund to ascertain their effectiveness. The grant is made on a one-off project basis and it does not commit the Fund to recurrent funding to the applicant.
- (d) As the Fund provides grants to applicants on a project basis, unlike the subvention system, it does not monitor the level of funding granted to a particular organization from year to year. Instead, the AIDS Council decides on the amount of grant for each application on the basis of the work envisaged in the application. For multi-year projects, approval in principle for funding support for the entire duration of the project is given at the outset. Funding for the second and subsequent years will be released upon receipt of satisfactory progress reports for the preceding year. For single-year projects, funds are provided for one year only. If an applicant subsequently submits a second application of a similar nature, the AIDS Council will consider the application having regard to the objectives of the Fund and, if the application is supported, decide on the amount of grant according to the complexity of the project. The amount of grant for the second submission may vary because of changes in project scope, such as change to the number of clients served. There may also be efficiency gains if the same project is conducted for the second time. While the decision of the AIDS Council is final, the AIDS Council is prepared to reconsider an application if the applicant submits fresh information and justification.

- (e) Applicants are welcome to discuss their applications with the AIDS Council Secretariat at any time. When an application is rejected by the AIDS Council, the Secretariat informs the applicant of the AIDS Council's decision in writing. Where required or if asked, the Secretariat briefs the applicant verbally of the reasons for rejection. While the decision of the AIDS Council is final, applicants can revise and re-submit their applications, taking into account the views expressed by the AIDS Council in considering the original application.

Annex

Grants Approved by the AIDS Trust Fund
(for the financial year 1995-96)

Medical and Support Services

<i>Organization</i>	<i>Amounts (\$)</i>
Action for REACHOUT	325,440
Department of Health	4,850,000
Hong Kong AIDS Foundation	598,000
Medical Education Services Limited	177,300
The Hong Kong Council of Social Service	880,000
The Society for AIDS Care Limited	1,500,000
Total:	8,330,740

Publicity and Public Education

<i>Organization</i>	<i>Amounts (\$)</i>
AIDS Concern	74,360
AID for AIDS	101,992
Breakthrough	70,000
Caritas - Hong Kong	6,300
Commission on Youth	300,000
Hong Kong Advisory Council on AIDS	228,591

<i>Organization</i>	<i>Amounts (\$)</i>
Hong Kong AIDS Foundation	137,870
Hong Kong AIDS Memorial Quilt Project	18,700
Hong Kong Young Women's Christian Association	19,880
Radio Television Hong Kong	166,503
St John's Cathedral HIV Education Centre	39,989
Teen AIDS	929,284
The City University of Hong Kong	89,850
The Hong Kong Council of Social Service	11,000
The Society for AIDS Care Limited	11,000
The University of Hong Kong	40,000
Theatre Resolu	142,200
Total:	2,387,519
Grand Total:	10,718,259

Grants Approved by the AIDS Trust Fund
(for the financial year 1996-97)

Medical and Support Services

<i>Organization</i>	<i>Amounts (\$)</i>
Council for the AIDS Trust Fund	35,000
Department of Health	35,880
The Society for AIDS Care Limited	9,739,590
Total:	9,810,470

Publicity and Public Education

<i>Organization</i>	<i>Amounts (\$)</i>
AIDS Concern	475,560
Boys' and Girls' Clubs Association of Hong Kong	13,740
Chai Wan Baptist Church Social Service	23,530
Chung Ying Theatre	160,000

<i>Organization</i>	<i>Amounts (\$)</i>
DOCTORS ACT	150,000
Hong Kong Advisory Council on AIDS	45,527
Hong Kong AIDS Foundation	463,000
Hong Kong AIDS Memorial Quilt Project	18,835
Hong Kong Lutheran Social Service	20,750
Hong Kong Sex Education Association and CEPAIDS	299,959
Hong Kong Young Women's Christian Association	12,400
St John's Cathedral HIV Education Centre	192,794
The Chinese University of Hong Kong	20,000
The City University of Hong Kong	30,500
The Conformists	52,724
The Hong Kong Council of Social Service	70,000
The Hong Kong Polytechnic University	19,526
The Society for AIDS Care Limited	25,000
The Society for the Rehabilitation of Offender, Hong Kong	100,000
The University of Hong Kong	25,000
World AIDS Day Group	53,941
Total:	2,272,786
Grand Total:	12,083,256

Grants Approved by the AIDS Trust Fund
(for the financial year 1997-98)

Medical and Support Services

<i>Organization</i>	<i>Amounts (\$)</i>
Action for REACHOUT	257,800
AIDS Concern	42,600
Hong Kong Advisory Council on AIDS	759,000
Hong Kong AIDS Foundation	371,501

<i>Organization</i>	<i>Amounts (\$)</i>
The Chinese University of Hong Kong	744,628
The Hong Kong Council of Social Service	858,461
The Society for AIDS Care Limited	4,062,788
The University of Hong Kong	818,000
Total:	7,914,778

Publicity and Public Education

<i>Organization</i>	<i>Amounts (\$)</i>
Action for REACHOUT	55,000
AIDS Concern	1,862,370
Chung Ying Theatre	446,200
Education Department	900,000
Hong Kong Advisory Council on AIDS	77,760
Hong Kong AIDS Foundation	1,748,080
Hong Kong AIDS Memorial Quilt Project	159,500
Hong Kong Federation of Women's Centres	469,090
Hong Kong Sex Education Association and CEPAIDS	75,500
Prospects Theatre Company Limited	200,000
Radio Television Hong Kong	1,000,000
St John's Cathedral HIV Education Centre	919,300
Teen AIDS	2,068,792
The Chinese University of Hong Kong	183,556
The Hong Kong Polytechnic University	27,700
The Society for AIDS Care Limited	55,000
The University of Hong Kong	481,927
Total:	10,729,775
Grand Total:	18,644,553

Grants Approved by the AIDS Trust Fund
(for the financial year 1998-99)

Medical and Support Services

<i>Organization</i>	<i>Amounts (\$)</i>
Action for REACHOUT	1,065,800
Hong Kong AIDS Foundation	1,376,040
Kwong Wah Hospital	191,000
The Chinese University of Hong Kong	361,673
The Hong Kong Council of Social Service	909,969
The Society for AIDS Care Limited	7,773,041
 Total:	 11,677,523

Publicity and Public Education

<i>Organization</i>	<i>Amounts (\$)</i>
AIDS Advocacy Alliance	86,600
AIDS Concern	1,946,560
Caritas - Hong Kong	45,140
Council for the AIDS Trust Fund	55,400
Healthwise, The Community Medical Library	59,000
Hong Kong AIDS Foundation	1,132,840
Hong Kong Coalition of AIDS Service Organizations	170,400
Hong Kong Society for Immunology	19,125
Hope Worldwide Limited	147,000
Prospects Theatre Company Limited	200,000
Queen Elizabeth Hospital	27,700
Society for the Promotion of Hospice Care Limited	5,213
St John's Cathedral HIV Education Centre	658,700
Teen AIDS	1,033,860

<i>Organization</i>	<i>Amounts (\$)</i>
The Chinese University of Hong Kong	141,700
The City University of Hong Kong	829,460
The Hong Kong Council of Social Service	27,700
The Society for AIDS Care Limited	180,000
The University of Hong Kong	253,306
Total:	7,019,704
Grand Total:	18,697,227

Grants Approved by the AIDS Trust Fund
(for the financial year 1999-2000)

Medical and Support Services

<i>Organization</i>	<i>Amounts (\$)</i>
AIDS Concern	620,268
Hong Kong AIDS Foundation	1,338,871
Hong Kong Coalition of AIDS Service Organizations	1,042,410
The Chinese University of Hong Kong	476,000
The Hong Kong Council of Social Service	909,969
The Society for AIDS Care Limited	6,796,689
The University of Hong Kong	1,445,906
Total:	12,630,113

Publicity and Public Education

<i>Organization</i>	<i>Amounts (\$)</i>
Action for REACHOUT	128,700
AIDS Concern	488,900
Boys' and Girls' Clubs Association of Hong Kong	379,082
Council for the AIDS Trust Fund	40,900
ELCHK Chun Shek Children and Youth Service Centre	15,500

<i>Organization</i>	<i>Amounts (\$)</i>
Hong Kong Advisory Council on AIDS	15,000
Hong Kong AIDS Foundation	1,717,348
Hong Kong Federation of Women's Centres	654,530
Hong Kong Lutheran Social Service	171,100
Hong Kong Red Cross	322,880
House of Hope	24,515
Prospects Theatre Company Limited	440,000
Queen Elizabeth Hospital	7,500
Rainbow of Hong Kong	155,400
Red Ribbon Centre	7,500
St John's Cathedral HIV Education Centre	7,500
Teen AIDS	1,453,200
The Chinese University of Hong Kong	7,500
The City University of Hong Kong	7,500
The Hong Kong Council of Social Service	7,500
The Society for AIDS Care Limited	7,500
The University of Hong Kong	7,500
The Warehouse Teenage Club Limited	262,000
Total:	6,329,055
Grand Total:	18,959,168

Financial Analysis of Proposed Public Works

15. **MR BERNARD CHAN:** *Madam President, regarding the financial analysis of proposed public works, will the Government inform this Council of:*

- (a) the respective discount rates used for cashflow analysis of large projects such as the Hong Kong Disneyland, Cyberport and railway projects; and*
- (b) the reasons for any discrepancies, if any, in the discount rates used among the above projects?*

SECRETARY FOR THE TREASURY: Madam President,

- (a) Before the Government decides whether to invest in a large project, we will assess its financial viability. We will work out the proposed project's internal rate of return (IRR) by comparing the revenue stream over the period of the project's operational life with the initial investment to be made. We will determine whether the derived IRR for the proposed project is acceptable. Apart from the financial viability of a project, we will also consider other factors, such as the project's economic costs and benefits. Each project has to be evaluated on a case by case basis after taking into account its financial viability and economic benefits. As a general rule, the Government tends to consider a financial IRR in the region of 8% to 10% as an acceptable minimum for investment. However, the private sector or statutory public corporations participating in a public works project will need to ensure that the IRR is commercially acceptable to them.
- (b) The IRR of a project is determined by its own operating cashflow projection as determined by its estimated project cost, ongoing capital expenditure, operating cost and other revenues. Therefore, the IRR can vary from project to project. The Government will decide whether the IRR is acceptable or not based on the merits of individual projects after considering other factors, such as the economic costs and benefits.

Safety of Vessels Cruising in Victoria Harbour

16. **MR ALBERT CHAN** (in Chinese): *Madam President, in recent years, the Victoria Harbour has been narrowing because of reclamations on both sides. Yet traffic in the harbour is heavy, resulting in rough waves in the harbour. In this connection, will the Government inform this Council:*

- (a) *whether it has assessed how rough the waves in the harbour are; if so, of its findings; and*
- (b) *of the impacts of the waves on the navigational stability and safety of vessels cruising in the harbour, and of the measures to mitigate these impacts?*

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

- (a) The Civil Engineering Department commissioned the Department of Mechanical Engineering of the University of Hong Kong in February 1996 to conduct the "Study of Inner Harbour Waves and Their Reduction". The Study, which was completed in March 1998, aimed to investigate wave conditions in the inner harbour. The Study concludes that waves in the inner harbour are mainly caused by increased marine traffic, fast-moving vessels which generate waves, and vertical solid seawalls which reflect waves back to the harbour.

The Study shows that wave heights vary according to the pattern of marine activities in the inner harbour. The highest waves occur around 7.00 am to 8.00 am and 5.00 pm to 6.00 pm.

Based on wave measurements, the Study divides the Victoria Harbour into four wave regions:

- (i) Small wave region — waters east of Wan Chai and west of the Harbour Limit from Green Island where the wave height is less than 30 cm;
 - (ii) Medium wave region — northern part of the Victoria Harbour and waters between Central and Wan Chai where the wave height is between 30 cm to 40 cm;
 - (ii) Large wave region — western part of the Victoria Harbour where the wave height is between 40 cm to 50 cm; and
 - (iv) Strong wave region — waters off Sai Ying Pun to Sheung Wan where the wave height exceeds 50 cm.
- (b) Small vessels passing through the large and strong wave regions may experience an unstable passage. However, waves should not cause safety problem to vessels navigating in the harbour. Hong Kong licensed cargo vessels and passenger launches are all required to conduct stability calculations. These vessels and launches are

inspected and the calculations are approved by the Marine Department. To alleviate the impact of waves on vessels, we have taken forward the recommendations of the Study and implemented improvement measures: firstly, the Marine Department has periodically reviewed the speed limit of vessels in the harbour and adjusted the speed limits in order to reduce the impact of vessel-generated waves. Secondly, we will use wave energy absorbing seawall in new reclamations so as to reduce the impact of waves on vessels. At present, Jordan Road Reclamation Phase III project uses this type of seawall.

Provision of Further Education Opportunities for People with Disabilities

17. **MR LAW CHI-KWONG** (in Chinese): *Madam President, regarding the provision of further education opportunities for people with disabilities who have completed junior secondary education in special schools, will the Government inform this Council:*

- (a) *of the percentage of such students who proceeded to further studies in the past three years;*
- (b) *whether it plans to operate senior secondary classes in special schools; and*
- (c) *whether the Administration has allocated resources at present to cater for the special needs of people with disabilities receiving education at senior secondary level or above; if so, of the annual amount of resources allocated and the details of the allocation; if not, the reasons for it?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President, there are 55 special schools in Hong Kong which provide education for persons with various disabilities. Of these, 13 offer the ordinary school curriculum, including one school for the visually impaired, four schools for the hearing impaired, seven schools for the physically handicapped and one hospital school. The remaining 41 schools for the mentally handicapped and one school for the visually impaired with mental handicap do not offer the ordinary school curriculum.

- (a) Over the past three years, the percentages of disabled students who continued further studies after completion of junior secondary education (S3) in special schools that offer the ordinary school curriculum are as follows:

1997-1998 school year:	65% (66 out of 101 S3 leavers)
1998-1999 school year:	53% (71 out of 133 S3 leavers)
1999-2000 school year:	55% (71 out of 128 S3 leavers)

- (b) Among the 13 special schools that offer the ordinary school curriculum, three schools for the hearing impaired, and two schools for the physically handicapped provide senior secondary education. In line with the policy to provide senior secondary education for all Secondary Three leavers who are willing and capable of further studies, the Education Department (ED) is reviewing the case for providing senior secondary education in the special school for the visually impaired, and extending the period of education in the 41 schools for the mentally handicapped and the school for the visually impaired with mental handicap.
- (c) On completion of junior secondary education, some students with disabilities pursue further education in special schools. At present, there are three special schools for the hearing impaired and two special schools for the physically handicapped that offer 120 and 40 senior secondary places respectively. These schools have all the necessary support for students with such disabilities.

As for the students with disabilities pursuing senior secondary classes in ordinary schools, the ED provides the following services and subsidy:

- (i) Students with moderate or severe visual impairment are covered by the Resource Teaching Programme provided by the special school for the visually impaired. Half an additional teacher is provided to cater for one to four such students. The ordinary school concerned may receive a Resource Material Grant of \$270 per visually impaired student per year. At present, 20 senior secondary students are receiving such service.

-
- (ii) Hearing impaired students may receive audiological services at the special education services centres of the ED. Through the Peripatetic Advisory Service, the ED also provides professional advice to schools, teachers, parents and students on education and management of the hearing impaired integrators. At present, 132 senior secondary students are receiving such service.
- (iii) Physically handicapped students may receive resource help service provided by the ED at school or at the special education services centres of the ED. The service comprises remedial teaching on the three subjects of Chinese, English and Mathematics, and guidance on school adjustment. At present, 19 senior secondary students are receiving such service.
- (iv) Students with speech problems may receive speech assessment and therapy service provided by the ED. It is estimated that 120 senior secondary students receive such service in the 2000-01 school year.
- (v) The ED provides psychological services to support the special educational needs of individual students. It takes the form of student assessment and follow-up services, and professional advice to teachers on the design of individual teaching plans and management of student problems.
- (vi) The ED also provides the following resources to schools for implementing the whole-school approach to integrated education:
- a non-recurrent grant of \$50,000 is provided to schools for purchasing additional equipment for pupils or paying for minor works;
 - an annual recurrent grant of \$1,000 is provided to schools for each disabled pupil (that is, physically

handicapped, visually impaired, hearing impaired, mildly mentally handicapped or autistic with average intelligence) for organizing activities and supportive programmes;

- an additional resource teacher at the Certificated Master/Mistress (CM) rank is provided for each school admitting five or more target pupils to support the implementation of integrated education; and
- an additional teacher assistant is provided for each school admitting eight or more target pupils to assist the aforesaid resource teacher.

There are 17 senior secondary students participating in the programme in the 2000-01 school year.

- (vii) Ordinary public sector schools admitting disabled students not covered by the ED's integrated education programme can apply for the Special Educational Needs Incidental Charges Grant at the rate of \$700 per disabled person per year. The grant is to support educational activities and procurement of learning aids. In the 2000-01 school year, this grant is disbursed in respect of 85 senior secondary students.

Licensing Work of Travel Agents Registry

18. **MR HOWARD YOUNG:** *Madam President, regarding the licensing work of the Travel Agents Registry, will the Government inform this Council:*

- (a) *of a breakdown of the annual costs incurred in the last three years by the Registry in respect of its licensing work, and the percentage of costs recovered from the relevant levies and fees; and*
- (b) *whether it has conducted any management audit on the correct staff establishment for discharging its licensing function?*

SECRETARY FOR ECONOMIC SERVICES: Madam President,

- (a) The annual cost, revenue and cost recovery ratio of the Travel Agents Registry in respect of licensing work for financial years 1999-2000 and 2000-01, are as follows:

	(\$m) 1999-2000	(\$m) 2000-01 (estimated)
<i>Cost</i>		
Staff Costs	5.1	5.2
Departmental Expenses	0.2	0.2
Accommodation Costs	1.3	1.1
Administrative Overhead	0.2	0.2
Total	6.8	6.7
<i>Revenue</i>		
Licensing and related services	7.2	7.3
<i>Cost Recovery Ratio</i>	106%	109%

The Registry only started to conduct a comprehensive costing exercise in 1999-2000. We do not have detailed costing figures for 1998-99.

Under the Travel Agents Ordinance, travel agents are required to contribute 0.3% of the outbound tour fee as a levy to finance the Travel Industry Compensation Fund and the self-regulatory functions of the Travel Industry Council of Hong Kong. The Government does not recover cost for the above-mentioned licensing work from this levy.

- (b) The Travel Agents Registry regularly reviews its internal procedures and staffing requirement to achieve higher efficiency. The last review was carried out in 1999-2000 resulting in the down-grading of one post in 1999-2000 and the deletion of one post in 2001-02.

Incidents of Family Violence

19. **MR YEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding incidents of family violence and the problem of children being orphaned in some of these incidents, will the Government inform this Council:*

- (a) *whether it has compiled statistics on the respective numbers of families and minor children involved in cases in which minor children were orphaned and, among these cases, the number of families in which the parents concerned were killed in acts of family violence and the total number of minor children, in each of the past five years;*
- (b) *of the measures to help these minor children in their livelihood and studies, and the resources required every year; and*
- (c) *of the measures it will adopt to reduce the occurrences of family violence?*

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

- (a) Statistics on the number of minors who have been orphaned over the past five years are not available. However, the Social Welfare Department (SWD) currently provides assistance to 72 orphans from 53 families. Only one case was the result of family violence.
- (b) The welfare of these minors is of paramount concern to the Government. Some orphans receive care from other family members after the death of their parents. For those orphans without a legal guardian, an application is made to the Court to appoint the Director of Social Welfare as their legal guardian in accordance with the Protection of Children and Juveniles Ordinance. Depending on the child's developmental needs, social workers will arrange residential care, financial assistance, school placement,

tutorial service and other forms of assistance in order to help them overcome the crisis and to assist their healthy development. Social workers keep in close contact with their carers, teachers and others to ensure that they receive the practical and psychological support they require.

To help these children with their studies, student guidance officers and teachers in primary schools provide counselling services to help them build up their self-esteem, where this is necessary. In secondary schools, the school guidance team (which includes the school social worker) handles cases of family problems, including family violence and the loss of parents. Where necessary, the teams work with non-governmental organizations (NGOs) to provide more intensive counselling services.

As a wide range of services is involved, we do not keep separate statistics on the resources required to take care of these orphaned minors.

- (c) The SWD tackles the problem of family violence through multi-disciplinary co-ordination, publicity and public education and co-ordination of community resources, early intervention and strengthening of services.

(1) *Multi-disciplinary Co-ordination*

Through the Working Group on Battered Spouses and Committee on Child Abuse, the SWD has strengthened the co-operation and co-ordination among concerned professionals and government departments to assist victims of family violence. Both of these bodies have developed multi-disciplinary procedures for the handling of cases, devised strategies to tackle the problems and co-ordinated the advice of professionals in formulating and implementing territory-wide and district-based community education and publicity activities to minimize the occurrence of violence.

(2) *Publicity and Public Education and Community Resource Co-ordination*

Public education and publicity programmes to promote public awareness on the prevention of domestic violence and to encourage families with problems to seek early professional assistance are ongoing. The theme of the publicity campaign for 2001-02 is "Good Parenting". Television programmes, posters and leaflets, TV and radio APIs are produced to disseminate the messages. In 2001-02, the SWD will launch another publicity campaign on "Empowering Families to Face Challenges" in order to strengthen the coping and problem solving abilities of at-risk families. The 13 District Co-ordinating Committees for Family and Child Welfare Services co-ordinate and enhance co-operation among government departments, professionals and local organizations to prevent and handle the problem of family violence. In accordance with districts needs and characteristics, these Committees promote and implement district programmes to enhance public understanding of the problem and to encourage families in need to seek early assistance.

(3) *Early Intervention*

The SWD provides parent education through its family life education service. Domestic violence is often related to role conflicts within the family and failure to manage emotions and problems. If professional intervention is provided when these symptoms occur, the risk of domestic violence can be minimized. Additional resources have recently been provided for a two-year family education project aimed at enhancing the functioning of at-risk families and families in crisis.

(4) *Strengthening of Services*

In April 2000, the SWD set up a Family Help-line to provide immediate counselling and assistance to families and individuals in need. At the same time, the Department

expanded its three Child Protective Service Units into five Family and Child Protective Service Units. With the provision of 23 additional staff, the number of social workers providing specialized service to domestic violence cases will increase from 32 to 55 later this year.

A refuge centre service is available for women and their children who have suffered or who are in danger of violence. At present, there are three refuge centres for women providing 120 places with 24-hour admission.

The SWD intends to set up a family crisis support centre which will provide a hotline service, short-term accommodation and professional counselling for families who are facing an imminent crisis.

Arrangement on Repatriation of Prisoners between Hong Kong and Mainland

20. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding the repatriation of Hong Kong residents and mainlanders to their respective places of residence to serve the remainder of their sentences, will the Government inform this Council:*

- (a) *whether it knows the current number of Hong Kong residents serving their sentences in the Mainland; if so, of the number of such persons; if not, whether it will find out as soon as possible;*
- (b) *of the number of mainlanders currently serving their sentences in Hong Kong and, among these persons, the number of those who have been sentenced not solely for breach of the Immigration Ordinance (Cap. 115); and*
- (c) *whether the SAR Government has discussed with the relevant mainland authorities the making of an agreement on the repatriation of prisoners; if so, of the progress; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) It is understood that there are about 500 Hong Kong residents currently serving sentences in the Mainland. More than 300 of them are serving sentences in Guangdong Province, while the others are scattered in various other provinces. We hope that through our operational contacts with the relevant mainland authorities, we will be able to obtain more detailed information on Hong Kong residents serving sentences in the Mainland.
- (b) As in end January this year there were 2 681 mainlanders serving sentences in Hong Kong, representing about 22% of the total penal population in Hong Kong. Of these, 1 413 were sentenced not solely for breach of the Immigration Ordinance (Cap.115).
- (c) Transfer of sentenced persons to their places of origin would enable them to serve their sentences in a familiar environment free of language barrier and where their friends and relatives can visit them on a regular basis. This would be conducive to their rehabilitation.

The Transfer of Sentenced Persons Ordinance (Cap. 513) only governs transfer of sentenced persons between Hong Kong and places other than China. To enable transfer of sentenced persons with the Mainland, we can discuss and work out suitable arrangements with the relevant mainland authorities in accordance with Article 95 of the Basic Law, and implement such arrangements through local legislation. In this regard, the Security Bureau held two rounds of meetings with the relevant mainland authorities last year to discuss the principles and procedures on the transfer of sentenced persons between the two places. Good progress has been made. We hope that both sides can work out the co-operation arrangements for implementation as soon as possible, so that sentenced persons may apply for transfer to their places of origin to service their sentences if they so wish.

BILLS**First Reading of Bill**

PRESIDENT (in Cantonese): Bill: First Reading.

KARAOKE ESTABLISHMENTS BILL

CLERK (in Cantonese): Karaoke Establishments Bill.

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

Second Reading of Bill

PRESIDENT (in Cantonese): Bill: Second Reading.

KARAOKE ESTABLISHMENTS BILL

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move that the Karaoke Establishments Bill be read the Second time. The Bill seeks to improve fire and public safety in karaoke establishments by providing for licensing control of these premises.

At present, there is no specific control of karaoke establishments, other than some general requirements applicable to the premises in which they are located. For example, as some of the karaoke establishments also serve food and drinks or are attached to clubs or hotels, they are subject to different regulatory controls if:

- (I) the karaoke business is conducted in a place licensed as a general restaurant or light refreshment restaurant under the Public Health and Municipal Services Ordinance, or is operated with a liquor licence under the Dutiable Commodities (Liquor) Regulations; or

- (II) the karaoke business is conducted within a clubhouse issued with a certificate of compliance under the Clubs (Safety of Premises) Ordinance, or within a hotel or guesthouse licensed under the Hotel and Guesthouse Accommodation Ordinance.

If a karaoke establishment does not operate as any of the above, it is neither subject to any legislative control nor required to provide any fire safety and public safety measures. As long as it holds a simple business registration certificate, it can conduct this kind of public entertainment business.

Without proper fire safety construction and installations, the risk of fire in a karaoke establishment is by no means negligible in the light of the unique characteristics of its operations. In general, the alertness of the customers may be affected by the consumption of alcoholic drinks and loud music inside the premises. The layout of small clustered cubicles accessed through long and narrow passages will make escape difficult in case of fire. General fire safety provisions cannot adequately address the fire risk associated with the closed-cubicle layout and unique mode of operation of karaoke establishments. Therefore, we must introduce a set of prescribed minimum standards through a statutory licensing system to ensure that proper fire and public safety measures are provided in these establishments.

We propose that all establishments providing karaoke facilities, whether attached to restaurants or other licensed premises, should be brought under the control of a licensing scheme administered by the licensing authority. In other words, all karaoke establishments should be required to obtain a licence or permit for their operations. However, "*bona fide* restaurants" will be exempted from the licence requirement. A "*bona fide* restaurant" is one serving food and drinks as its main business with the aggregate area of all karaoke cubicles not exceeding 30% of its total seating area, and the number of karaoke cubicles not exceeding its total seating area divided by 100 sq m.

The licensing authority will adopt a pragmatic approach in implementing the new licensing scheme. In vetting an application from an existing karaoke establishment which has already been granted a separate licence for the purpose of, for example, restaurant, hotel or guesthouse, or a certificate of compliance for the purpose of club, the authority will streamline the licence processing procedures and reduce the scope of regulatory control by only requiring the applicant to comply with the additional fire safety measures specific to the special

layout and mode of operation of the karaoke establishments. For karaoke establishments in restaurants or premises serving light refreshment, the Director of Food and Environmental Hygiene will act as the licensing authority. For other karaoke establishments, including those attached to hotels or clubs, the Secretary for Home Affairs will be the licensing authority. The "one-stop" approach should help avoid duplication of efforts and streamline the licence processing procedures so that karaoke establishment operators will obtain the required licences as early as possible.

An applicant for a karaoke licence will be required to meet prescribed fire safety, building safety, public safety standards and health requirements. However, for existing karaoke establishments, a transitional period of 12 months will be granted in the first instance to allow time for their compliance work. Another grace period of 12 months will be given if their licence applications made within the transitional period are refused.

To operate a karaoke business without a licence or permit is an offence punishable by law. The licensing authority may issue a direction if a licensee fails to comply with the licensing conditions. The authority may further apply to the District Court for a closure order and prohibit the use of the premises as a karaoke establishment if the operator fails to comply with the direction.

We conducted a three-month public consultation on the proposed licensing scheme from February to May 1998. The general public and the karaoke trade were generally supportive of our objective to improve fire and public safety of karaoke establishments. We have continued discussions with the trade and, in response to their views, refined certain fire safety construction requirements and adopted a phased implementation approach to minimize the financial impact, while maintaining our objective to improve fire safety of karaoke establishments. For example, existing karaoke establishments may not be required to widen the corridor to 1.2 m if basic fire safety measures have been installed; dead-end situations might be tolerated subject to additional fire safety provisions as required by the licensing authority; and as requested by the trade, the aggregate area of corridors will be excluded in calculating the permitted capacity of the premises. However, after careful consideration, we do not consider it proper to further relax the requirement that partition walls separating the cubicles from the main corridors within a karaoke establishment should have a fire-resistant capability of at least one hour. The one-hour requirement is already the minimum standard for necessary protection of a fire escape route. In case of

fire, the fire-resistant partition walls will serve to keep the fire from spreading quickly, so as to allow time for customers to escape and facilitate firemen's fire-fighting and rescue work.

In addition, the Business and Services Promotion Unit of the Commerce and Industry Bureau has commissioned a consultant to carry out a Regulatory Impact Assessment on the licensing control of karaoke establishments. The analysis reveals that the introduction of the proposed licensing arrangements will bring considerable benefits to the general public, whereas the impact on the trade will be small when compared to the turnover and profitability of the trade as a whole. Some karaoke establishments which have poor cashflow or are located in buildings calling for substantial improvement works may face financial constraints if they are required to complete all the improvement works during the first year of implementation of the licensing system. To lessen the impact, we will adopt the consultant's proposal for a phased implementation programme to allow the trade to carry out the upgrading works in phases and spread the cost over a longer period of time.

We consulted the two Provisional Municipal Councils on the licensing scheme in late 1998 and early 1999, while the Legislative Council Panel on Security was briefed in January 1999. Also, the Bill was introduced into the previous Legislative Council on 15 March 2000, but lapsed at the end of the last Legislative Session before the previous Legislative Council had time to scrutinize it. Re-introduction of the Bill is necessary.

I hope Members will support the above proposal and pass the Bill at an early date. We will give wide publicity to the provisions of the Bill and the licensing conditions before introducing the new licensing system so as to facilitate the trade's familiarization and preparation.

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

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

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

Resumption of Second Reading Debate on Bill

PRESIDENT (in Cantonese): The Council now resumes the Second Reading debate on the Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000

**INTELLECTUAL PROPERTY (MISCELLANEOUS AMENDMENTS)
(NO. 2) BILL 2000****Resumption of debate on Second Reading which was moved on 20 December 2000**

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 Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000 be read the Second time. 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.

CLERK (in Cantonese): Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000.

Council went into Committee.

Committee Stage

CHAIRMAN (in Cantonese): Committee stage. Council is now in Committee.

**INTELLECTUAL PROPERTY (MISCELLANEOUS AMENDMENTS)
(NO. 2) BILL 2000**

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000.

CLERK (in Cantonese): Clauses 1 to 25.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands.

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese):

New clause 5A	Publication of request to record
New clause 8A	Costs and expenses in proceedings before court
New clause 19A	Costs and expenses in proceedings before court.

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam Chairman, I move that new clauses 5A, 8A and 19A, as set out in the paper circularized to Members, be read the Second time.

New clause 5A is a technical amendment to the Patents Ordinance, seeking to spell out very clearly that once a request to record complies with the relevant requirements, the Registrar of Patents must discharge his duties required under section 20(1)(a) to (d) of the Patents Ordinance. Clauses 8A and 19A are also technical amendments. Under the Patents Ordinance and the Registered Designs Ordinance, the Registrar of Patents and the Registrar of Designs are exempted from the payment of litigation fees arising from any court proceedings connected with the relevant Ordinances. We propose to remove this exemption, so that the Court can order any one party of a lawsuit to pay litigation fees as it deems appropriate. There is also a similar arrangement in the Trade Marks Ordinance passed by the Legislative Council last year.

Thank you, Madam Chairman.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That new clauses 5A, 8A and 19A be read the Second time. Does any Member wish to speak?

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): New clauses 5A, 8A and 19A.

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam Chairman, I move that new clauses 5A, 8A and 19A be added to the Bill.

Proposed additions

New clause 5 (see Annex II)

New clause 8A (see Annex II)

New clause 19A (see Annex II)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That new clauses 5A, 8A and 19A be added to the Bill.

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

(Members raised their hands)

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

(No hands raised)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bill

PRESIDENT (in Cantonese): Bill: Third Reading.

**INTELLECTUAL PROPERTY (MISCELLANEOUS AMENDMENTS)
(NO. 2) BILL 2000**

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

Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000

has passed through Committee with amendments. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000 be read the Third time and do pass.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Intellectual Property (Miscellaneous Amendments) (No. 2) Bill 2000.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Three motions under the Interpretation and General Clauses Ordinance.

First motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR JAMES TIEN (in Cantonese): Madam President, I move that the first motion under the Interpretation and General Clauses Ordinance, as printed on the Agenda, be passed.

Madam President, the House Committee has formed a Subcommittee on the subsidiary legislation gazetted on 5 January which relates to revision of fees. I shall move this motion in my capacity as the Chairman of the Subcommittee.

In fact, among the seven items of subsidiary legislation on fee revisions, six are largely related to the importation and control of plants and animals, such as fees concerning dogs. Only one item is about fees for registration and appeal in relation to estate agents.

It was resolved on 1 February that I shall move a motion to the effect that the debate on the amendments to the subsidiary legislation be deferred to the Legislative Council meeting on 14 February. Members can propose amendments if they have any views in the interim. I hope Members will support this motion.

Mr James TIEN moved the following motion:

"That in relation to the —

- (a) Dairies (Amendment) Regulation 2001, published as Legal Notice No. 1 of 2001;
- (b) Plant (Importation and Pest Control) (Fees) (Amendment) Regulation 2001, published as Legal Notice No. 2 of 2001;
- (c) Pounds Fees (Amendment) Regulation 2001, published as Legal Notice No. 3 of 2001;
- (d) Veterinary Surgeons Registration (Fees) (Amendment) Regulation 2001, published as Legal Notice No. 4 of 2001;
- (e) Dangerous Dogs Regulation (Amendment of Schedule 3) Notice 2001, published as Legal Notice No. 5 of 2001;
- (f) Rabies Regulation (Amendment of Schedule 1) Notice 2001, published as Legal Notice No. 6 of 2001; and
- (g) Estate Agents (Registration of Determination and Appeal) (Amendment) Regulation 2001, published as Legal Notice No. 7 of 2001,

and laid on the table of the Legislative Council on 10 January 2001, the period referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) for amending subsidiary legislation be extended under section 34(4) of that Ordinance to the meeting of 14 February 2001."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr James TIEN be passed. Does any other 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 Mr James TIEN 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 respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): The second and third motions. Mr LAU Chin-shek, Mr SIN Chung-kai and Mr James TIEN have each given notice to move a proposed resolution under the Interpretation and General Clauses Ordinance relating to the Waterworks (Amendment) Regulation 2000.

The proposed resolutions by the three Members will now be debated together in a joint debate. Mr LAU Chin-shek will move his proposed resolution first as he submitted his notice at an earlier date.

Members have been informed by circular on 30 January that as the resolutions proposed by Mr LAU Chin-shek and Mr James TIEN are identical, irrespective of whether Mr LAU Chin-shek's proposed resolution is passed or negatived, Mr James TIEN may not move his proposed resolution. On the other hand, if Mr LAU Chin-shek's proposed resolution is agreed, Mr SIN Chung-kai may not move his proposed resolution. However, if Mr LAU Chin-shek's proposed resolution is negatived, Mr SIN Chung-kai may move his proposed resolution.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR LAU CHIN-SHEK (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

This resolution seeks to amend the Waterworks (Amendment) Regulation 2000, with a view to freezing a total of 12 fee increase items under three categories of services specified in the Waterworks Regulation. Those services for which fees and charges will be increased include connecting government water pipes to newly-completed small houses, providing and installing meters for newly-completed buildings, and testing the accuracy of a meter. According to the Administration, these increases, if approved, can bring an additional annual revenue of about \$2.3 million to the Treasury.

Regarding my position on increases in government fees and charges, I have explained it time and again and I believe Members are very familiar with it. But I must tell Members in advance that with regard to the seven items of subsidiary legislation of which the scrutiny period will be extended as proposed by the Honourable James TIEN earlier, I have already given a notice to the President that Mr James TIEN and I will join hands again to move resolutions at the meeting next Wednesday to freeze those fees for which increases are proposed.

With regard to the subsidiary legislation relating to fee increases involved in this resolution, I wish to particularly point it out to Honourable colleagues that the increases in the fees for water pipe connection, irrespective of they are being payable by builders of small houses or developers of new buildings, will definitely be passed onto the general households ultimately. This is a plain fact. I do not think I need to say more on the fees for meter tests which are collected directly from the general households, although the Government has argued that there are only 1 300 such applications yearly.

In my view, these fees will certainly have a bearing on the people's livelihood in the final analysis, whether they are collected directly or indirectly from the general public. If anyone should argue that these fees and charges are not related to the people's livelihood for some of them are collected from builders and property developers, then I think he is only courting troubles.

The Honourable SIN Chung-kai will propose a separate resolution, seeking to freeze the fees for meter tests which are charged directly to customers. This category of fees is included in the package of fee increase proposals in respect of water supply services. Members may wish to note that Mr SIN Chung-kai's resolution is actually covered in the resolution sponsored by Mr James TIEN and me.

The second point I wish to raise is about the objective of the water supply services as a whole. I believe the Secretary will also agree that the Government has the duty to provide the public with potable water and water for other uses, and certainly, water charges are inextricably linked to the people's livelihood. Water charges are naturally the most important fee-charging item in the water supply services and a major item of fees borne by the general public. Therefore, I believe no one would disagree that water charges do have a direct impact on the people's livelihood. But since water supply services are an integral whole and if water charges have to do with the people's livelihood, why are fees for water pipe connection not related to the people's livelihood? Why are the charges for meter tests not related to the people's livelihood?

Imagine if no water pipe is connected to the mains of the Water Supplies Department (WSD) to facilitate the supply of water to the homes of the people, the public cannot possibly have access to fresh water. When a person found irregularities with his meter and if an officer of the WSD is requested to come and test it, that person might eventually have to pay hundreds of dollars. This will certainly put pressure on the lower-class households. I have received complaints from the public before that their water bills had suddenly increased drastically but the WSD told them that no irregularities were detected after conducting tests on the meters. As a result, not only were they required to pay the water charges, they even had to foot the bill for the meter test for no reason at all, hence doubling the burden on them.

I must point out that if the charges for water pipe connection can be increased arbitrarily and the testing of a meter will cost hundreds of dollars or a thousand dollars, even if the water charges are frozen, it still is a downright "rip-off"!

Together with this resolution, Mr James TIEN and I have moved 39 resolutions in this Council to freeze government fees and charges, involving hundreds of fee items. Members should know clearly about the voting results

of these resolutions. Some of our attempts were successful and some were not, with the Government consequently effecting the fee increases. But it is important to note that without these resolutions, fee increases proposed by the Government would have passed this Council like "through trains" and would not have aroused discussions and queries from this Council and the community. While the Secretary has always exerted to convince Members of this Council to support the position of the Government in respect of its fee increase proposals, I wish that the Secretary can seriously consider the concerns raised by critics in this Council and give us a positive response.

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

Mr LAU Chin-shek moved the following motion:

"That the Waterworks (Amendment) Regulation 2000, published as Legal Notice No. 358 of 2000 and laid on the table of the Legislative Council on 20 December 2000, be repealed."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr LAU Chin-shek be passed.

MR SIN CHUNG-KAI (in Cantonese): Madam President, the resolution that I am going to move today seeks to freeze the fees for testing water meters. Members may find it strange as to why the fees for meter tests are related to the people's livelihood, but not so for fees chargeable for water pipe connection. Earlier on the Honourable LAU Chin-shek mentioned the transfer of the costs. Certainly, property developers would wish to pass the costs onto buyers whenever possible. Members may recall that years ago the Government sold a lot in Siu Sai Wan by way of auction. If we calculate the costs of each flat at the prevailing costs then, the selling price should be far higher than that at which the flats are offered for sale in the market now. So, we can see that some costs are impossible to transfer. When changes occur in the market, the costs cannot possibly be shifted. How far will the sale price be affected by fees and charges relating to water pipes *vis-a-vis* the overall construction costs of a new building? We certainly have diverse views on this. On the question of whether or not I am "courting troubles", I think this is an opinion, not a fact. We can hold different views on this.

With regard to the fees for testing meters, it is easier to explain my argument. When moving in their new flats, many households or public housing tenants may suspect that their meter readings mount up at shorter intervals compared to those of their neighbours. In fact, we have also handled such complaints before, and it requires hundreds of dollars to test a meter. When a household suspects over-registering of his water consumption — which may be true for the readings on old water meters may mount up at longer intervals than the new ones, and the Secretary for the Treasury can inquire with colleagues of the Water Supplies Department (WSD). The WSD is aware of this for old meters may operate more slowly due to the accumulation of sand or dust therein. To the households, they think that they are paying more than they have consumed because of suspected over-registering by their water meters. But if they request for meter tests, the result is that "the poorer one is, the more difficulties one will have to face" because on top of a staggering water bill, they will have to foot the bill for the meter test. This is a barrier to the households and they should be given fairer treatment. Of course, the Secretary for the Treasury has mentioned here that no fees will be payable by the public if the meter is found to be defective. But fees at such a high level will discourage the public from seeking conduct of such tests. This is unfair to people who think that their meters are faulty. Therefore, at this stage, we do not support any proposed increase in this category of fees.

Today, the Democratic Party opposes the motion moved by Mr LAU Chin-shek and Mr James TIEN, but will propose to freeze the fees for meter tests. We will continue to study whether these fees are related to the people's livelihood on an item-by-item basis. Today, Mr LAU Chin-shek has not revisited the story of "crying wolf", that is, the question of whether there will be a budget deficit. I remember that in the last two or three debates, I did say that there would be a deficit this year and I had given some explanation about this. I believe Honourable colleagues must face one question, that is, if a deficit does arise, how we should prioritize the means to increase revenue. Should we accord priority to increasing tax, levying a sales tax and land departure tax, or increasing government fees and charges? We should not simply look at the fee increases individually. Instead, we should consider the overall situation of public revenue and expenditure. I think at this stage, the Government should be allowed to increase some fees and charges that do not have a direct impact on the people's livelihood. The Democratic Party will continue to adopt this stance.

Thank you, Madam President.

MR JAMES TIEN (in Cantonese): Madam President, it has always been the view of the Liberal Party that given an economic downturn and a deflation, the Government should not increase its fees or charges this year, whether or not they have a direct impact on the people's livelihood. Regarding the three items of fees under our discussion today, is it true that they are not related to the people's livelihood, as described by Mr SIN Chung-kai?

Some Members have stated that the fees for installing water meters at small houses are payable to the Government by the contractors. Last year, a total of about 2 000 applications in respect of small houses were received. Is it that these applications were really submitted by contractors, or were they submitted by owners of the small houses? Small houses are by no means a large-scale development and they are in a small number. Only 1 300 applications for meter tests were received. As such tests are conducted at the request of the public, we do not support an increase in this fee which is not payable by property developers. A total of about 2 000 applications in respect of small houses were received and I think most of these applications were made by people living in the small houses or people who have the right to build small houses. It is not the case that hundreds of small houses are built by one major property developer and then put up for sale in the market. In fact, they are built by people living in the small houses on approval of their prior applications.

Moreover, regarding the 63 000 applications for installing water meters from property developers last year, some Members have said that all the work is settled by property developers upon completion of the new buildings. It is true that the taking up of a water account is free of charge. However, I believe that as the property market is now at a low ebb, property developers will surely offer plenty of gifts to buyers, including the installation of water meters. Yet, this situation will not last forever. When the property market is stabilized in future, developers will list out all the fees payable by the buyers. If the fee for testing a water meter is increased by as much as \$70 from \$460 to \$530, other meter-related fees will also rise accordingly. I believe this fee will eventually be paid by members of the public, that is, buyers of those 63 000 flats. Therefore, I consider this fee item closely related to the people's livelihood.

I hope that the Democratic Party will reconsider whether this fee item is related to the people's livelihood or not. Thank you, Madam President.

MR CHAN KAM-LAM (in Cantonese): Madam President, in the many discussions on proposed increases in government fees and charges previously, the Democratic Alliance for Betterment of Hong Kong (DAB) has consistently adopted a rational and pragmatic attitude in considering each of these proposals. On the proposed fee revisions relating to the Waterworks Regulation today, we will also support freezing fees that have an impact on the people's livelihood or the operation of industries and businesses.

While the Financial Secretary announced in late November last year that water charges would continue to be frozen, and some of the fees having a direct impact on the people's livelihood and business operation, including licences for plumbers, reconnection of water pipes, water charges, fees for testing water samples, licences for fishing at reservoirs, and so on, are not included in the current fee revisions proposals, the DAB considers that the fees for testing water meters, which are among the four major categories of fees proposed to be increased, have a direct impact on the people's livelihood. Therefore, it is not an appropriate time to effect a revision of these fees now.

Madam President, we have often heard of cases about members of the public suspecting inaccuracy of their water meters and eventually having disputes with the Water Supplies Department (WSD) over the water charges. We certainly appreciate that if the water meter is proved to be defective after test, the water account holder will not have to pay for the meter test. But the point is that members of the public will request meter tests only when they suspect over-charging by the WSD. Although there are not many similar cases each year, it is very difficult for us to say whether or not this fee item has a direct impact on the people's livelihood. Under this broad principle, the DAB will support the resolution to be moved by Mr SIN Chung-Kai later to freeze these fees.

With regard to other fee revision proposals, as they mainly involve newly-completed buildings or small houses, the fees concerned are basically payable by the builders. Besides, these fees will only account for a very small proportion of the overall construction costs. Therefore, the contractors will not and are unlikely to pass onto consumers the increases in costs pursuant to these fee revisions. For this reason, the DAB will support the revision of these fees proposed by the Government with a view to achieving full cost recovery as early as possible, and oppose Mr LAU Chin-shek's resolution.

Madam President, I so submit.

MR HUI CHEUNG-CHING (in Cantonese): Madam President, on behalf of the Hong Kong Progressive Alliance (HKPA), I wish to state that we do not oppose the increase of a total of 12 items of fees and charges for three categories of public services under the Waterworks Regulation as proposed by the Government. The HKPA considers that these increases do not have a direct or substantial impact on the people's livelihood. It is not only because the actual amount involved is insignificant, but more importantly, water account holders or trades affected by these increases are very few indeed.

Take the fee charged for testing water meters, which are more controversial, as an example. The HKPA considers that while these fees may be related to each water account holder superficially, but in all fairness, those who are really affected are confined to water account holders who request accuracy tests on their water meters. Those affected by the increases proposed by the Government are further confined to water account holders who abuse the service of meter test or those who suspect defects or inaccuracy of their meters. According to the statistics of the Government, only 1 300 applications for meter tests were received last year, accounting for 0.05% of the 2 million-odd water accounts of the WSD. It shows that the meters of an overwhelming majority of water account holders are functioning normally and there has not been a widespread demand for meter tests. It also shows that the fees charged for testing water meters do not have a direct, indirect or substantial impact on a great majority of the people. The Legislative Council does not have strong justifications to require the 2 million-odd water account holders to continue subsidizing the service of meter test, which is used by some 1 300 water account holders at most.

Obviously, the HKPA will not allow the Government to become so insatiable as to propose increases in other fees that have a direct or substantial impact on the people's livelihood and business operation, such as water charges and fees for reconnecting water pipes, after its proposal to increase certain fees under the Waterworks Regulation has been approved this time. More importantly, the HKPA hopes that the Government will continue to pare down the costs of its services so that the costs will not be on the high side. This will expedite the recovery of costs by the Government and better still, the Legislative Council, members of the public and businesses will not have to spend time and effort to argue with the Government on the question of fee increases over and over again. Madam President, I so submit.

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

(No Member responded)

SECRETARY FOR THE TREASURY (in Cantonese): Madam President, I know that, besides Mr LAU Chin-shek and Mr James TIEN, Mr SIN Chung-kai will later propose a resolution to amend the Waterworks (Amendment) Regulation 2000, so I will respond to the three motions together.

I would like to emphasize that the objective of making the Waterworks (Amendment) Regulation 2000 is to adjust three categories covering 12 items of fees and charges for the services set out in the Waterworks Regulation that will not affect the people's livelihood and the general business environment. They include the connection of water pipes to newly completed small houses, the provision or installation of water meters in new buildings and testing the accuracy of water meters. The fees and charges for these services are increased to reaffirm the "user pays" principle and reduce taxpayers' subsidies to users of the relevant services.

As regards fees and charges related to the people's livelihood and the business environment under the Waterworks Regulation, for example, water charges and charges for issuing a plumber's licence, re-connection of water supply, testing water samples and permit for fishing in reservoirs, are not covered by the current fee revision proposal. On 27 November last year, the Financial Secretary indicated that water charges would continue to be frozen until a suitable time for an adjustment. Before we decide to adjust water charges, we would adequately consult the public, consider the prevailing overall economic situation and the affordability of the public. As regards how to adjust the remaining waterworks charges that have relatively greater impact on the people's livelihood and business costs, the Works Bureau will later consult the Panel on Planning, Lands and Works of the Legislative Council.

The first category of charges under discussion this afternoon, that is, the charges for the connection of pipes, mainly affects the constructors of small houses. After the completion of the construction of new small houses, the constructors have to apply with the Water Supplies Department (WSD) for the connection of potable water pipes to government pipes for the supply of potable water to the small houses. In the past year, there were around 2 000 such

applications, but the charges for application for the re-connection of water supply after the suspension of water supply for water charges in arrears or other reasons were not covered by this fee revision proposal.

Concerning the second category of charges, that is, the provision or installation of water meters in new buildings, property developers are mainly affected. After the completion of new buildings, they have to apply with the WSD for the provision or installation of water meters in these buildings. In the past year, the WSD provided or installed around 63 000 water meters for property developers. I would like to say that nothing is charged for the transfer of water meter accounts as a result of property transactions.

Regarding the third category of charges, that is, the charges for testing water meters, people can request for water meter testing by the WSD if they suspect the accuracy of water charges. But I would like to say that if water meters are found to be really defective, the WSD will not charge the public anything and the public only need to pay after the water meters have been proved to be operating normally. The aim of this arrangement is to prevent abuse of such services. In the past year, there were around 1 300 such applications and the affected clients accounted for less than 0.1% of the over 2 million clients of the WSD. Therefore, we think that adjusting the charges of this service will not affect the people's livelihood.

The charges for these three categories of services were last adjusted in July 1996. Calculating on 2000-01 prices, only around 70% of the costs could be recovered on average. To prevent excessive impact of the rate of increase, we have proposed that the relevant fees and charges be increased by 10% to 15%. We hope to achieve full cost recovery within three to four years. The actual amounts of increase range from \$7 to \$350. Compared to the total investment in the entire development of a building, the amounts of increase are insignificant. I also believe these increases would not be transferred onto the general public because taxpayers still need to subsidize 20% to 30% of the costs for these users after the adjustment in fees and charges.

The Government consulted the Panel on Planning, Lands and Works of the former Legislative Council on 8 June last year, and the Panel raised no objection to these items of increases.

To reduce costs and alleviate the pressure for fee increases, the WSD will continue to implement measures to enhance operational efficiency. In fact, the WSD has set up a select committee composed of staff from various levels to study how to improve operational efficiency and cost-effectiveness of the services. The select committee has made over 100 proposals that will save around 10% of the recurrent expenditure of the WSD within three years from 2000-01 onwards.

Therefore, I sincerely urge Honourable Members to negative the motions to be moved by Mr LAU Chin-shek, Mr James TIEN and Mr SIN Chung-kai to repeal the adjustment of the above fees and charges.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr LAU Chin-shek, do you wish to reply?

(Mr LAU Chin-shek indicated that he did not wish to reply)

PRESIDENT (in Cantonese): Before I put the question to you, I would like to remind you again that if Mr LAU Chin-shek's proposed resolution is passed, Mr SIN Chung-kai may not move his proposed resolution; and if Mr LAU Chin-shek's proposed resolution is negated, I shall call upon Mr SIN Chung-kai to move his proposed resolution.

I now put the question to you and that is: That the motion moved by Mr LAU Chin-shek 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 LAU Chin-shek rose to claim a division.

PRESIDENT (in Cantonese): Mr LAU Chin-shek has claimed a division. The division bell will ring for three minutes.

PRESIDENT (in Cantonese): Members shall not refer to the timer on the screen because it appears there is something wrong with it. The division bell will stop soon.

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, Mrs Selina CHOW, Mrs Sophie LEUNG, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr Abraham SHEK, Miss LI Fung-ying, Mr Tommy CHEUNG and Mr Michael MAK voted for the motion.

Dr LUI Ming-wah, Miss Margaret NG, Mr CHEUNG Man-kwong, Mr HUI Cheung-ching, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr Timothy FOK, Mr LAW Chi-kwong, Mr Henry WU, Mr LEUNG Fu-wah, Dr LO Wing-lok and Mr IP Kwok-him voted against the motion.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr LAU Chin-shek, Miss Emily LAU, Dr TANG Siu-tong, Mr Frederick FUNG and Ms Audrey EU voted for the motion.

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Andrew WONG, Mr Jasper TSANG, Dr

YEUNG Sum, Mr LAU Kong-wah, Mr Andrew CHENG, Mr SZETO Wah, Mr Albert CHAN, Mr WONG Sing-chi, Mr David CHU, Mr NG Leung-sing, Prof NG Ching-fai and Mr Ambrose LAU voted against the motion.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, 13 were in favour of the motion and 13 against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 27 were present, eight were in favour of the motion and 18 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negatived.

PRESIDENT (in Cantonese): Mr SIN Chung-kai, please move your proposed resolution.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR SIN CHUNG-KAI (in Cantonese): Madam President, I move that the motion under the Interpretation and General Clauses Ordinance, as printed on the Agenda, be passed.

Mr SIN Chung-kai moved the following motion:

"That the Waterworks (Amendment) Regulation 2000, published as Legal Notice No. 358 of 2000 and laid on the table of the Legislative Council on 20 December 2000, be amended by repealing section 2(f), (g), (h) and (i)."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr SIN Chung-kai be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai has claimed a division. The division bell will ring for 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, Mrs Selina CHOW, Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Mrs Miriam LAU, Mr LAW Chi-kwong, Mr Abraham SHEK, Miss LI Fung-ying, Mr Tommy CHEUNG, Mr Michael MAK, Mr LEUNG Fu-wah and Mr IP Kwok-him voted for the motion.

Dr LUI Ming-wah, Miss Margaret NG, Mr HUI Cheung-ching, Dr Philip WONG, Mr Timothy FOK, Mr Henry WU and Dr LO Wing-lok voted against the motion.

Geographical Constituencies and Election Committee:

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr Albert CHAN, Mr WONG Sing-chi, Mr Frederick FUNG and Ms Audrey EU voted for the motion.

Mr Andrew WONG, Dr TANG Siu-tong, Mr David CHU, Mr NG Leung-sing, Prof NG Ching-fai and Mr Ambrose LAU voted against the motion.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, 19 were in favour of the motion and seven against it; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 27 were present, 20 were in favour of the motion and six against it. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was carried.

PRESIDENT (in Cantonese): Motion on appointment of a select committee.

APPOINTMENT OF A SELECT COMMITTEE

MRS SELINA CHOW (in Cantonese): Madam President, as in my capacity Chairman of the House Committee, I move that the motion, as set out on the Agenda, be passed.

Madam President, the number of people in Hong Kong living in public housing alone is as many as 2.3 million. Billions of dollars of public money are spent each year on the construction of public housing. Public housing plays an important role in meeting the housing needs of the public. But the quality of

public housing is far from satisfactory. Over the past couple of years, a series of serious problems in connection with housing construction has been discovered. These include the excessive foundation settlement in Tin Chung Court, Tin Shui Wai; piling problems in Shatin Area 14B Phase 2 (Yuen Chau Kok); suspected use of substandard reinforcement at Tung Chung Area 30 Phase 3; and the suspected use of substandard construction materials in the Redevelopment of Shek Yam Estate.

This spate of incidents have caused great public concern. The Panel on Housing of the last term of the Legislative Council held a number of meetings to explore measures of improving the building quality of public housing. The current Panel on Housing continues to follow up these incidents. A report was submitted to the House Committee on 3 November last year. The report outlines the deliberations made by the Panel on the courses of follow-up actions that may be taken to examine the building problems in public housing, and requests the House Committee to discuss whether a select committee should be set up to investigate and study the building problems in public housing. Members agreed at the meeting to postpone the decision on the setting up of a select committee to the meeting of the House Committee on 5 January this year, pending the completion of the investigations and studies made by the Government then.

Madam President, consolidating the discussions held in the two House Committee meetings, Members who supported the idea of setting up a select committee held mainly the view that the series of public housing scandals had given rise to much public concern. The investigations and studies made by the Government and the Housing Authority (HA) have failed to uncover all the facts of these incidents, nor have they touched on some of the important areas or addressed the problems at root, such as the assurance of quality of public housing. These Members think that the Legislative Council is duty-bound to conduct a comprehensive public inquiry to find out the truth and to make recommendations to prevent the loss of lives and to ensure the best use of public funds.

Some Members have pointed out that the neutrality and credibility of these investigations and studies undertaken by the Government and the HA are open to question. If the Legislative Council can set up a select committee, then Members can summon witnesses to give evidence under oath by virtue of the powers conferred upon them by the Legislative Council (Powers and Privileges) Ordinance. Such an inquiry will have a greater degree of transparency since it is open while other inquiries are held in camera.

Some Honourable Members have also pointed out that some of the inquiries made by the Government and the HA only focused on the conduct of the front-line staff of the Housing Department (HD) and not that of the senior officers. Therefore, it is incumbent on the Council to pursue the matter and investigate whether any senior officers should be held responsible. Members also note an open letter issued by the 10 associations of the professional staff and six other staff associations of the HD on 4 January 2001. In the letter, the 16 staff associations cast doubts on the comprehensiveness and impartiality of the investigation panel on disciplinary matters under the chairmanship of Mr Stephen SELBY. In their view, the panel report, trying to make the staff scapegoats and cover up the policy blunders, had adversely affected staff morale. Members think that the issues of concern of these 16 staff associations should be addressed, and that this Council should conduct investigations to give all parties concerned a fair hearing.

Madam President, at the meeting of the House Committee, some Members opposed or expressed reservations about setting up a select committee. A Member opined that since some other investigations and studies had already been made, and since the HA and the HD had a lot of work to do, if the Legislative Council should conduct an inquiry, it would only add to the burden of the HA and HD. The Member thought that the Council should take a forward-looking approach and focus its attention on the future reforms of public housing.

Another Member pointed out that since the authorities were conducting criminal investigations or instituting legal proceedings in respect of these incidents, if a substantial number of relevant witnesses were involved in criminal or civil proceedings and could not give evidence before the select committee, it would defeat the purpose of conducting an inquiry.

Some Members held different views of the terms of reference of the select committee. In the House Committee meeting held on 3 November last year, the Honourable Albert HO suggested that a select committee should be set up to inquire into the building problems in the production of public housing units having regard to the circumstances surrounding the four incidents in Tin Chung Court, Shatin Area 14B Phase 2, Tung Chung Area 30 Phase 3 and Shek Yam Estate Phase 2. At the meeting of 5 January this year, Mr James TIEN stated that to prevent the recurrence of these housing incidents, the inquiry by the select committee should adopt a forward-looking approach. He also suggested that

the select committee should find positive recommendations to achieve a complete overhaul of the overall policies and system of public housing, including whether the HA should be reorganized, split or abolished, so as to raise the quality of public housing.

Some Honourable Members had reservations about the proposal made by Mr James TIEN. They were of the view that it would extend beyond the ability of the select committee if the committee should also look into the overall framework and system of public housing. Another Member also questioned whether the select committee would have the necessary expertise to revamp the operations of the HA and to reorganize its framework. A Member also cast doubts on Mr TIEN's proposal for it seemed to seek an overhaul of the policies and framework for the provision of public housing by way of a select committee inquiry. The Member was of the view that such a pursuit would go beyond the scope of building problems.

In the meeting, many Members also supported the view expressed by Mr TIEN. In their view, any recommendations for a complete overhaul of the overall policies and system of public housing would only be based on the findings of the investigation into the building problems and be made for the purpose of raising the quality of public housing. In addition, a Member pointed out that the incidents had revealed problems with the present framework of public housing. The inquiry would not be comprehensive if the select committee failed to look into the institutional problems and make recommendations.

Mr James TIEN's amendment was passed in the House Committee with 26 Members voting for it, 16 Members voting against it and eight Members abstaining. The motion moved by Mr Albert HO as amended by Mr James TIEN was passed with 34 Members voting for the motion as amended, two Members voting against it and 14 Members abstaining.

Madam President, after I had given notice to move the motion in accordance with the decision made by the House Committee, the Acting Secretary for Housing and the Law Officer (Civil Law) each wrote a letter to me and the Legal Adviser of the Legislative Council to present their views and some legal issues. I would like to respond to them here.

In the letter of 19 January, the Acting Secretary for Housing said that the scope covered by the latter part of the motion was too broad and a more appropriate approach would be to wait until the report was submitted by the Committee on the Review of the Institutional Framework for Public Housing headed by the Chief Secretary for Administration. Studies into the issues should not be undertaken by a select committee in the form of a formal inquiry. The report should be discussed in the Panel on Housing of the Legislative Council. As I mentioned in my reply on 23 January, the wording of the motion was finalized after detailed discussions held in the House Committee. The question of whether a select committee should be appointed in accordance with the terms of reference set out in the motion should be decided after the debate today. It is my firm conviction that when Members make their decisions, they will take all the relevant views and information into consideration.

In his letter of 17 January, the Law Officer (Civil Law) raised some legal issues. I believe the purpose is to remind Members that an inquiry conducted by a select committee may prejudice the criminal proceedings being instituted and that may create unfairness. The Legal Adviser of the Legislative Council wrote a letter to the Law Officer (Civil Law) on 18 January and presented his views on the legal issues raised. The Law Officer (Civil Law) made a reply on 31 January in which he agreed basically with the views held by the Legal Adviser, that is, it was premature to attempt to solve all the existing problems at this stage. It would be better to further look into the issues after the select committee has been set up. Copy of the letter has been sent to Members for their reference. As the contents involve matters of a highly technical nature, I do not intend to repeat them here. I just wish to point out that Members are well aware of the fact that judicial procedures should not be subject to any undue interference or obstruction. I have also mentioned earlier that in the discussions held in the House Committee, similar issues were also raised. Members understood that they should be handled with caution and no studies should be made before the select committee had commenced its work.

In fact, the Legislative Council (including the former Legislative Council) has on six occasions invoked the Legislative Council (Powers and Privileges) Ordinance to conduct inquiries. It can be said to have some experience in conducting inquiries. For example, the former Legislative Council conducted an inquiry into the circumstances leading to the dismissal of Mr Alex TSUI Ka-kit, the former Senior Assistant Commissioner of the ICAC. The former

Legislative Council also conducted an inquiry into the circumstances leading to the labour disputes involving the Special Importation of Labour Scheme under the Airport Core Programme of the new airport. The Legislative Council in its last term inquired into the problems encountered by the Chek Lap Kok international airport at the initial stages of its opening. During the conduct of these inquiries, the relevant committees also faced the situation where civil and criminal litigation was in progress. The issue was solved by holding the meetings in camera, deferring the hearings of certain witnesses and summoning other witnesses.

The Administration has also stressed that although it is disappointed at the decision made by the House Committee to table the motion today, it would co-operate with the inquiry work fully. I am therefore convinced that if the Legislative Council passes the motion today, the select committee will certainly adhere to the principle of fairness. With the co-operation from the Administration, the select committee will discharge its duties in a most prudent manner, while acting in accordance with the advice from the Legal Adviser and making reference to the previous approach taken by the Council.

Madam President, insofar as this issue is concerned, the prime consideration of the Council is how public interest should be safeguarded. The Council will decide whether or not a select committee should be set up only after in-depth discussions and considerations. If the decision is to set up a select committee, Members will make a fair, open and comprehensive inquiry. That will allay public suspicions, identify the sources of the problems and find solutions. It is also very important that the Government should study how the work of the select committee will help in making improvements in respect of the relevant problems.

Madam President, I am going to present my personal views of the motion. As far as I can recall, every time when the Legislative Council, including the former Legislative Council, wishes to invoke the powers conferred by the Legislative Council (Powers and Privileges) Ordinance to conduct an inquiry into some incidents of public concern, the Administration would become very resistant. That kind of reaction is understandable, for the party being investigated would certainly feel that the inquiry would affect it adversely, that the prestige of the Government would be undermined in some way or the other, and that its image or credibility would be injured. For public officers, it would

not be a pleasant experience if they are questioned by Members of the Council in public. However, both public officers and members of the public should understand that when the Legislative Council decides to conduct an inquiry, it is making a decision of enormous import. For Members of the Council, especially those who take part in the inquiry, that will be a great and heavy commitment on their part. So unless the issue at hand is a matter of grave public concern with far-reaching impact, the Legislative Council would not contemplate the setting up of a select committee lightly.

The question of our debate does fit very well with these prerequisites. As it stands, the HA is in charge of the planning and production of millions of public housing units. It is also responsible for the management of public housing estates, Home Ownership Scheme flats, cottage areas and temporary housing areas, factory buildings, shopping malls, markets and other municipal facilities, and so on. Its expenditure estimate last year was \$46 billion, representing 16% of the total public expenditure and is greater than that of any government department. Thus, it begs the question of who should be held responsible for the problems in the production of public housing units — a question that remains not answered to date. If the Legislative Council does not conduct an inquiry, is it going to do nothing about it and sleep on it?

As to the question of whether the select committee should make any recommendations, I still recall how the select committee spent so much time and effort to find out the truth behind the airport fiasco. When we were discussing the report, the consensus among members was that recommendations should only be made after careful deliberations. Only by doing so that we would be conducting ourselves in a responsible and constructive manner. On this occasion, some Honourable colleagues are worried that if we accept the proposal made by Mr TIEN to extend the scope of the inquiry, that would be *ultra vires*. I do not understand why such worries should arise, nor do I subscribe to such views. I only hope Members will support my motion.

Mrs Selina CHOW moved the following motion:

"That this Council appoints a select committee to inquire into the building problems in the production of public housing units having regard to the circumstances surrounding the incidents in Tin Chung Court, Shatin Area 14B Phase 2, Tung Chung Area 30 Phase 3 and Shek Yam Estate Phase 2, and based on this to identify positive recommendations for a complete

overhaul of the overall policies and system of public housing, which should include examining whether the Housing Authority should be reorganized, split or abolished, so as to raise the quality of public housing; and that in the performance of its duties the committee be authorized under section 9(2) of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) to exercise the powers conferred by section 9(1) of that Ordinance."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mrs Selina CHOW be passed.

MR ALBERT HO (in Cantonese): Madam President, on behalf of the Democratic Party today, I urge and implore Members to support the Honourable Mrs Selina CHOW's motion to set up a select committee to inquire into the four scandals concerning the production of public housing units. We demand that a fresh, comprehensive and thorough inquiry be conducted to find out the truth of these four incidents and examine the question of responsibility for these incidents. Our aim is not to pursue endlessly the matter with the Government, nor are we trying to be overbearing with the HA or the HD. We are only demanding that the matter be handled fairly and properly — something that the Government cannot do. These incidents have shocked the Hong Kong community and caused far-reaching effects on the public housing policy.

Let us recap these four incidents. They are the piling problems in Yuen Chau Kok, Sha Tin leading to the demolition of two public housing blocks; the substandard piling problems and uneven settlement in Tin Chung Court, Tin Shui Wai and the use of substandard construction materials in Tung Chung Area 30 and Shek Yam Estate. All these incidents have caused the following adverse impacts:

- (1) These incidents led to the loss of billions of dollars of public money in the Government and the HA. Two blocks of public housing units have to be demolished and remedial measures have to be taken at the foundations of Tin Chung Court in Tin Shui Wai, thus delaying the occupation of these units. The HD has to provide a 20-year warranty of the foundations of the Home Ownership Scheme (HOS) units in Tin Shui Wai. Thousand of residents are

disturbed by these problems. The use of substandard materials in Tung Chung and Shek Yam Estate may shorten the life of the buildings and the maintenance costs are likely to increase very substantially in the future.

- (2) The reputation of the HA has been greatly tarnished by these four incidents and public confidence in public housing adversely affected.
- (3) The independent investigation panels appointed by the Housing Bureau all conducted their inquiries in camera, and their reports have not been published. Owing to limited legal powers of these panels, many people do not co-operate. The conclusions made by these panels state that some of the problems are institutional, but in the end the panels think that only the professionals who are responsible for the day-to-day operations should be held responsible. However, the senior officers do not have to be accountable for the so-called institutional problems in respect of day-to-day operations.
- (4) We all know that the conclusions of these investigation panels are queried by the staff of the HD. They are also criticized by many members of the public for being unfair and not independent. These conclusions drawn by the panels have even caused great divisions within the HD. Ten associations of the professional staff of the HD, including those of structural engineers, architects, surveyors and so on, and many civil service associations, have signed a joint statement to accuse the panels in public for treating the professional staff unfairly. The reports are also accused of defending the mistakes made by the senior officers while shifting the blame onto the professional staff who are made to bear the consequences of these institutional failures.
- (5) In June 2000, in a meeting of the last Legislative Council, we passed a motion of no confidence in the Chairman of the HA and the Director of the HD. The Chairman of the HA resigned of her own accord before the passage of the motion as a gesture to accept the responsibility for the blunders. However, this motion of no confidence only touches on the issue of accountability of senior officials. Nothing has been done to find out which officer or which

level of management should be held for what specific kind of responsibility. The issue still begs proper address and investigation.

- (6) The last point is that during the elections, the political parties of many candidates told the voters that these scandals had great adverse impact. The candidates pledged to try their best to follow up the matter when they were returned to the Council and that they would conduct a thorough investigation into the incidents. Now that these candidates are returned to the Council and they are sitting in this Chamber today. I hope Honourable colleagues can honour the promise they made in the elections by voting in favour of this motion.

People may ask what a select committee of this Council can do. Can it make up for the shortcomings of the three investigation panels appointed by the Government? How is the select committee going to ensure that the inquiry to be conducted is fair, independent, objective and comprehensive, and that it will command public confidence? In respect of these questions, I would like to raise the following three points:

First, the select committee will endeavour to ensure that its proceedings are transparent and to safeguard the public's right to know. As I have just said, the meetings of the previous investigation panels were all held in camera, the reports made were not released to the public and the Government only published some of the information selectively. The right to know of Members of the Legislative Council was also limited. Recently, I read the report made by Mr Stephen SELBY and found that the deletions in each page were many. The contents were so ambiguous that they defied understanding. What benefit will Members of this Council get when they have read the report? That is really a big question.

On the other hand, will the public know the truth of the incidents? We think that if the Legislative Council is to conduct the inquiry, we would endeavour to put the public in a full picture of the events by ensuring that the procedures are open and transparent. We will pledge that the report we are going to account to the public at the end of the inquiry will be all the facts that we can get hold of plus our fair and objective analyses.

Second, the select committee appointed by this Council would be vested with statutory powers to enable it to summon witnesses to give evidence before it. This will ensure that the inquiry can be conducted in a thorough, objective and comprehensive manner. In the report submitted by Mr Philip NUNN, many contractors refused to co-operate and give evidence because of their own interest. Then when Mr John STRICKLAND and Mr Stephen SELBY conducted their investigations, some public officers who had left the Civil Service were unable to assist in the process. As a result, there are many inadequacies in the reports. In my opinion, the members of the select committee, having viewed the reports and come to an understanding of the limitations of these investigation panels, can then exercise the powers conferred upon them to summon witnesses who then will be required to provide the required information. That will ensure that the inquiry is conducted in a thorough and comprehensive manner.

The last point, and which is a rather important point is that a select committee of the Legislative Council is credible, impartial and objective. Its work can therefore command recognition not only of the HD, but also members of the public. I believe when we are to carry out the independent inquiry, we will not look just at the public officers directly involved in these incidents, or in the words of the reports, those officers who are directly involved in the day-to-day operations. We will pursue the inadequacies in the system as mentioned by Mr John STRICKLAND and Mr Philip NUNN. We will ascertain whether officers of a yet higher level should be held responsible. No one will be convinced if we simply say that the institutional problems are those encountered in the day-to-day operations and so the Director and other management staff are free from any responsibilities.

I can recall in 1996, the representatives of the staff association of engineers in the HD submitted a reform proposal to Mrs Fanny LAW, the then Deputy Director. Some of the reforms proposed were about the building procedures. These included the introduction of resident engineers at the construction sites, raising the qualifications required of site supervisors so that the office-bearers should be people with professional qualifications and that they should be directly responsible to the architects and structural engineers concerned. Other proposals include the setting up of independent supervisory committees to vet consultancy reports and to assess work in progress on a regular or ad hoc basis to see if it meets the engineering requirements and standards.

To what level in the HD have these demands been discussed? Do the Director and the Deputy Director know anything about them? All these are indeed what we need to find out, for they will show whether the management will need to bear any responsibility and whether they should be held responsible for things they know or ought to know.

Madam President, some Honourable colleagues have doubts about whether the terms of reference of the proposed select committee are too wide. This applies in particular to the contents of the motion which do not merely inquire into the four incidents in respect of the production of housing units or the building problems involved, but also call for a review of the overall housing policy and the organization of the HA, and so on. These Honourable Members therefore query whether the scope of the inquiry is too extensive and whether this Council has the capability to do it.

I think there has already been a consensus on the focus of this inquiry, and that is, the four incidents. These incidents can be enlightening to us. In any case, whatever we do and whatever conclusions we may draw will be based mainly on the observations and experience gathered in our inquiry into these four incidents. We should not tie our own hands by saying at this stage that these four incidents can only enable us to reach some conclusions at a certain level, or by thinking that we may not make any forward-looking reform proposals on a macro scale. Certainly we need not impose such limitations on ourselves, for justice is upheld in the hearts of Members.

After the inquiry is complete, we shall hold detailed, in-depth and objective discussions and then make recommendations as appropriate. To which levels will these recommendations be targeted at? Apart from recommendations seeking to improve the operations of the HD, will recommendations be made on the reorganization of the overall structure of the HD and on the long-term strategy for public housing? I think Members will make a wise decision then and there is no need for us to worry too much at this point in time.

As to the question of the capabilities of the select committee, we all know that our major duties are law-making. Some time ago, we made decisions on whether or not the two Municipal Councils should be abolished. The issue at that time was not complicated. But anyhow we had to make a decision. Can we say that we know nothing about the issue so we are not in a position to decide

on it and so we would just shut our eyes and stamp it and pass the law? As Members of the Legislative Council, we ought to trust ourselves, try to understand the issue at hand with the information on hand and then make a responsible decision.

As to the question of procedures, the Government has raised a lot of queries as it has done on other past occasions. These relate specifically to the argument that the work of the select committee would prejudice some criminal investigations or may jeopardize the interest of people who may face prosecution. However, I must reiterate that when this Council conducts an inquiry, Members will certainly do the best they can, having regard to the right to know of the public, and do their job effectively. We will also look after the interest of those who may be affected, or who may be under investigation, or who may face prosecution. I trust the Legal Adviser of this Council will give us suitable assistance given his enormous experience and wisdom in respect of such matters. With the established procedures and experience accumulated from the past, the inquiry will proceed in a fair and effective manner. Thus the Law Officer (Civil Law) should rest assured.

Lastly, I believe if we can get hold of all the facts and learn from our past experience, this will prevent us from making the same mistakes again. With a fair inquiry and an impartial report coming out of it, we can certainly rally ourselves and give our renewed support to policies on the production of public housing units and their future development.

Thank you, Madam President.

MR LEE CHEUK-YAN (in Cantonese): Madam President, I speak to support the establishment of a select committee to investigate the four incidents of serious quality problems in the production of public housing in Tin Chung Court, Yuen Chau Kok, Tung Chung and Shek Yam. I think these are really traumatic incidents in the history of construction in Hong Kong. I do not think that there has ever been any case in Hong Kong where two buildings are demolished soon after construction. That is clearly a huge waste of public money to the tune of billions of dollars. We have no idea of how much compensation will be awarded. A more important issue is that public confidence in the quality of public housing has been shattered. The Government is also aware that this is a matter of grave importance. After these incidents have come to light, the

Government and the HA have set up five working groups to inquire into the incidents. These are the investigation panel headed by Mr Philip NUNN on the Tin Chung Court incident; the panel headed by Mr John STRICKLAND on the Yuen Chau Kok incident; the panel led by Mr Stephen SELBY on the disciplinary matters involved; the panel headed the Honourable Henry TANG on a review of the construction industry and the committee headed by the Chief Secretary for Administration which is tasked with the review of the tripartite relationship among the Housing Bureau, the HA and the HD.

As we look back, this is the single occasion on which the largest number of investigation panels set up by the Government for the purpose of crisis management. However, are a great number of investigation panels useful and are they capable of doing the job well? Does it mean that there is no need for this Council to set up a select committee to inquire into the incidents and make a thorough study of them? Some people may query whether the setting up of a select committee by this Council would be redundant and would overlap with the work being done by these investigation panels. I think this is absolutely not the case. It is necessary for the Legislative Council to set up a select committee for the following reasons. First, the reports of these five investigation panels have their own scope of inquiry and there is indeed some division of labour, but also some overlap in certain areas. We need to study these five reports whether they are contradictory in any way, and collate them into a thorough, comprehensive and complete report that can define and affix responsibilities and make recommendations for future improvement. Second, we are of the view that these incidents should be investigated by the Legislative Council in a neutral and objective manner. We can see that after the reports were published, 16 staff associations of professional staff and trade unions issued an open letter to point out that the contents of the reports and the approach taken by the HA had induced most professional staff associations to doubt if the incidents would be handled in a fair manner. They expressed a total loss of confidence in these reports. It shows that the credibility of the investigation panels will be questioned even five such panels were set up. I think the main reason is that these reports, for example the one produced by Mr Stephen SELBY on disciplinary action, only singles out certain front-line staff for punishment. The Director is not just spared from punishment but is completely absolved for he does not have to be held responsible for day-to-day operations. The impression one gets from it is that officers will only defend the interests of other officers and those at the top will always get away from penalties. A few scapegoats are picked out to finish the matter off. We can take a look at the conclusions made by the panel headed

by Mr Stephen SELBY. One of the sentences in the report says that the whole incident shows that the system is unsound or that the supervisory system of the HD is unsound. The English words used are "system failure". The fact is the system is a failure but how is it an utter failure? Who should be held responsible? There is no mention of it at all in the report. The panel headed by Mr Philip NUNN does not mention a word of it. Then the panel headed by Mr Stephen SELBY points out expressly that the front-line staff should be responsible and that the directorate staff do not have to be held responsible for the day-to-day operations. Then are the front-line staff the designers of this failing system? They are only the victims of the unsound system, or at most they are part of the system which is unsound. The ultimate responsibility should not be borne by the front-line staff. But now the front-line staff are made to bear the blame, but those in the top management can be absolved of any responsibility. How can such a conclusion be convincing? Therefore, the Legislative Council wishes to set up a select committee to probe into the cases and to find out in a fair manner who should be held responsible so that the problem of accountability can be clarified.

It remains, of course, that the problems do not lie with the HD alone, the sub-contracting system of the construction industry is obviously the crux of the building quality problems. In the Yuen Chau Kok incident, for example, the contractor was Zen Pacific Civil Contractors Limited, and it sub-contracted the works to Hui Hon Contractors Limited. As a result, Zen Pacific made a profit of 4% out of the sums payable for the works. The works are under the sole responsibility of Hui Hon, but it is not an approved contractor while Zen Pacific is. That shows that the entire contracting system of the construction industry is a failure. It is because licensed companies can apply to be contractors for some works projects, but the projects are then sub-contracted to companies not of approved status. Then what is the use of an approved licence? It has in effect become a realizable asset, a tool to make money. It is no longer a qualification to undertake works. The panel headed by Mr Henry TANG should certainly look into this issue. However, the panel report is very disappointing, for his conclusion is only that construction workers should be required to register while the contractors are not required to do so. Construction workers are not the ones who are responsible for the building quality problems, they are not supposed to be involved, but they are now required to register but not the contractors. How then should the problems identified in the sub-contracting system in the construction industry and the undesirable practices of it be rectified? I think this is an issue that warrants in-depth examination by the select committee.

The last issue is of course the tail added to the original motion by Mr James TIEN, that is, to examine the tripartite relationship among the HD, HA and the Housing Bureau. As a matter of fact, if we are to launch a full-scale inquiry, we need to examine this tripartite relationship in great detail because we should delineate the relationship and responsibilities between the HD and the HA in these quality incidents involving public housing units. It is our firm conviction that the hearings of the select committee can enable Members to examine the incidents and to make judgement on how this tripartite relationship should be delineated. So I hope very much that Members can support the setting up of a select committee. I also hope that this would instil public confidence in the inquiry eventually conducted by the Legislative Council so that the public will restore confidence in the quality of public housing in Hong Kong and in the improvement measures to be proposed.

Thank you, Madam President.

MR NG LEUNG-SING (in Cantonese): Madam President, first, I wish to declare that I am a member of the HA. With regard to the appointment of a select committee in respect of the quality of construction of public housing by the Legislative Council, my stand has always been that we must seriously address and deal with the problems that arose in the construction of public housing some time ago, and affix the responsibility for this in order to restore the people's confidence. I support any practicable and effective measure that can raise the quality of housing construction. Of course, this includes the Legislative Council exercising the powers conferred by the Legislative Council (Powers and Privileges) Ordinance through a select committee to come up with a long-term solution to the quality problem of public housing. If this can really be done, there is no reason why I should object to the appointment of the relevant committee. However, judging from the development of a series of related events in the past, I do have doubts about this.

After the emergence of the building problems, the HA appointed two independent panels to investigate and make recommendations. Later, the Housing Bureau also appointed an investigation panel to investigate the responsibilities of the staff involved. Early last year, the HA formulated 50 reform measures to improve such areas as site investigation, foundation design,

contractual arrangements and specifications, supervision of works on site and the reorganization of the HD. These are measures that can really guarantee and raise the quality of housing construction. The only question that remains is to examine whether senior officials of the HD should be responsible or what responsibility they should assume.

With regard to this issue, it is my view that any large organization has a mechanism of division and delegation of responsibilities, where each staff member has specific duties to perform and responsibilities to undertake. If problems arise in the daily operation, the staff concerned must be held responsible. If the most senior members of management have to take ultimate responsibility for everything, we would need to consider the reality of administration and management carefully. The problems with the quality of construction also have to do with the consultancy firms and contractors outside the organization. If they deliberately breach the professional code of conduct and contractual terms, this is beyond the control of normal management procedures. Therefore, the most effective way to deal with the problem is to make the persons accountable through legal channels.

With regard to the decision making of the HD, it is true that HD staff have had to deal with a lot of building programmes after the reunification. However, in the final analysis, this was the result of the extremely erratic supply of land for public housing before 1997. According to the 1998-99 annual report of the HA, due to the erratic supply of land, only about 20 000 flats were completed two years before and 28 500 were completed in the following year. In the year 1998-99, the number was increased to 58 000. During the following three years, there were about 200 000 flats under construction at any given time. One can imagine the enormity of such a building programme. In English, it may be called a "mission impossible". Common sense tells us that it would be a wonder if no accidents occurred. As a member of the Sino-British Land Commission, I knew very well that the Government's land disposal programmes before 1997 were supported by the Commission. The Government had always fulfilled the requirements of the HA in respect of land for public housing construction. However, the main reason for the serious imbalance in the number of flats produced was that the former Government failed to maintain a stable supply of land. There were delays or constraints due to the infrastructure support. Such circumstances were beyond the control of the HA and its executive agency. If a select committee is to be appointed to investigate the

causes of the building problems, these complex historical factors cannot be ignored.

I also note that in the series of incidents concerning building problems, criminal legal proceedings have been instituted against individual persons. From the letters exchanged between the legal adviser of the Legislative Council and the Government, we can foresee that even if this select committee can operate simultaneously with the relevant legal proceedings, it is quite probable that it will have to conduct hearings behind closed doors, and the transmission and release of certain documents and information may have to be restricted. If so, the original purpose of conducting a public inquiry through a select committee appointed by the Legislative Council will be defeated.

This motion proposes to appoint a select committee not only to inquire into the building problems, but also to bring about "a complete overhaul of the overall policies and system of public housing, which should include examining whether the Housing Authority should be reorganized, split or abolished, so as to raise the quality of public housing". I cannot but question whether it is desirable or effective for a select committee which conducts an inquiry through hearings and obtaining evidence to simultaneously deal with two major issues, that is, policy issues and management, and whether it can achieve this objective. If this select committee is to arbitrate on the responsibilities and study the policies, will it not end up by failing on both fronts? Is it not too rash to make conclusions on the long-term overall policies and system of public housing based only on an inquiry into recent isolated incidents concerning building problems? Will the conclusion of the inquiry meet the public expectations?

Madam President, these are some of my views of the appointment of the select committee, and because of these I have some reservations about the motion.

I so submit.

MR AMBROSE LAU (in Cantonese): Madam President, the poor quality of public housing has caused a series of scandals and a great waste of public funds. It has shaken public confidence in public housing and adversely affected the image of the Government of the Special Administrative Region (SAR) and its capability of administration. To a certain extent, it has also tarnished the

international image of Hong Kong. However, the problem has not arisen overnight. Not only does the problem concern the seriously flawed sub-contracting system of the construction industry, it also concerns the operation, management and style of the HD and the HA. Thus, if we rely on the construction industry to exercise self-discipline or the HD and HA to conduct a review and reform, it may involve conflicts of interest or the question of bureaucrats protecting one another.

The Hong Kong Progressive Alliance (HKPA) seldom rashly demands the appointment of a select committee. But under these circumstances, the HKPA supports the appointment of a select committee by this Council. Basing on the principle of fairness and impartiality, the select committee should inquire into the question of the poor quality of public housing, identify the causes and prescribe a solution to raise the quality of public housing. This way, it will be able to account to the public and restore their confidence in public housing and in the Government's administration.

Madam President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, I will support the appointment of a select committee today, mainly because I believe an inquiry to be conducted by a Legislative Council select committee will have more credibility and transparency than the investigations conducted by all the other investigation panels set up in the past. Thus, it will gain a thorough understanding of the causes leading to the overall building problems in respect of the quality of public housing and it will help to dispel worries of the public. For this reason, I will support the motion.

Madam President, from past experience, if an investigating body lacks sufficient power and independence, the credibility of its investigation will be challenged. In the 1998 inquiry into the incidents relating to the new airport, for example, the general public considered the investigation carried out by the Legislative Council the most credible because it had sufficient powers to summon anyone to testify, and the scope of inquiry was determined by the Legislative Council alone, free of any interference. As representatives of the people, we must hold ourselves accountable to the public and put public interest before everything. Thus, in the entire investigation process, I trust Members will endeavour to find out the truth and as far as possible make recommendations to solve the problem.

I can see that many investigation panels were appointed by the Government. Take the inquiry into the new airport mentioned by me as an example. The Government appointed a judge to head the Commission of Inquiry, hoping it would give people an impression of independence. Regrettably, the appointment was still a government appointment and was by its very nature not independent. It still made people feel it lacked credibility. In fact, when the inquiry into the new airport was proceeding, another inquiry was conducted by the then Ombudsman. However, this other investigation panel lacked powers, hence limiting its scope of investigation and denying it a more thorough investigation into any maladministration. Nor could it summon any principal officials to attend hearings. Under the circumstances, even though the hearings were completed, people still considered the results neither credible nor independent. Such investigation panels failed to help us find out what the truth was.

As many colleagues said earlier, various investigation panels had been appointed to investigate into the problems in respect of the quality of public housing. Nevertheless, the findings made by some of them were vehemently challenged by the public. The panels led by Mr Philip NUNN, Mr John E STRICKLAND and Mr Stephen SELBY, Director of Intellectual Property, were subject to the most serious challenge. Indeed, the panels under their leadership were extremely restricted in terms of independence and power, which in turn limited their ability to gain more credibility. I recall that during a discussion at the House Committee about the setting up of a select committee, some Members said an investigation panel appointed by the Government might not necessarily lack independence. Of course, we cannot say arbitrarily that all government-appointed investigation panels lack independence, but when I refer to past cases, I invariably come to the same conclusion.

In fact, I can see that some investigation panels, especially those appointed by related institutions, such as the HA, may, after appointment, caused the subjects under investigation to be exempted by joining the panels which may well be problematic. Some of the people to be investigated may become immune and are not required to attend the relevant hearings. Naturally, people would think the investigation panels are shielding somebody and, as a result, their credibility was compromised.

Indeed, I think power is of paramount importance in any investigation. An investigation panel appointed by the HA is very limited in terms of power. For example, in investigating the responsibility regarding construction, the scope of investigation of the panel failed to reach the decision-making stratum. Consequently, as we could see, the responsibility was passed to middle and lower level front-line staff, making them scapegoats for the blunder. In fact, it has often been said that problems relating to the quality of public housing are related to decisions made by the senior management of the HA and the HD. Regrettably, past investigation panels never investigated into this allegation or conduct hearings about it. Therefore, many groups have been insisting that the investigations into the problems at such sites as Tin Chung Court, Yuen Chau Kok, and so on failed to carry out in-depth inquiry into the institutions mentioned, including the HA and the HD. The problems include a HD policy, which at that time in general did not assign resident engineers on the sites while foundation works were being carried out. Even project engineers were just part-time staff. I cannot help asking: Are the problems related to the institutions? Secondly, has anyone challenged the diminishing professional role of the Development and Construction Branch of the HD? Thirdly, between 1996 and 1998, works contracts multiplied by many times without a corresponding increase in manpower. Would the problems originate from the failure of the decision-making institutions in manpower planning? Fourthly, is there a proper framework for project design and sub-contractor supervision?

The policy of awarding the bidder with the lowest bid the contract or some similar policies have been widely criticized and are also policies that are difficult to investigate or hold hearings about. Thus, results arrived at by investigation panels in the past could be quite biased and incomplete. Now, if the Legislative Council can appoint a select committee to conduct hearings, the scope would be much widened. It could probably cover all of the problems mentioned by me, enabling thorough investigations and hearings to be carried out. Moreover, the result of the investigation will not be biased.

Madam President, the Legislative Council is the highest institution that represents the people. As Members of the Legislative Council, we are a duty-bound to explain to the people what causes some problems of their concern and account for the issues involved. The main aim of setting up the select committee is not only to find the truth, but also to publicize the truth so that the general public is adequately informed of the realities. I pin my hope on this investigation not at unearthing some facts only. I also hope that the

Government, after uncovering the truth, can learn a lesson from the experience and make improvements on past failures so as to assure us of no recurrence of the relevant problems. This is a direction in which the Legislative Council has been working in the past and the appointment of a select committee can aptly serve the purpose.

Therefore, I think a select committee appointed by the Legislative Council is completely different from the investigation panels in the past. Members should not insist on certain theories, which maintain that a number of investigation panels have already completed the investigations and that should suffice; and that it is unnecessary to set up another committee to conduct another investigation. Members should look at the issue from a long-term rather than a narrow perspective, thinking the matter should come to a close now. The latter mentality would render the eventual investigation futile and would not contribute anything to improvements in the quality of housing.

Madam President, I so submit.

MR HOWARD YOUNG (in Cantonese): Madam President, more than half of the Hong Kong population live in public housing and people are very much concerned about problems relating to public housing. Thus, this Council is duty-bound to take follow-up actions on some serious cases of substandard piling works that happened one after another last year.

On the face of it, there appears not to be a close relationship between the appointment of a select committee to investigate into the scandals relating to public housing construction and a review on the overall policies and system of public housing. I understand that the Government and some political parties or Members have reservations about the proposal of the Liberal Party regarding the expansion of the functions of the select committee. I hope to convince these people to support the motion tabled with the following explanation.

The substandard piling works incidents are not individual cases. They happened one after another over a period of a year or so. If they were problems related only to individual front-line staff, why would they happen so frequently within a short time? Any discerning observer would be able to tell that they were structural problems connected with supervision, management, work culture and the decision-making mechanism. Thus, to find out the real cause, we

cannot confine ourselves to determining whether individual staff was guilty of dereliction of duty. Rather, we should go further to dig out problems concerning the organization and system. Though the two investigation reports submitted by Mr John E STRICKLAND and Mr Stephen SELBY focused on individual cases, they also made a number of recommendations on the work culture of the HD.

However, the root of the problem may be deeper than that. As I said earlier, many of the incidents were uncovered almost at the same time. Was that a pure coincidence? We noted that the HD approved 40-odd piling contracts in 1997-98, which was more than double the normal amount. I guess that was related to the "85 000 housing units" target proposed by the Government. Thus, projects had to be rushed through. That was a capricious policy of the Government, resulting in a target for a large number of housing units to be produced within a short time at short notice, without corresponding measures to supervise assurance of the quality of the works. That could be a remote cause of the series of substandard piling works incidents.

The Liberal Party has been of the view that any investigation into the short-piling scams to be carried out by the Legislative Council should seek not only to find out which officials are to blame for the incidents. Rather, the objective should be to find out the true causes of the incidents, make recommendations and prevent the same problems from occurring again in future. Precisely because of this, the ultimate goal of setting up a select committee should therefore include looking into the possibility of conducting a complete overhaul of the overall policies and system of public housing if it is to resolve the problem at root.

As regards system, the Government has been very clear in its system of decision-making. It may have a "one bureau, one department" structure or a "one bureau, many departments" structure. Like many other arms of the Government, the bureau is responsible for formulating policies, and the department, execution. For example, under the Transport Bureau, there is the Transport Department; under the Health and Welfare Bureau, there are the Department of Health and the Social Welfare Department. However, on housing matters, the Government has both the Housing Bureau and the HD as well as the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society. Notionally, the HA is a body for formulating policies and the HD, a body for execution. In reality, many of their functions overlap. Many people

have pointed out that the HA and the HD are "elephants", with an over-sized structure. The public housing sites that were tarnished with scandals were all under the supervision of the HA and the HD. Thus one cannot help speculating the possibility of serious problems existing in the management and internal structures of the two bodies.

The construction sector and the surveying sector have long been grossly dissatisfied with the HA and the HD, which are regarded as showing no respect for the professions. For example, in the appointment of professionals, contracts were awarded to consultants making the lowest bid, thereby affecting the quality of their work. Contracts also go to the lowest bid in the bidding for construction projects. After sub-contracting for several tiers, the company responsible for the execution of the actual works project would likely find it tempting to do shoddy work and use substandard materials. Moreover, the HA and the HD failed to conduct quality control by supervising properly the acceptance procedures. As a result, a series of scandals relating to the construction of public housing units appeared and the confidence of the public was dealt a heavy blow.

I trust Members must have heard of a story about a man who was wounded by an arrow. He went to consult a surgeon, who, after sawing off the shaft of the arrow protruding from his body, told him to go away. "You call that a cure? How about the part of the arrow still remaining in my body?" the man asked the surgeon. "Well, the part of the arrow inside your body is the responsibility of the practitioner of medicine, not mine." came the answer. Well, that may not be a very fit analogy in medical terms, but, Madam President, the short-piling scam showed that public housing in Hong Kong is fraught with problems. We must undergo an operation despite the pain. If the select committee targets only at investigation into individual cases without conducting a complete overhaul of the overall policies and system of public housing, would it be doing something comparable to the half-cure demonstrated by the surgeon?

Some Members may have reservations about the terms of reference of the select committee. I would like to quote from what Dr Rosanna WONG, the former Chairman of the HA, said when she resigned. She said to the effect that if the Government is determined to carry out reforms, it should not have any reservations. I urge colleagues of this Council to support the motion and do not be complacent as the surgeon who sawed off part of the arrow from the patient. I so submit, Madam President.

MR CHAN KAM-LAM (in Cantonese): Madam President, the amount of public housing units produced last year was unprecedented. In 2000-01, for example, 90 000-odd public housing units will be produced. In addition, it is expected that in the next three years, over 40 000 units will be produced annually. This huge volume of housing construction is epoch-making in the history of Hong Kong and extremely rare in the world. However, the huge number brings about a series of quality problems at the same time. The short-piling scam, not seen in the past, appeared.

The short-piling scam is appalling. As legislators, we must drive home the message that the Government is duty-bound to find out the truth of the incidents and who is to be responsible to deter any further cases of shoddy work that endanger people's lives.

As everyone now knows, since the scam was discovered, the HD and other relevant departments have launched investigations into the case. Indeed, the HD has put forward 50 recommendations to improve the quality of public housing. Some of those involved in the scam have been prosecuted and some other cases related to the incident are pending judicial proceedings. The Democratic Alliance for Betterment of Hong Kong (DAB) holds the view that since a number of investigations are in progress, the Legislative Council need not hurry to set up its own team to conduct duplicated investigation. However, as Members are aware, early last month, we started to receive a series of submissions from professional bodies, which were of the view that there might be unfairness in the investigations conducted by government departments, as a result of which people related to the development programme and construction works may face punishment within their departments. However, the professional bodies maintained that the short-piling scam was due mainly to problems with the system. The DAB fully understands the numerous problems that may appear when staff of the HD, working under the existing system, are faced with the colossal task of producing such a number of housing units for the people. It is for this reason that the DAB supports the setting up of a select committee to inquire into the short-piling scam so as to find out in all fairness the truth of the incident.

The DAB very much hopes the select committee will conduct a full-scale investigation with a fair, impartial and open attitude. The DAB also hopes that the Committee on Review of the Institutional Framework for Public Housing under the leadership of the Chief Secretary for Administration can come to an

early conclusion so that there may be a more complete framework for the construction of public housing in Hong Kong. Moreover, I also hope the Government can once again review the various problems existing in the construction industry to minimize the number of problems in the industry as we have been boasting Hong Kong of being an advanced and well-known spot.

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

MR LAU PING-CHEUNG (in Cantonese): Madam President, I support the motion moved by Mrs Selina CHOW on the setting up of a select committee to investigate the building problems relating to public housing estates like Tin Chung Court in Tin Shui Wai, Yuen Chau Kok Estate in Shatin, Area 30 in Tung Chung and Shek Yam Estate Phase 2.

I support the setting up of a select committee by the Legislative Council not only because the substandard construction works concerned have led to a waste of public money as a result of demolishing these completed public housing units or the adoption of remedial measures; not only because 10 or so civil servants with professional qualifications are facing legal liabilities and may be disciplined or punished. More importantly, I think that we must identify the crux of the problem and solve the problem once and for all, so as to avoid its repetition in the future.

On 4 January this year, the staff associations and unions of 16 government engineering professional grades jointly issued an open letter, requesting and supporting the setting up of a select committee by the Legislative Council. Some of these 16 unions have nothing whatsoever to do with the HD, and they can well stay clear of the whole matter. But because of their professional background, they all understand what the crux of the problem is. And, also because they are not satisfied with the report of the panel investigating the disciplinary aspects, they have joined in issuing the joint letter. In this letter, they commented that "several crucial problems are completely ignored — the blunders committed by the works consultant and foundation works contractor, the unreasonable and unsound works supervision system of the HD and its complete lack of sufficient manpower to cope with the trebled volume of housing construction." Subsequently, I met with six representatives from the professional staff associations of the HD which are related to my constituency, so as to gain a further understanding of their views and their dissatisfaction with the

investigation report published earlier on. They insisted on supporting the conduct of an inquiry by the Legislative Council at the end of the discussion.

Madam President, the professional staff association of the HD endorses the idea of conducting a Legislative Council inquiry into the public housing blunders and it even asks for and endorses an investigation by outsiders; this is indeed a very painful decision, and they really have no other choices, because if we seek only to identify a scapegoat this time around, then others will become the scapegoat the next time when anything goes wrong.

In its report, the Construction Industry Review Committee led by Mr Henry TANG points out that the local tendency of awarding contracts to the lowest bidders has depressed profits and aroused grave public concern, and because of low profits margins, contractors and consultants very often will seek only to meet the lowest requirements. Mr TANG's remark is really very kind and lenient. The real situation under the rigid principle of awarding contracts to the lowest bidders is that the relationship among contractors, consultants and sub-contractors is seriously distorted; they all try to suit quality to the low prices, and this has totally altered the responsibilities and roles of the three parties concerned. For example, in order to reduce costs, contractors will naturally refrain from adopting some high-cost techniques and methods that can improve works quality. Similarly, because of low profits margins, contractors, consultants or sub-contractors will also refrain from assigning experienced but highly-paid technical staff to supervise construction works. When this happens to all levels of the construction process, we can consider ourselves extremely lucky if the minimum requirements can be met. Worse still, some unscrupulous bidders may make use of the loopholes in the tender system and collaborate with one another to obtain benefits illegally. The Independent Commission Against Corruption has detected quite a number of such cases before.

Besides, the design-cum-construction bidding system adopted by the HD is also full of many loopholes. Although bidders will make various technical proposals for different areas in their tenders, their consultants will rarely recommend any costly technical solutions under the rigid principle of awarding contracts to the lowest bidders, because even if such proposals are made, their bids will likely be rejected due to high prices. This means that the HD actually has very few choices. For example, as we all know, as far as foundation works are concerned, steel H-piles are more expensive than prestressed precast concrete piles (Daido piles) and Daido piles are cheaper but with more

limitations. However, for the sake of reducing costs as much as possible, very few consultants will recommend H-piles unless absolutely necessary.

Under the contracts awarded by the HD, contractors are required to employ different consultants. The original intent of this is to let consultants play an independent monitoring role. But with the distorted relationship mentioned above, this monitoring role has been entirely destroyed. So, the reliance of the HD on consultants to monitor construction works is largely an ineffective safeguard. Many blunders have thus resulted.

Madam President, all these are the problems faced by the construction industry now. I believe that the professional staff of the HD also hope that the select committee of the Legislative Council can identify the crux of the problem after its inquiry. That way, the Government can be urged to make appropriate adjustment and put in place a satisfactory system of public housing construction instead of trying to look for a scapegoat once anything goes wrong. I so submit.

DR LO WING-LOK (in Cantonese): Madam President, following the exposure of building problems with public housing units in 1999, the authorities concerned set up a number of committees to follow up and investigate the problems revealed. One of these committees, the Investigation Panel on Staff Discipline in Yuen Chau Kok and Tin Chung Court Incidents, pointed out in its report that HD staff had been ineffective in their work of supervision. The Panel also recommended that consideration be given to instigating disciplinary proceedings against the four officers involved in the Tin Chung Court incident and the 14 officers involved in the Yuen Chau Kok incident.

The report subsequently led to the issuing of a joint open letter by 15 bodies of the engineering profession, including the associations of the architectural, surveying and planning professions and the Senior Non-Expatriate Officers Association. It is said in this letter that "the investigation panel has relied solely on the works manuals and documents of the HD to infer that front-line staff should be held responsible, but it has ignored the unreasonable and unsound works supervision system of the HD, the lack of sufficient manpower to cope with the trebled volume of construction and the blunders of the consultant and the foundations contractors. Besides, the HD management such as the Director of Housing can even be absolved from all responsibility on the ground

that they were not directly involved in day-to-day operations." For this reason, the 16 organizations have joined hands in rendering full support to the staff concerned, and they also urge the Legislative Council to set up a select committee for the purpose of conducting a full-scale investigation into the causes of these incidents, so as to fairly and reasonably ascertain the responsibility to be borne by all sides.

I am sure that the unprecedented unity and concerted action of the engineering sector this time around are not motivated by any personal interests or partisan interests of the sector. Rather, the motivation is largely a wish to find out the truth. I think the medical sector should really learn lessons from the unity of engineers and architects.

Professionals have always been bound by professional ethics, and they are always discreet in their actions. Therefore, they are more or less conservative in their attitude. This, together with their relatively better financial status, has made them the pillar of social stability. That being the case, why have so many professionals chosen to voice their views in such a "high profile" over the past year or so? Why is it that following the sit-in staged by more than 1 000 medical doctors last year, there is yet a joint letter issued by 16 professional bodies this year, in which grievances and discontent are openly expressed?

Professionals should of course endeavour to ensure the quality of their services, and they should also adhere strictly to their professional ethics. But all this must be backed up by reasonable policies and systems before there can be any satisfactory results. Unfortunately, policies and systems are not formulated by front-line professionals, but by society as a whole, by the Government and by top decision-makers. Front-line professionals can only execute the policies set down by decision-makers, but they have no authority to alter erroneous policies. Therefore, while it is reasonable to hold them responsible for errors relating to their professional ethics, it is obviously unreasonable to hold them responsible for policy blunders. The situation now is that while decision-makers have the authority to make decisions, they do not have to shoulder any responsibility for any mistakes. Instead, front-line professionals are turned into scapegoats. Such a separation of "authority" and "responsibility" violates the principle of justice and will also lead to a retrogression of our society.

In the recent incidents, for example, we have information to show that before 1996, there was no resident engineer to supervise the foundation works in HD construction sites. Then, in 1996, the association of structural engineers of the HD made a series of recommendations to improve works management, some examples being the establishment of a technical review system for consultants, the stationing of resident engineers, and so on. But these recommendations were not accepted. Another point is that the time from 1996 to 1998 was the peak period of foundation works undertaken by the HA, and the volume of such works was two to three times larger than the normal volume. But there was no increase in the number of structural engineers, and they were simply given extra duties or assigned to take charge of project management. Because of this acute manpower shortage, the workload of structural engineers far exceeded the normal levels. The foundations problems of Tin Chung Court and Yuen Chau Kok occurred precisely during this period of time.

Actually, when the other two panels looked into the accountability problem surrounding these incidents, they also pointed out that the works supervision system of the HA were plagued with serious problems. Subsequently, the HA implemented as many as some 50 measures to improve its works management. This shows that the recent short-piling incidents do not have anything to do with professional negligence. Rather, the cause should be erroneous policies.

For all these reasons, I support the setting up of a select committee by this Council to find out the truth. The scope of investigation of this committee should not be restricted to Tin Chung Court and Yuen Chau Kok. Instead, it should be given the authority to conduct a full-scale investigation into all the four works projects. That way, lessons can be learned, and the project management system can be improved to enhance the quality of public housing.

As the representative of the medical sector, I can fully appreciate the feelings of those front-line professionals connected with the incidents. This is because in a similar fashion, the Government has sought to use limited public resources to create a false impression of an endless supply of quality medical services. It does not have the courage to tell people the actual costs of our

medical services, and as a result, medical staff have run into a difficult situation similar to that encountered by engineering professionals; front-line medical staff are made to shoulder the consequences of and responsibility for erroneous health care policies. I do not wish to any repetition of the "short-piling" incidents in the medical sector.

Madam President, I so submit.

MRS MIRIAM LAU (in Cantonese): Madam President, the spate of short-piling incidents relating to public housing construction has not only led to a public outcry, but also forced government officials to admit the gravity of the problem and appoint several special committees to look into the matter. The recommendations of these committees are not entirely useless, but unfortunately, since their work was focused only on individual incidents, they have inevitably managed to recommend nothing more than improvised repairs, instead of identifying the root causes and any ultimate solutions that can prevent similar problems in the future and ensure the good quality of public housing units.

The repeated occurrence of short-piling incidents serves to illustrate that these incidents are by no means isolated. Rather, they are signs of deep-rooted problems or, perhaps, even a system plagued with serious defects. Had this not been true, no one would have dared to deceive the HD, the Government and the community. Failure to learn lessons from these incidents will only lead to the repetition of the same mistakes.

The Liberal Party supports the establishment of a select committee. The Liberal Party is of the view that the objective of the select committee should not be limited to ascertaining who should be held responsible. More importantly, it should take a further step to find out whether the short-piling problem has been caused by any ambiguous responsibilities of government officials or the loose or unsound set-up of the HD/HA. If there is any organizational defects, the system of supervision will never be sound. Then, not only short-piling incidents, but also other cases of shoddy construction work, are bound to occur again and again.

Since many of the investigation reports published so far are not comprehensive enough, I consider it necessary to set up a high-level and independent panel with credibility to work out some forward-looking recommendations on the functions and role of the HA, whether there is any duplicated roles in the decision-making framework and whether resources have been utilized appropriately. It is hoped that this can prevent similar incidents from occurring.

I can remember that following the massive chaos occurring upon the inauguration of the new airport, the Government set up a number of special investigation committees. The Legislative Council also set up its own Select Committee to follow up and investigate the matter; the Select Committee made quite a number of recommendations, and all of us could see its achievements. This example shows that the work of a select committee can be constructive, and that apart from checks and balances, co-operation is also possible between the executive and the legislature.

What is worth noting is the open support of the 16 staff associations of the HD for the establishment of a select committee. This actually shows that there is a consensus among HD staff on the need to ask for a more in-depth investigation by the Legislative Council. Since a select committee can summon important witnesses and government officials to give evidence, it can help find out the truth.

The Law Officer (Civil Law) of the Department of Justice has pointed out that since criminal proceedings are being instituted against people involved in the short-piling incidents, the Legislative Council should not involve itself in any investigation at this stage. The Liberal Party maintains that this argument is untenable. Under section 16(2) of the Legislative Council (Powers and Privileges) Ordinance, the statements given by any witnesses before a select committee shall not be admitted as evidence against them in Court. Rule 81 of the Rules of Procedure also stipulates that before a select committee releases its report, no one shall be permitted to disclose any evidence and documents obtained by the select committee, though the evidence and documents obtained in public hearings are excepted. In addition, under Rule 90 of the Rules of Procedure, if the Court or anyone wishes to ask the Legislative Council to provide any evidence, they must submit a written request with reasons to the Clerk to the Legislative Council. All this means that given the regulation of the

relevant laws currently in force, the investigation of a select committee is unlikely to affect the conduct of fair trials in Court. Having said that, I must add that the select committee to be set up must exercise extra caution during its hearings and adopt all necessary precautionary measures, lest the hearings may prejudice any judicial procedures.

For the reasons stated above, I do call upon Members to support the establishment of a select committee to inquire into the matter. Madam President, I so submit.

DR RAYMOND HO (in Cantonese): Madam President, when this Council debated the motion of no confidence in the Chairman of the HA and the Director of Housing in June last year, I already referred to the short-piling incidents relating to HOS flats, querying the HA why it had first appointed an investigation panel led by Mr Philip NUNN and then another panel led by Mr John STRICKLAND. I also queried why the Government had set up an investigation panel led by Mr Stephen SELBY.

The first two investigation panels mentioned above were appointed by the HA; it is difficult to convince members of the public that their work and findings are objective and impartial. Because of the limitations imposed by their respective terms of reference, the scopes of their investigation are also not comprehensive enough. Besides, it also seems that they did not know very well how the HD actually operates. They failed to consider the problems of unreasonable workload and reporting arrangements resulting from the existing management system, nor had they taken into account the works supervision system adopted by the HD but disapproved of by the engineering profession, not to mention the fact that they had also failed to review the relevant government policy or the set-up of the housing authorities. Also without considering the above problems, the Government set up another investigation panel led by Mr Stephen SELBY with the purpose of ascertaining and confirming whether the relevant incidents had involved any dereliction of duties on the part of any HD staff. As expected, the investigation report is directed only at staff at the lower and middle levels, and it recommends the taking of disciplinary actions against the staff concerned. But the report concludes that the directorate staff of the HD should not be held responsible because they were not directly involved in the day-to-day operations of the department. This inevitably leads to suspicion of partiality. When front-line staff fail to discharge their duties properly,

management should also be held responsible for their ineffective supervision. The Government is deceiving itself as well as others if it thinks that simply by turning front-line staff into scapegoats, it can solve the building problems with public housing and restore public confidence.

Frankly speaking, those staff who are now being held responsible are themselves victims of the existing system. The HD management has blindly sought to achieve the construction target set down by the Government, and the volume of construction has been increasing incessantly over the past few years. In the past, only 20 000 to 30 000 units were constructed every year, but the figure rose to some 60 000 the year before last, and it even increased to 100 000 in the last two years. All along, absolutely no thought has been given to whether or not the set-up and manpower of the HA and HD can cope with the increase. And, at the same time, the top management of the HA and HD also failed to provide any wise leadership; they have failed to introduce any timely and fundamental reform, nor have they implemented any "change management" to cope with the new needs.

On the contrary, the HD has been clinging to an unpopular management culture. For example, it (1) lays too much stress on meetings, holding too many lengthy meetings and setting up too many working groups; (2) relies too heavily on management by paperwork, with too many guidelines, too many forms to fill out and too many cumbersome formalities; (3) fosters layman leadership and slights professional management; and (4) unreasonably shortens the construction periods allowed under works contracts.

To cope with its increasing workload, the management has simply resorted to the most straightforward solution — contracting out of some of its work. However, there still remains a significant question of supervision if the quality of construction is to be ensured. Actually, excessive workload will very often affect the effective work of HD staff in this respect.

Besides, before the implementation of the 50 measures to improve construction quality and enhance site inspections, the post of resident engineers was not found in the establishment of the HD, and the work of supervision in HD construction sites was undertaken by Clerks of Works, who do not belong to the engineering profession. The point is that due to the constraints imposed by their training and experience, Clerks of Works should not be vested with the responsibility of supervising any works relating to foundations and structural

engineering in construction sites. Instead, they should just supervise the non-engineering aspects of the construction works concerned. The supervision related to foundations should be undertaken by Inspectors of Works and Resident Engineers. And, also because of excessive workload, an engineer may have to take charge of and supervise a great number of construction sites over a same period of time. Let me cite a concrete example. A Chief Engineer criticized by Mr John STRICKLAND was required to take charge of some 100 construction sites, and another Senior Engineer had to take charge of some 20. That being the case, it is simply impossible to require the relevant staff concerned to conduct regular site inspections. Hence, the only alternative is to rely on the reports submitted by non-engineering staff, that is, Clerks of Works. This has significantly reduced the effectiveness of supervision.

The examples above are sufficient to show that the management of the HD and the staff establishment of its construction sites are plagued with problems. As early as 1996, the Housing Department Structural Engineers Association already noticed all these problems, and put forward a series of recommendations to the HD. Unfortunately, these recommendations were not accepted. But then, following the exposure of all these problems, the top management of the HD has instead tried to shift all the blame to its front-line staff. This is obviously unfair and unreasonable.

The practice of the HA to award contracts to the lowest bidders is also considered by the industry as a factor affecting the quality of works. Since many contractors are eager to get contracts, they will try every means possible to reduce costs, and this has led to a lowering of works quality. In addition, since the periods of construction are far too short, and also since the penalties for delayed completion are very heavy, some contractors have tried to rush along in disregard for contractual specifications. The authorities concerned have recently come round to this problem and lengthened the periods for major construction works and foundation works by three months and one month respectively, showing that there was indeed something wrong with the relevant contract term in the past. The system of many levels of sub-contractorship has also made it more difficult to carry out supervision, thus aggravating the problem, much to the criticism of the industry.

Regarding the decision-making framework for housing policies, one can also notice that the duplicated functions of the HA and HD and the ambiguous division of responsibilities between them have rendered it difficult for them to

formulate any effective policies that can keep abreast of the times. There are also many problems with this particular framework. The most obvious one is confusing roles, as Mr Tony MILLER, the Director of Housing, is concurrently the Vice-Chairman of the HA. The HD itself is also plagued with internal problems. Therefore, it is a matter of extreme urgency to thoroughly reform the system, policies and framework in respect of public housing.

The Government has set up a committee led by the Chief Secretary for Administration to review the framework of public housing construction, but the work of this committee lacks any transparency, and we seldom notice any of its members carrying out any public consultation. So, many in society do not actually expect the committee to come up with any innovative or thoroughly-going recommendations. In contrast, owing to the unique status and representativeness of the Legislative Council, and also since the Legislative Council can invoke the Legislative Council (Powers and Privileges) Ordinance, it would be more objective and fairer to ask it to appoint a select committee for the purpose of investigating specific incidents or conducting in-depth investigations and studies in respect of the public housing system, policies and framework. The recommendations to be made by such a select committee eventually will also command wider acceptance and support in the community.

The Law Officer (Civil Law) commented earlier on that a select committee set up by this Council might affect the criminal proceedings now in progress, but I do not agree with him. The Legal Adviser of this Council has already responded to the various problems concerning the legal issues and procedures involved. If this Council decides to set up a select committee, it will act in accordance with the relevant laws and take the advice of its Legal Adviser, and this is unlikely to affect the relevant judicial proceedings.

Madam President, for all these considerations, and with these remarks, I support the motion.

DR TANG SIU-TONG (in Cantonese): Madam President, I support the Legislative Council appointing a select committee to further inquire into the four public housing construction works scandals relating to Tin Chung Court in Yuen Long, Shatin Yuen Chau Kok Area 14B Phase 2, Tung Chung Area 30 Phase 3 and Shek Yam Estate Phase 2, and to examine whether there is any need for a complete overhaul of the overall policies and system of public housing.

In my opinion, that this Council appoints a select committee to inquire into the matter does not follow that we have no respect for the consensus and conclusions reached by the three investigation panels earlier on, or that we are trying to appeal to our voters by giving senior government officials a hard time. The fact remains that to the majority of the grassroots, the public housing units they are living in are their most important assets. However, there have been repeated scandals relating to public housing in recent years; so much so that not only the affected residents saw their hard-earned money coming to naught, the confidence of the close to 3 million public housing residents in the policy on public housing, its implementation, and the institutional framework for public housing has also been gravely shaken. What is more, these incidents have also tarnished the good reputation maintained by the engineering and construction sectors in Hong Kong over the years. Hence, in appointing a select committee to inquire into the problem, this Council is only discharging its role in safeguarding the interests of the public.

Let us leave aside the issue that no independent inquiry has been conducted into the scandalous incidents relating to the public housing estates in Tung Chung and Shek Yam Estate. Regarding the two investigations conducted separately by two panels into the Tin Chung Court incident and the Yuen Chau Kok incident, and the one conducted by another investigation panel to assess the responsibility for dereliction of duty on the part of HD staff, actually I do believe that the thoroughness of these investigations is still open to question.

To begin with, the public may not be fully convinced of the independence of the three investigation panels. Some of the members serving on the panels appointed by the HA to investigate the Tin Chung Court incident have close ties with either the HA or the Government. Although that does not mean the relevant panel members will practise favouritism, have conflict of interest, or be lenient to their appointing agency, would it be possible that they might have unknowingly considered things from an angle which is partial to the HA or the Government? Would there be any blind spots which they were not aware of?

Moreover, even though most of the members serving on those three investigation panels are well-equipped with the professional expertise and experience relating to the construction works and management of public housing estates, given the extensive involvement and the unusual complexities of the incidents relating to Tin Chung Court and Yuen Chau Kok, and that the three

panels comprise only a total of 12 members and are not vested with any statutory powers to summon various key persons to appear in the hearings, would it not be possible that they might have failed to hit the bull's eye? With regard to the analogy between the story about a man wounded by an arrow and the public housing scandal drawn by Mr Howard YOUNG earlier on, I am afraid this is not a case of difference between a surgeon and a practitioner of medicine. As a practising surgeon, I cannot agree to such an analogy, and I believe Dr the Honourable LO Wing-lok, who is a practitioner of medicine, cannot agree to it either. In my opinion, what happened in the story was but a trick played by some unethical doctors.

More importantly, both the HA and the Government have all along inclined to treating the various public housing scandals as separate cases, and thus been adopting inconsistent methods to investigate and dealt with the incidents. Would it be possible that they just cannot see the wood for the trees, and have therefore overlooked the systematic or structural problems behind the many mistakes in the relevant construction works? One obvious example is that in inquiring into the Tin Chung Court and Yuen Chau Kok incidents, the three investigation panels focused their efforts on the parties to be held responsible and the mistakes found in the execution of works. In the end, only a few individual contractors, consultancy firms and HD staff at the middle to lower levels have been named and reprimanded for dereliction of duty. As such, in addition to overlooking such structural problems as multiple policymakers, overlapped roles and confused responsibilities that exist among the Housing Bureau, the HA, the HD and the Housing Society, the panels have also failed to review whether or not the relevant works departments and manpower deployment of the HD could supervise the construction sites in an effective manner. Further still, they have also failed to examine whether the existing establishment of professional staff of the HD is sufficient to cope with the tremendous rises in public housing construction volume in recent years, as well as to investigate the reasons for introducing Daido piles into the construction works for public housing estates and whether so doing is justifiable. Because of their shallowness and limited scope, these investigations have served to intensify the discontent harboured by many front-line officers and the various works department staff associations, instead of contributing to improving public housing quality on a thorough basis.

Given that the Legislative Council is composed of representatives of public opinion from all walks of life and different strata of society, I believe a combined inquiry conducted by this Council into the four public housing scandals should be able to examine the problems from a macro and more practical perspective than the separate investigations conducted by different panels appointed by the Government and the HA. What is more, additional crucial evidence may also be discovered as well. Besides, by supplementing and comparing the results of the previous investigations with the relevant findings of the inquiry to be conducted by the Council, we could also get a much better picture of the incidents.

Naturally, and most importantly, it is imperative that this Council has the co-operation of the HA and the Government throughout the inquiry process, and that the Government will face squarely up to the findings of our inquiry.

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

MISS CHAN YUEN-HAN (in Cantonese): Madam President, the question we are now discussing is whether or not the Legislative Council should set up a select committee to inquire into issues relating to the quality of public housing. The Hong Kong Federation of Trade Unions (FTU) supports the motion. During the meetings of the Legislative Council Panel on Housing, I have raised a number of questions relating to the relevant issues on behalf of the FTU. For instance, earlier on when the Government published the report on its own investigation, we could see very clearly from the report that due to terms of reference constraints, the investigation panel could not inquire further into the matter. After reading the report on the investigation led by Mr Stephen SELBY, I asked the Government why it was indicated in the investigation results that only the middle management should assume responsibilities for the incidents, whereas the government officials responsible for making the entire policy, including the relevant officials of the HD, did not need to be held responsible. At the time, the Secretary told me that since the investigation conducted by Mr Stephen SELBY was only a disciplinary hearing, it would not look into the matter in terms of the functions of the parties concerned, nor would it investigate into the policy aspects. So, obviously, all those investigations do have their own inadequacies. In my view as a Member of the Legislative Council, given the seriousness of the problem arising from Hong Kong's public housing policy, it

will simply be inappropriate to have any of those inadequate investigation panels to conduct the inquiry hearings.

During that period, I would always receive views from the HD staff associations each time the results of a certain investigation were released. In particular, many trade unions relating to the HD have expressed their views after the publication of the investigation report by Mr Stephen SELBY. For example, just as mentioned by several Honourable colleagues in their speeches, the staff associations said they had already pointed out to the Government in 1996 that it would be impossible for them to cope with the workload when so many projects were progressing at the same time. The staff associations therefore urged the Government many times to make arrangement for proper manpower deployment. Regrettably, the response to their requests was in the negative, as the Government did not share their view. But today, in the face of the many problems arisen, the Government simply shifts the responsibility onto the HD staff. For this reason, they disagreed very much with the investigation results. In the end, the 16 staff associations — actually, there were more than 16 associations because a non-HD staff association, the Senior Non-Expatriate Officers Association, also joined them — jointly requested us to establish a select committee to inquire into the matter. I feel that regardless of whether we read the relevant report from our personal point of view or from the perspective of the HD staff, as Members of the Council, we all have an unshirkable responsibility to endorse an inquiry in this connection.

I learn from today's newspaper cuttings that the Housing Bureau seems to consider the work we are going to do may prejudice the relevant legal proceedings. However, I wish to tell Honourable colleagues that in 1995 when I first joined the former Legislative Council, there was widespread public concern over the labour importation problem in relation to the new airport project and people all wanted to know what had gone wrong. At that time, an inquiry was conducted by the then Legislative Council into the matter. Although the problem of labour importation had given rise to a number of legal actions throughout the entire inquiry process, we could still achieve our intended objectives. The Assistant Secretary General sitting next to the President today, Ms Pauline NG, also participated in the said inquiry. So, we are indeed capable of conducting such an inquiry. I reckon the motion today will most probably be carried. As such, I hope very much that rather than raising objections, the Government will proactively make preparations for the inquiry hearings. I should like to emphasize that the FTU is in support of an inquiry into the matter.

Further still, in participating in the inquiry, I also hope that we can clarify the many doubts that members of the public have been harbouring all along, and come up with findings that are fair to the aggrieved staff members. Thank you, Madam President.

MR JAMES TIEN (in Cantonese): Madam President, even though Mr Howard YOUNG and Mrs Miriam LAU have already expressed our views on behalf of the Liberal Party, I still wish to say a few words on the motion. This is because when I first proposed to move the motion, several Members told me that they had reservations about my proposal. They doubted whether the select committee should and could successfully perform so many duties, yet at the same time they also stated the select committee should only inquire into incidents of short-piling and the poor quality of public housing and refrain from touching upon the operation of the HA.

In my opinion, the HA must be one of the largest, if not the largest, estate developers in the world. Given its annual production of some 20 000 to 30 000 housing units, the HA should indeed be considered the world's largest real estate developer. For organizations of such a large scale, there are bound to be management problems. Having been engaged in the industrial and commercial sector for so many years, I would of course consider that the front-line employees must be held responsible for the incidents in question. But then, while there are the responsibilities to be borne by the front-line employees, who are the ones responsible for supervising them according to the management system of the company? Who are these employees responsible to? All these are very important questions. Moreover, with regard to their supervisors, most employees would think: What difference would it make if we follow the supervisors' instructions to have the jobs completed properly? We would not get any raise or promotion even if the supervisors should know about what we do.

On the other hand, we can also see that the existing structure of the HA is rather complicated. Now that problems like short-piling and poor building quality have arisen, does it follow that the entire system of public housing has gone wrong? To put it simply, while the many members serving on the HA are appointed by the Government, the executive staff under it are officials seconded from the HD. That being the case, what would happen if the government officials should perform their duties improperly, or the HA Chairman, HA

members, as well as the Chairman and members of the Building Committee under the HA should refuse to listen to the views of the public? When he last attended the meeting of the Panel on Housing, the Building Committee Chairman said he had grievances to air. He said that members serving on the Building Committee were volunteers serving the community without any pay; as such, it did not seem to be appropriate to reprimand the members serving on the Building Committee without pay. But then, the staff have also pointed out that since the Building Committee Chairman was performing the duties of the HA on a voluntary basis without any salary, he could not enable the staff to have any pay rise or promotion even if he should consider they had done their jobs properly after examining their working report.

With these remarks, I hope I can persuade those Members who have reservations about the motion to give support to this motion on the appointment of a select committee moved by Mrs Selina CHOW in her capacity as Chairman of the House Committee. For my part, actually I believe that in inquiring into the various problems, efforts must also been made at the same time to look into ways to improve the management system of the HA as a whole. In addition to investigating the possibility of dereliction of duty on the part of front-line staff, due attention must also be given to other issues, particularly because similar situations would also arise if the overall management system was unsound. Hence, I hope that after inquiring into the incidents of short-piling, the select committee can put forward suggestions to help improve the operation system of the HA.

Thank you, Madam President.

MR FREDERICK FUNG (in Cantonese): Madam President, I support the Legislative Council setting up a select committee to inquire into the building problems of the HA. This is because the published investigation reports, both the investigations conducted by Mr John E STRICKLAND and that of Mr Stephen SELBY alike, are simply not comprehensive enough in my opinion. In this connection, the greater parts of these two reports are devoted to examining either the construction problems involved or the contributions and mistakes made by staff members directly related to the relevant construction works in discharging their duties.

However, I hold that if the HA is to practically make improvement to its construction works, the problems facing front-line officers are not the most important issues. Actually, the crux of the problem may most probably lie in the decisions made by the senior management behind the scenes. Although the senior management are not involved in the various construction works in their daily work, making implementation plans for the overall construction project, manpower deployment, estimating the number of professionals required for the project and assigning duties to such professionals are most probably their responsibilities. As a matter of fact, issues such as whether or not the supervising officers have engaged in corruption and bribery, absence from duty, dereliction of duty, and so on are all technical problems. Hence, there is utterly no need to establish different committees to check if the relevant officers have been loafing. On the contrary, I believe that in view of the problems arisen, the most important issue that warrants investigation is whether any mistakes have been made when formulating the construction policies and strategies. If mistakes have indeed been made, could the resultant situation be controlled by the front-line officers concerned, and whether the senior officers really have nothing to do with the incidents as concluded in the Stephen SELBY Report? I do have much doubt in this respect.

An even more serious problem is the co-ordination between the HA and the HD, which are responsible respectively for making decisions and implementing the relevant decisions. Would there be any problem of convergence or poor communication relating to the decision-making and implementation processes? Further still, to what extent are members serving on the HA, in particular those concerned with building matters, willing to devote their time, knowledge and professional expertise to understanding the work of the HA, with a view to making more accurate decisions?

Indeed, the questions raised by me just now are nowhere to be found in either the report of Mr John E STRICKLAND or that of Mr Stephen SELBY. However, in view of the seriousness of the incidents, and the fact that problems have arisen in many HOS construction sites, I believe the Legislative Council is really duty-bound to invoke the powers and appoint a select committee to inquire into the matter, so as to fulfil its vocation of monitoring the Government. On the other hand, I also consider that the Government really should not worry too much. Since it is proposed in this motion that the select committee should also be examining whether the HA should be reorganized, split or abolished, the

Government might fear that the proposed scope of inquiry would overlap that of the review led by Chief Secretary for Administration Anson CHAN. Just now I said the Government should not worry too much because I did have such worries before. At the relevant meeting of the House Committee, I was the first one to express the concern that if the terms of reference of the select committee should cover more than building matters, the scope of inquiry might be expanded to cover issues such as rentals, additional households or even further, in which case the select committee would be conducting an overall review of and making recommendations for the HA, the housing policy and the administration of the HD. But then, during the meeting, the Honourable SZETO Wah and the Honourable CHEUNG Man-kwong proposed to move amendments to the motion suggested by Mr James TIEN. Thanks to their proposed amendments, the problems that the Secretary and I worried about should be removed — I can see Mr James TIEN shaking his head now — because they had amended the original motion to propose that the select committee should inquire into the incidents related to the four construction sites concerned and look into the responsibilities of the relevant policies, decision makers or the HA system, with a view to making recommendations or requesting the Government to rectify the relevant problems. Hence, I consider the logic of the motion acceptable. Looking back on the past, select committees would always put forward recommendations to the Government upon completing the inquiry or review that they were established to conduct. For this reason, the Secretary is really worrying too much if he still harbour concern in this regard.

Given the explanations made by Members of the Liberal Party and the Democratic Party at the House Committee meeting, I trust that they will honour their promises. Besides, I also believe that in investigating the incidents, the select committee will certainly follow the procedures as described in the motion moved by the House Committee Chairman, Mrs Selina CHOW. As such, I would feel relieved if a select committee should be established to inquire into the matter, particularly because Members all consider that the previously published reports, whether they were on the investigation conducted by Mr John E STRICKLAND or that by Mr Stephen SELBY, have failed to touch upon the policy and system aspects, despite the fact that the short-piling incidents and other problems are most probably attributable to the shortcomings of the policies or system concerned.

Madam President, I support the motion.

MR IP KWOK-HIM (in Cantonese): Madam President, why do we wish to appoint an independent committee of inquiry to inquire into incidents relating to the quality of public housing? I trust that Honourable colleagues' answer to this question is very simple, which is to inquire into the truth of the matter and to find out the problems with the operation of the overall system of public housing. This is not the first time the Legislative Council invokes the Legislative Council (Powers and Privileges) Ordinance to appoint a select committee. Past examples include the Select Committee established to inquire into the new airport fiasco and the Select Committee to inquire into the departure of the former Director of Immigration, Mr LEUNG Ming-yin. In this connection, I wish to alert Members to the fact that each of these select committees was established to inquire into one single case. If the terms of reference of the committee of inquiry to be appointed by the Council should be extended to include reviewing the system of public housing, I believe it would be impossible for such an independent committee of inquiry to cope with the manpower resources and time required. To me, government policies are like different dishes of food. As Members of the Council, we may taste them or even add seasonings to suit the practical needs of different people. However, none among us can be the chef. Given that the system of public housing is a complicated issue affecting the welfare of millions of people in Hong Kong, and that the relevant review could only touch upon the surface of the matter, how can the select committee find the extra efforts and time to examine the system of public housing in Hong Kong after looking into the quality of public housing? Just now the Honourable Frederick FUNG mentioned that efforts could be made on the basis of the inquiry results to study, examine or rectify the system of public housing. I must say that I cannot agree with the points made by him. Hence, the DAB does not agree that the terms of reference of the select committee should include reviewing or examining the system of public housing in Hong Kong.

Actually, the DAB has along been urging the Government strongly to review the existing system of public housing. Undeniably, the existing system of public housing in Hong Kong is complicated and clumsy, involving the Housing Bureau, HD, and HA. All these agencies and the Housing Society are interrelated, and yet the relationship among them is very unclear. While the Housing Bureau is nominally the agency responsible for co-ordinating policies on public housing and private sector housing development, the one responsible for constructing public housing estates is the HA, which is an agency independent of government departments. What is more interesting is that since

the HA is not subordinate to the Housing Bureau and *vice versa*, the present ironical and embarrassing situation has arisen as a result. On the other hand, Mr TUNG Chee-hwa has commissioned the Chief Secretary for Administration in June last year to set up a committee to conduct a review of the institutional framework for public housing, and the report on the review should be ready by March according to the original schedule. The DAB just hopes that this report can put forward a feasible and effective proposal for rectifying the existing system of public housing, under which the roles and responsibilities of the relevant agencies are so unclear and confusing, thereby giving Hong Kong the most basic assurance that the housing problems will be resolved in the future.

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

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

(No Member responded)

SECRETARY FOR HOUSING (in Cantonese): Madam President, the massive public housing programme in Hong Kong has substantially improved the living condition of many people. The incidents relating to housing quality in the past two years have also caused great disappointment. The Government fully understands the feelings of Members, but still feels that it is not necessary to establish the proposed select committee, especially with a broad scope which can illicit other issues of principle, and so should be handled carefully.

The Government considers that the proposed establishment of a Select Committee by the Legislative Council is not necessary. Three independent and thorough investigations have already been conducted; criminal and civil proceedings and disciplinary inquiries have commenced in these cases; the HA is now implementing a 50-point reform package to improve the quality of public housing; the Construction Industry Review Committee has proposed 109 measures to improve the construction industry, and the Chief Secretary for Administration's review committee on institutional framework for public housing is actively carrying out its task with a view to completing it in three months' time. It is time therefore for all of us — the HA, the construction industry, the Government and Members of this Council — to look ahead and to

work together quickly to restore public confidence in our public housing programme.

Secondly, the Government believes that the proposed select committee will, in its operation, face many restrictions and will touch on other serious issues of principle, and so should be handled very carefully. The Government does not see how a select committee under the Legislative Council can start work in relation to the four cases either at open meetings or in camera, if it is to be scrupulously fair and just to all implicated parties, and can avoid prejudicing legal and disciplinary proceedings now in progress or pending. Our legal adviser has already conveyed our views to Members. We are particularly concerned whether the inquiry of the select committee will affect witnesses in giving evidence, whether the evidence to be given will be abused and whether the chance of the HA winning the legal proceedings will be adversely affected. I do not intend to repeat in detail the legal arguments which are equally applicable to the conduct of disciplinary proceedings. Members may or may not agree with these arguments. But, Madam President, it is our duty to make Members fully aware of the likely consequences.

Thirdly, the Government has reservations about the scope of the inquiry as it is so broad that it is tantamount to a full-fledged review of all public housing policies and the entire organizational framework for public housing provision. This is basically the task of the Government. As Members know, the convention has always been for the Government to propose major policy or organizational changes after consultation with concerned parties and, if necessary, to submit proposals to the Executive Council or the Legislative Council for discussion and endorsement. A quasi-judicial select committee of this Council shooting questions at selected witnesses is simply not the right forum to consider either the broad range of housing policies or to devise the organizational framework for delivering such policies. Housing is everyone's concern. We need to strike the right balance between the interests of various sections of the community. The facts to be revealed in the inquiry relating to only four housing sites out of a total of 106 construction sites of the HA can hardly provide sufficient information for drawing correct conclusions on overall housing policies and the appropriate institutional framework for housing provision. Moreover, flat construction is only one of the many facets of the work of the HA.

If Members should decide to establish a select committee, the Government very much hopes that the scope of the inquiry, as some Members expressed today, can be limited and clearly delineated so as to be practicable and achievable within a reasonable period of time. In fact, the proposed remit of the select committee will overlap partly with that of the review of the institutional framework for public housing led by the Chief Secretary for Administration. We hope that the select committee will focus on construction problems, including tender procedures, procurement arrangements, project management, site supervision, assessment of contractor performance and recommendations to improve building quality; and will ensure that the legal and disciplinary proceedings now taking place will not be prejudiced.

Madam President, I must reiterate that the Government remains of the view that it is not really necessary for this Council to set up a select committee to conduct another inquiry. If Members still so decide, the Government will give it due co-operation. Thank you, Madam President.

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

MRS SELINA CHOW (in Cantonese): Madam President, I am very grateful to Members for the support they give to the motion. I believe it is the expectation of the public for the Legislative Council to investigate and find out the truth of the matter. Nevertheless, I believe this Council has yet another more important responsibility, which is more than just to find out who should take responsibility for the mistakes made. We should identify the lessons we need to learn from this experience, put forward proposals and make our best efforts to change policies and structures that are incompatible with present needs or not conducive to progress. This genuinely proactive attitude is exactly the attitude we should adopt to safeguard the interests of the public.

Just now the Secretary has pointed out the issues that Members must take into account in respect of establishing the select committee. Here, I should like to give an assurance that in the event of any legal issues being involved in the process of inquiry, or that the select committee has to deliberate on the way to handle matters that must be dealt with very carefully, we do have precedents to go by and plenty of experience to draw on. I just hope there will not be excessive concern on the part of Honourable colleagues over issues in this

respect. Our past performance is proof positive that we have all along been very responsible in establishing select committees and conducting any inquiries in accordance with the principle of fairness and impartiality.

I urge Members to support my motion.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mrs Selina CHOW 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 respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates. The movers of the motions will each have up to 15 minutes for their speeches including their replies. Other Members will each have up to seven minutes for their speeches.

First motion: Two-mode teaching.

TWO-MODE TEACHING

MR TOMMY CHEUNG: Madam President, I move that the motion, as printed on the Agenda, be passed.

With almost four years since the establishment of the Hong Kong Special Administrative Region (SAR), I have frequently heard grievances from all aspects complaining about the declining English standards of our students and citizens as a whole. As all of you may have noticed, a few business sectors and institutions have recently carried out different surveys on our English proficiency. They all come up with a unanimous result: We are losing our proficiency in the English language.

Yet, this is not a trade off for better Chinese proficiency. So, what are the issues behind this phenomenon?

Our teaching language policy has long been under fire. Recent focus falls on the two-mode teaching pilot scheme announced by the Education Department (ED) last year. Some criticize the Government as having a hidden agenda in revising the current mother tongue teaching policy. More people are worried that the pilot scheme is just a red herring to distract public's attention. They question whether the Government's aim is to turn the remaining 114 English secondary schools into schools using Chinese or partly Chinese as the medium of instruction.

The objective of this motion is to provide an opportunity for the Education and Manpower Bureau and the ED to explain in detail about the pilot scheme; to clarify our policy on the medium of instruction (MOI) so as to ease public anxiety; and above all, to take appropriate measures to uphold the existing language policy, that is, to enable students to become biliterate in English and Chinese and trilingual in English, Cantonese and Putonghua.

We have adopted compulsory mother tongue as the MOI in our secondary schools since 1998. It is just three years' time and government officials keep reiterating their commitments and the advantages in implementing mother tongue teaching. But to everyone's surprise, the ED suddenly launched a pilot scheme on two-mode teaching in some 10 selected secondary schools in November last year. This has immediately raised public concern.

Madam President, it is not difficult to understand the community's anxiety. The public got confused and worried because they know nothing about the two-mode teaching pilot scheme. In fact, they are being completely ignored during the formulating process. In designing such an important scheme, neither the Legislative Council nor the community has been consulted or informed.

It was not until the Honourable YEUNG Yiu-chung raised an oral question on two-mode teaching in this Council on 13 December last year that the Secretary for Education and Manpower, Mrs Fanny LAW, informed the Council about the two-mode teaching pilot scheme. She explained that under the proposed Secondary School Places Allocation (SSPA) System, the number of banding will be reduced from five to three starting from the coming academic year. This means that the diversity in students' ability in a secondary school may widen, and it would be difficult to ensure that each and every student allocated to an English secondary school is suitable to learn through English as the MOI. The two-mode teaching can, therefore, allow greater flexibility for secondary schools in deciding on the MOI so that they can properly take care of the diverse student abilities or, in fact, the diverse student inabilities.

The reason given by Mrs LAW can hardly be accepted. First of all, if the purpose of the pilot scheme is to ensure that students with inadequate English proficiency can learn better by using mother tongue teaching in an English secondary school, it would be far better for the Government to consider measures ensuring that only students with English proficiency will be allocated to English secondary schools. To force English secondary schools to teach certain subjects in Chinese for the sake of ensuring better learning for some students with inadequate English proficiency, it may finally end up with declining English standards among the majority students and the whole school. In this aspect, how could the pilot scheme tie in with our language policy to ensure the effectiveness of learning both English and Chinese?

Secondly, if the Government is worried that the proposed SSPA System will widen the diversity of students' ability, why then does it not simply revamp the proposal before it is being implemented? If the Government aims to revise the language policy in order to tie in with the SSPA System, it would be just like cutting off the legs of a table to suit the table cloth.

Mrs LAW also reaffirmed that in designing the study, the Government will remain committed to achieving the objective of mother tongue teaching and to enable students to become biliterate and trilingual. However, if the Government stands firm on the mother tongue teaching policy, why would the ED consider allowing Chinese secondary schools to teach certain subjects in English? Critics therefore interpret the two-mode teaching as a compromise, as the ED tries to tone down its stringent mother tongue teaching policy amidst complaints of falling English standards. They question whether the

Government has identified certain defects of the mother tongue teaching policy and thus tried to revise the policy, and that the pilot scheme is actually a regression in the existing language policy.

On the other hand, we query that if the English secondary schools are forced to teach certain subjects in Chinese under the two-mode teaching pilot scheme, the whole English learning climate and environment within the English secondary schools will inevitably be seriously ruined. Thus, the English secondary schools will gradually be transformed into Chinese secondary schools. The pilot scheme is, in fact, putting an end to the existence of the remaining 114 English secondary schools.

Besides, the two-mode teaching pilot scheme would only create chaos with some classes conducted in Chinese and some classes conducted in English. Students would get confused. Teachers would also find it difficult in adopting the scheme. Let us imagine if a teacher is assigned to use Chinese to teach a specific subject last year and to use English this year and then switch back to use Chinese the year after only for the sake of accommodating different students' abilities, how chaotic would the situation be? Practice makes perfect, teachers also need a healthy and stable environment to maintain and improve their language standards. Switching back and forth the MOI will only do harm to students and teachers.

Despite all these confusions and hesitations, the ED did not disclose full details about the pilot scheme. Mrs LAW only stressed that the pilot scheme was still at an early conceptual stage. The ED only announced that a certain number of secondary schools would be chosen to join the pilot scheme.

But exactly how many schools will be selected? What kind of schools will be chosen and under what criteria? When will the pilot scheme be implemented? What is the methodology of the study? How would the pilot scheme be assessed? How much extra resources will be needed?

With all these doubts and queries, how can we be confident that the Government is determined to maintain biliteracy and trilingualism in schools? I believe that every Member of the Council and the community at large expect the Secretary to give us a resounding answer on what actually the pilot scheme is all about and explain how it will tie in with the existing language policy.

Madam President, the Liberal Party supports the adoption of mother tongue teaching policy. We also emphasized the importance to train our students to be biliterate and trilingual. Our stand is firm and in accordance with the existing language policy.

We noticed that the Government has invested heavily in our schools to promote the learning of both English and Chinese. However, the outcome is far from desirable. Our language policy has been adopted for only more than three years, yet it is still too early to tell the result. Is it the appropriate time to introduce other reforms to our language policy?

We believe that the immediate task for the Government is to carry out the current language policy thoroughly. The Government should also pay extra attention on how schools could help students to uplift their language proficiency both in Chinese and in English. Any distractions will only create ambiguities and raise public anxieties.

To promote language biliteracy is a very difficult task in all parts of the world. Even in Canada, for instance, the Government had put in so much efforts trying to promote proficiency in English and French, but the result is still not satisfactory.

Hong Kong is a well-known cosmopolitan and an international city. We must not undermine the importance of maintaining and improving our English proficiency.

I would like to share my own experience with you all. I grew up and attended schools in the '50s and the '60s in Hong Kong, and none of my parents spoke English. I do not have parents who read me English bedside stories. My mother only taught me the "300 Poems of the Tang Dynasty" (唐詩三百首). I also do not have foreign domestic helper to speak English with me.

I shall compare the situation with my children growing up in the '80s and '90s in Hong Kong (in fact, my son went to the same secondary school as I did). With parents who can speak fluent English, their mother who constantly reads English bedside stories and other English books to them, and with domestic helpers speaking English with them, their English is, however, no more superior than mine.

At times I wonder why. I do not want to point fingers at the education system that it was far inferior in the '80s and '90s than that in the '50s and '60s. In my observation, part of the reason is the difference in culture and environment. Firstly, as a matter of fact, in the '50s and '60s, I had a much better climate to learn English as a student in both primary and secondary schools. Other than Chinese subject, we were using English to communicate at all times, especially in front of teachers. Speaking in Cantonese was highly forbidden.

Secondly, we had foreign students. We could only use English to communicate. Though they all learnt Cantonese at the end, a favourable environment had already been created for us to practise English.

In addition, all the popular songs that we learnt to sing in the '50s and '60s were in English. We listened to pop singers like Tom JONES, Peter, Paul and Mary, and the Beatles. They all sing English songs. Movies and cartoons from Walt Disney were also in English with no Chinese subtitles and no Nicam in Cantonese. All these elements created a much better climate and environment for us to use and practise the English skills which were being taught in schools.

What I want to emphasize is that the learning of English depends largely on the environment and its culture. We must build and keep a favourable climate for our students and our citizens to learn and to practise English, not just inside classrooms and schools, but also in daily life. Building and maintaining a stable English learning environment inside schools is only the first step. If this step is to be forfeited for the sake of helping students to learn a little bit better, how can we claim that we are committed to uplifting our English standard as a whole and maintaining biliteracy?

With these words, Madam President, I move the motion in my name.

Mr Tommy CHEUNG moved the following motion: (Translation)

"That, as the Education Department has formed a steering committee to study two-mode teaching and will launch a pilot scheme later, this Council urges the Government to:

- (a) clarify the objectives and content of the pilot scheme on two-mode teaching;

- (b) explain how the pilot scheme will tie in with the existing policy on the medium of instruction; and
- (c) undertake that the pilot scheme will not depart from the existing policy on the medium of instruction, puzzle the public and create difficulties for the education sector."

THE PRESIDENT'S DEPUTY, MR FRED LI, took the Chair.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Tommy CHEUNG's motion be passed. Does any Member wish to speak?

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy, the policy of the SAR Government on the medium of instruction is the most confused, uncertain and swaying among all the education policies, and it is really a mess.

At the end of last year, it seemed that the two-mode teaching pilot scheme, which is the subject of debate in this Council today, would really be implemented. But today it may completely change and become very different. It has been reported that the ED has already shelved this scheme and our debate may smack of being wise after the event. I wonder if the report is accurate, but one of the important reasons for the continuous failure of our education reform is that unpredictable changes have been made to the education policy, victimizing teachers and students.

During the colonial era, the Government put more emphasis on English than Chinese and 90% of the schools adopted English as the MOI. Many students failed to grasp neither Chinese nor English, let alone knowledge, thus, they had fallen between two stools. Finally, the ED implemented mother tongue teaching and intensified English-medium teaching, hoping to improve the quality of school education and at least allow students to learn and understand well.

However, the ED implemented the policy on mother tongue teaching in a fairly hasty manner. It identified 114 secondary schools to continue to

implement English-medium instruction in a muddleheaded way while the remaining 300-odd secondary schools switched to mother tongue instruction; hence, it had artificially polarized schools. As a result, English secondary schools became quality elite schools while Chinese secondary schools became inferior schools. The implementation of mother tongue teaching has resulted in discrimination against mother tongue. Therefore, complaints abound.

Many schools have kept asking to switch back to English secondary schools to become elite schools. Recently, the ED accepted the advice of the Working Group on Mother Tongue Teaching and launched a two-mode teaching pilot scheme, thus knocking mother tongue teaching once again into chaos. The ED has selected 10 secondary schools to implement two-mode teaching with streaming into classes or bands. The scheme is a mass, a shambles from design to implementation.

Mr Deputy, the education sector has strong queries in respect of this scheme:

Firstly, the education sector questions the objective of the scheme. Why did the ED pull the rug from under the feet of mother tongue teaching and implement partial English-medium teaching in Chinese secondary schools after mother tongue teaching had been implemented for less than three years, the effectiveness of which is still open to observation? The new pilot scheme has made the education sector worry that mother tongue teaching would die without a known cause and the language policy would have to face yet another ordeal.

Secondly, the education sector queries how the 10 pilot schools under the scheme were chosen. The ED said that the schools had been chosen by random. However, by random, the school of the Chairman of the Working Group on Mother Tongue Teaching, the three leading schools carrying out the education reforms of the Education Commission, the patriotic school that had been pressurized before the reunification and a school in which parents protested intensely against the switch to mother tongue in those days were chosen. Among 300-odd Chinese middle schools in Hong Kong, why were secondary schools having such background and relationship chosen for the pilot scheme by coincidence? Some queried whether there was bias and whether somebody had got in by the back door.

Thirdly, the education sector queries if the ED is preaching one thing and doing another. In an inspection report made one year ago, the ED stated clearly that: students of Chinese middle schools made more evident improvements than those in English secondary schools. It was stated in the report to the effect that "in some English secondary schools, students would not voluntarily ask questions and they only answered 'yes' or 'no'. When teachers in Chinese secondary schools asked questions, students answered enthusiastically and they actively participated in activities and discussions. Some even asked sensible and creative questions."

The ED recently announced the results of a five-year tracking investigation on 13 000 students in 56 secondary schools. It was found that English-medium teaching was only barely helpful to the English standards of secondary students, but it would lower students' performance in history, geography and science subjects. The academics in charge of the study indicated that the results of a band 3 student in a Chinese secondary school are comparable to those of a band 1 student in an English secondary school. Thus, English secondary schools were not as helpful to the English standards of students as parents imagined. Provided that the English-medium teaching methods were improved, Chinese secondary schools could catch up with English secondary schools.

The two large-scale studies of the ED conducted respectively by inspectors of schools and academics pointed out that mother tongue teaching had begun to reap results and they wondered why the ED still lacked sufficient confidence in mother tongue teaching, so much so that it had to pull the rug from under the feet of mother tongue teaching. Why could it not insist on mother tongue teaching for two more years and allow the first batch of mother tongue taught graduates to compete against students of English secondary schools in terms of results and effects? Why should the ED put the car into reverse gear, dampen people's enthusiasm, be swaying and say one thing and mean another in respect of mother tongue teaching?

Mr Deputy, the ED suddenly launched the two-mode teaching pilot scheme recently. It was greatly agitated, as it had acted in too much haste. The ED expected some schools to give up mother tongue teaching in the middle of a term and switch immediately to English-medium teaching. A compliant school could receive a subsidy of \$100,000 for students to replace their textbooks in order to implement the pilot scheme. However, before the formal commencement of the scheme, there were increasing worries and speculations

among the education sector. Did the pilot scheme still exist? Did it exist in name only? Was it dished up in a new form? Had it died a natural death? I think the Education and Manpower Bureau must explain these clearly today.

In any case, this is a lesson that warrants deep thinking. There were too many momentary and suddenly changed policies in the education reform in the past. The education sector was weighed down with work and at a loss as to what to do. In the end, teachers, students and education were victimized. A cough by the ED caused a serious cold of schools, and the pilot scheme of the ED has knocked schools into enormous chaos. Mr Matthew CHEUNG said that incompetent teachers should be dismissed, but the education sector responded that incompetent ED officials should be dismissed first because they could not shirk responsibilities for the failure of education.

With these remarks, Mr Deputy, I support the motion.

MS AUDREY EU (in Cantonese): Mr Deputy, I support Mr CHEUNG's motion. After the Government mooted this pilot scheme, people have asked (we also saw on the Internet) a lot of questions about the existing language policy and the pilot scheme, and there were reports in the newspapers recently. The ED has decided to shelve this pilot scheme in the face of strong oppositions. So, it is necessary for the Government to give the public an account of this.

We can see from the media reports that most people are concerned about whether the Government wanted to "reverse the car" with the implementation of this pilot scheme and return to the mode of learning with the mixed use of Chinese and English. Mother tongue teaching has only been implemented for three years and a review will only be made two years later on its effectiveness. Therefore, people would inevitably think so given the Government's sudden launch of the pilot scheme.

They are also worried if there would be another change in policy. At the initial stage of the implementation of mother tongue teaching, teachers and students had gone through a difficult adaptation period. In the past, teaching was featured by the mixed use of Chinese and English, and most proper names were in English, thus, it was not easy for schools to suddenly change to using mother tongue comprehensively. Whilst teachers and students have barely

adapted to the change, the Government suddenly launched another pilot scheme, hence putting them at a loss as to what to do.

As a parent, I strongly oppose children learning in an environment with the mixed use of Chinese and English for students would not learn Chinese and English well. In the past, as students and teachers had limited English proficiency, a lot of English secondary schools had to mingle English with the mother tongue when teaching. What is the difference between the two-mode teaching pilot scheme and the mode of teaching used in English secondary schools before? Will the same problems emerge? Quite many parents are concerned about these and the Government really needs to give the public a detailed explanation to dispel their worries.

The main reason why the Government implemented compulsory mother tongue teaching in the first place was that it did not want schools to comply with parents' requests and force the adoption of English-medium teaching. If students have inadequate language skills, they would lose interest in learning. The Government also wanted to stop schools from teaching with the mixed use of Chinese and English although they were known as English secondary schools for it would impede the language development of students. Although the situation would not be helpful to students' learning, it could not be resolved by the ED forcefully specifying the use of a certain medium for instruction in schools. On the contrary, the ED should co-operate with parents and step up monitoring. For instance, it could conduct more sudden inspections, establish channels of complaints and encourage parents to join the school management committees. This might then achieve better results.

Rigidly specifying the use of a certain medium for instruction in schools is not necessarily helpful to students' learning. The learning ability of all the students in a school will not be the same, nor can they all adapt to one single medium of instruction. For example, quite a few students are accustomed to using English at home since childhood, but under the existing system for the allocation secondary school places on the basis of a five-band division, they are often allocated to Chinese secondary schools, and their interest in learning will also decline. Of course, these examples are not at all common but I would like to point out that compulsorily specifying the medium of instruction will run into the same problems.

Mr Deputy, every medium of instruction has merits and demerits and we cannot say that one is better than another. The crucial factors are the differing quality of students and other facilities in schools such as the language proficiency of teachers, curricula and teaching materials. I always think that the Government need not compulsorily specify that a specific MOI should be used in schools. Conversely, it should provide schools with matching facilities and assist them in solving the difficulties in teaching so that education will achieve better results. This is the responsibility of the Government indeed.

In the past, although the Government had given schools a lot of support such as intensifying training for language teachers and providing additional resources for the appointment of foreign teachers by schools to teach English, the measures were not sound enough and some important problems remain unresolved. For instance, the dovetailing of mother tongue teaching with university education is a pressing task because the first batch of students under compulsory mother tongue teaching will be promoted to Secondary Four next year. The policy that schools can opt for the MOI anew has troubled quite a few principals of Chinese secondary schools. It is because university education is mainly conducted in English, if they continue with mother tongue teaching, students may encounter a lot of learning problems after they have entered universities. If schools switch to English-medium teaching, as the Hong Kong Certificate of Education Examination is approaching, students may fail to keep up with the curriculum progress if they fail to adapt to the change and this will affect their performance in public examinations. Therefore, the principals are caught in a dilemma.

Quite a few people from the education sector had pointed out this problem when mother tongue teaching was first implemented, but the Government had not heeded it seriously. The problem is still with us after three years and the Government must reflect on this.

Mr Deputy, one of the aims of the government policy on education is student-based, seeking to provide students with a stable and pleasant learning environment. I expect the Government to follow this spirit when implementing the language policy and provide sufficient resources and support to allow students to learn in the language that is most suitable for them. With these remarks, I support the motion.

MR YEUNG YIU-CHUNG (in Cantonese): Mr Deputy, the drop in language standard has become a global trend. However, we can hardly find elsewhere in the world the puzzlement and entanglement surrounding the debate on whether mother tongue teaching should be adopted. Indeed, no one in other parts of the world, ranging from such advanced countries in Europe and America to backward countries and regions, will debate whether mother tongue teaching should be adopted and what benefits it will bring. Why should this issue be brought up for discussion from time to time here in Hong Kong? Does it reflect that there are some problems with our society? That we have to discuss this issue once again in this Council today has indeed put me in a mood of helplessness.

Mr Deputy, it is reported in the press today that the Government will examine abolishing the two-mode pilot scheme. While the Democratic Alliance for Betterment of Hong Kong (DAB) welcomes and supports this decision, today's motion debate has lost its meaning for it has now turned into a "forum" for Members to express their views on the MOI issue only.

With the ghost of negating mother tongue teaching being reluctant to leave us, there are still a number of people who lack confidence in mother tongue teaching and refuse to accept it. I have to point out that mother tongue is not only a learning tool. It can also strengthen our sense of belonging to Chinese culture. The choice of language is actually like whether we should use chopsticks or fork and knife. We use chopsticks rather than fork and knife in taking Chinese foods just because it is our culture.

There is a social misconception that treats English as a learning tool rather than a foreign language for learning. Many people hold that one can improve his English proficiency if he is given more opportunities of exposure to English in various subjects. This is precisely the mistake previously made by the so-called Anglo-Chinese secondary schools. We fail to master English because our society lacks an English-speaking environment. At the same time, we fail to make improvement in other subjects and our Chinese language standard remains well below the required standard. This is because students are not learning and thinking in "the language of their mind" in the process of learning. If we force the students to express in English what they have learned, they can only reproduce or recite their notes or textbooks. The Llewellyn Report

actually pointed out this phenomenon as early as 1982. The fact that we are reconsidering the adoption of two-mode teaching in Chinese secondary schools is starting from square one.

It will be very difficult for students to master English and Chinese unless we can treat English as a foreign language.

Students can think naturally in Cantonese because it is a communicative tool in our daily lives. Mother tongue teaching and learning provide a good opportunity to train students to develop higher order thinking. Furthermore, a lot of studies have shown that mother tongue teaching will facilitate students' understanding and communication and make teaching and learning more effective. Even for students who are capable of learning in English, they will achieve better academic results if they are allowed to switch to mother tongue learning.

With a lack of well-defined justifications and the many contradictions, the proposed two-mode pilot scheme will easily give people an impression that it is a retrogression in mother tongue teaching. The Secretary for Education and Manpower stressed that the pilot scheme had to be launched because under the future Secondary School Places Allocation (SSPA) System, it would be difficult to ensure that students admitted to English secondary schools would all be fit for English-medium teaching. If this is really the case, then the pilot scheme should be confined to English secondary schools. But according to the plan, it seems that the whole scheme is confined to Chinese secondary schools.

On the other hand, it is equally unconvincing for the pilot scheme to be launched in English secondary schools for most students in these schools belong to the first or third language band. In other words, they can learn effectively in English or Chinese. Moreover, under the current allocation system, it is generally believed that English secondary school students are capable of two-mode learning. In that case, why should they be tested to ascertain if they can learn in two-mode teaching? This is why we believe the pilot scheme is actually targeted at Chinese secondary schools.

I support the adoption of mother tongue teaching for certain subjects in English secondary schools not because I worry that some of the students admitted

to these schools under the new SSPA System cannot catch up with other students. Rather, I support the strengthening of mother tongue teaching because I believe this can help students of English secondary schools to make use their own language to help master knowledge thoroughly and strengthen their thinking and originality. Moreover, the teaching effectiveness of English secondary schools will be enhanced too.

On the contrary, if the pilot scheme is confined to Chinese secondary schools, the two-mode teaching will very probably be extended to other "midstream" Chinese secondary schools as well. Eventually, schools will be divided according to the MOI into three major categories, namely English secondary schools, Chinese secondary schools and "two-mode" secondary schools. Should that happen, the result will be even greater division and confusion, and the MOI policy will eventually suffer a major regression.

Mr Deputy, I support the original motion.

MR SZETO WAH (in Cantonese): Mr Deputy, over the past few years, the Government has been, waving the banner of "education reforms", introducing a great variety of novel polices of education one after another. Nevertheless, these policies have all ended in failure despite having a fine start because of constant changes, bringing puzzlement and bewilderment to the public and parents, and stirring up resentment among educators, who are all tired and exhausted. Creating a hubbub for quite some time, the Target Oriented Curriculum actually exists in name only. Recently, the Government has launched another new measure, the "two-mode" teaching. Because of the lack of consultation and its departure from the existing MOI policy, the new teaching mode is likely to cause confusion again. I have just received the news a few minutes ago that it was reported in the press this morning that it is not true that the ED is going to shelve the new scheme. The Democratic Party supports the Honourable Tommy CHEUNG's motion, that is, the Education and Manpower Bureau should make an unequivocal clarification and explanation in response to the motion.

Of course, there are other more severe criticisms targeting the MOI policy. The Secretary for Education and Manpower should as well offer an unequivocal and specific clarification and explanation with respect to the following comments.

Mr Antony LEUNG, Prof CHENG Kai-ming and Mr TAI Hay-lap, leading the so-called "three-horse cart" of the Education Commission (EC), convened a workshop on education reform for the media on 31 March 2000. The media was told that "the adoption of Cantonese for mother tongue teaching will only lead to a blind alley. Few places in the world use dialect as a MOI. The mother tongue policy is suicidal", "should teach in Putonghua", "the teaching of some major subjects have switched to using English in the Netherlands in recent years", "mother tongue teaching caters to teachers only", "the colonial flavour behind English should be relinquished", and so on.

In spite of these criticisms, it is still uncertain as to whether Putonghua or English should be used as the MOI. Is it because the Government wants to prevent someone from committing suicide that it has chosen to use Putonghua as the MOI in primary schools and English in secondary schools and tertiary institutions alongside with its policy of using English and Putonghua in major subjects and the remaining subjects respectively?

There has never been any connection between the promotion of mother tongue teaching and anti-colonial awareness. Our starting point is purely the "student-oriented" principle of education. Mother tongue teaching is aimed at overcoming language barriers, facilitating communication among teachers and students, and inducing students to learn with pleasure, rather than catering to the needs of teachers. Learning a foreign language is entirely different from teaching all subjects in a foreign language. Foreign language learning is only part of education, not the whole of it. The EC has been using such high-sounding words as "student-oriented", "enthusiastic in learning and good at communication" for a long time. Nevertheless, are all these contradictory to the comments quoted by me with respect to what the "three-horse cart" said in the workshop? Is the "two-mode teaching" trying to pave the way for the "three-horse cart" going onto a thoroughfare free of obstacles?

As a member of the EC, the Secretary for Education and Education, Mrs Fanny LAW, is probably the driving instructor sitting in the back row of the cart. She should not only clarify and explain the issues raised in connection with this motion, but also give an unequivocal clarification on the comments made by the "three-horse cart" in connection with the MOI and draw a clear distinction between these comments.

That Mr Tommy CHEUNG has moved this motion illustrates that even people outside the education sector are concerned with the confusions arising from the MOI. I welcome and support this motion.

DR RAYMOND HO (in Cantonese): Mr Deputy, before the reunification, Chinese was for a long time treated as a "second-class language" in Hong Kong. For instance, in selecting schools, parents would often consider Anglo-Chinese secondary schools before Chinese middle schools. When it came to the recruitment of employees, employers would also give priority to candidates who spoke fluent English. Given the fact that Hong Kong has fully become part of China subsequent to the reunification, more and more companies are engaging in China trade and adding to this China's imminent accession to the World Trade Organization, Chinese has become increasingly important in Hong Kong. In addition, the Government has been actively promoting mother tongue teaching in recent years in order to enhance students' national awareness and remove the language barriers encountered by them in the course of learning. Unfortunately, during the initial implementation of the mother tongue teaching scheme, 100 secondary schools were allowed to continue to use English as the MOI. Later, another 14 schools followed suit and there were altogether 114 English-medium schools. The effectiveness of the mother tongue teaching scheme launched a few years ago is indeed evident to all. Surprisingly, the Government announced at the end of last year that it was going to launch a "two-mode teaching" pilot scheme. Is it a retrogression of mother tongue teaching? Why did the Government choose to propose changes at this time?

Mr Deputy, the status of Chinese in Hong Kong is undoubtedly elevating, a fact that is readily evident in recruitment advertisements. Looking back at the recruitment advertisements more than a decade ago, we would find that employers at that time only cared about the English standard of candidates and had no interest in their standard of Chinese at all. Nowadays, employers ask for not only good English or Chinese standard but also good spoken Chinese, English and Putonghua. We can thus see that Chinese, English and Putonghua have become three key qualifications or abilities in Hong Kong. Personally, I support bilingual teaching for monolingual teaching only puts emphasis on one language only. The crux of the problem is: What kind of bilingual teaching should we adopt? In this aspect, I wish to make two comments. The first one is related to biliteracy and trilingualism, and the second to the mode of teaching.

I greatly appreciate that the Government has all along attached importance to the policy of biliteracy and trilingualism. I also agree that this education policy should be implemented alongside the new teaching mode. Nevertheless, in the meeting of this Council on 13 December 2000, the Secretary for Education and Manpower only recognized the learning benefit of mother tongue teaching and reiterated that the Government would maintain the mother tongue teaching-oriented policy. However, she failed to specify how the Government would keep the current policy of biliteracy and trilingualism going under the new two-mode pilot scheme. I therefore implore the Administration to explain to the public the details of the pilot scheme in order to remove parents' doubts.

As to the mode of teaching, the Administration is considering introducing different MOI to Secondary One to Secondary Three classes or subjects. Of course, I would like to suggest the Government to take the latter option. I pursued most of my primary and secondary studies in the Pui Ching Middle School, a Chinese middle school. In my own experience, it is certainly better for science subjects to be taught in Chinese because this will make it easier for students to understand and absorb the subject matters.

Besides, the language education currently provided by the Government only puts emphasis on writing and reading at the expense of listening and spoken aspects. In my personal opinion, these four areas are all integral components and equally important. According to a survey conducted last year, most British businessmen in Hong Kong find the work performance of Hong Kong people satisfactory, with the only flaw being their standard of English. This is really not hard to imagine. Nowadays, many local university graduates are unable to speak English fluently. Some of them even have difficulties with listening and comprehension. In order to raise the language standard of Hong Kong students, the Administration is reportedly planning to organize large-scale English and Putonghua day camps for 70 000 primary students in the territory. I believe such language immersion camps provide a flexible learning environment that will enhance the students' interest in learning language, thereby helping them improve their oral expression. I would therefore like to urge the Administration to, in addition to explaining to the public the contents of the two-mode teaching pilot scheme under consideration, extend the language immersion project to secondary schools and incorporate it into the two-mode teaching pilot scheme.

In a cosmopolitan city like Hong Kong, Chinese and English are equally important. Therefore, I support the implementation of two-mode teaching to give students more exposure to both languages. However, parents are at a loss as to where to go because of the constantly changing policy on the MOI. This is why I think it is necessary for the Government to clearly explain to the public its current MOI policy and its way forward in a bid to remove their doubts. Apart from using mother tongue as the MOI for certain subjects and English for some others in the two-mode teaching pilot scheme, I hope the Government can strengthen Putonghua training in order to put the policy of biliteracy and trilingualism into actual implementation, and provide students with better training in listening and oral communication in language subjects with a view to giving them more chances to read, write, speak and debate. It is hoped that the newly introduced two-mode teaching scheme can help students absorb more knowledge and upgrade their language standard.

With these remarks, Mr Deputy, I support the motion. Thank you.

MR BERNARD CHAN: Mr Deputy, many of us still remember the front-page stories on newspapers and television footage of students and their parents bursting into tears when they were told that their schools failed to obtain the right to teach in English.

When the Education Department (ED) announced the policy requiring all public sector secondary schools, except with prior approval, to teach their students in Chinese, starting from their Secondary One classes from 1998-99, there was an outcry from our community.

There were protests by students and their parents who insisted on using English as the medium of instruction. Some students placed advertisements on newspapers, while others put up banners on their campuses, vowing to fight against learning in Chinese.

Two years have passed and the outcry seems to have been dying down. But recently, the media reported that a pilot scheme on two-mode teaching was being tried out in some schools.

According to the press, such a scheme has raised the hope of parents who wish the schools that their children are attending would eventually switch back to using English as the teaching medium.

I am a firm supporter of mother tongue teaching. I am certainly reluctant to see such a switch.

Most of our children are not capable of learning in English. But one should not be surprised or upset, as many surveys have found that children will be more efficient in learning if they are taught in their mother tongue. In fact, as many as 98% of the Hong Kong population conduct in Chinese language, learning in mother tongue should be natural and acceptable.

One may be surprised that I am a firm supporter of mother tongue teaching as I myself do not write good Chinese. And one may think that my business background would turn me into a supporter of English language.

It is true that many of my colleagues in the insurance industry would like to send their children to English schools. They believe that doing so can pave the way for their children for better career. From parents' point of view, it is understandable.

As a businessman, I certainly know how important a good command of English is. Like many other businessmen, I believe that Hong Kong's population should have a good mastery of English if we want to keep our status as an international cosmopolitan city. English is an international language. I certainly hope that our students can speak fluent English and every teacher can conduct lessons in English. But the problem is that this is too ideal for Hong Kong.

We have to admit that most of our students who are born to Cantonese-speaking families and grow up in a Cantonese-speaking environment will learn more efficiently in Chinese. Without a good grasp of English, many of the students do not understand what the teachers say, let alone having interaction with their teachers. To me, communication and interaction are of utmost importance.

A steering committee is studying the two-mode teaching and a pilot scheme will be launched to study the effectiveness of two-mode teaching in junior classes of public sector secondary schools.

The ED has stressed that the objective of the study is to address the greater diversity of student ability in secondary schools that would likely result from changes to the Secondary School Places Allocation System.

But there are fears that it will create confusion to the public in the medium of instruction policy. The Government should be careful in running the pilot scheme because it may exert pressure on schools teaching in Chinese. What should they do? Shall they continue to use Chinese as the teaching medium, or shall they prepare to switch back to English?

As a newly appointed member of the Standing Committee on Language Education and Research, I feel the importance to enhance the language proficiency of Hong Kong people as a whole.

The Standing Committee is discussing proposals to increase opportunities for language learning, such as organizing immersion camps for students.

In Australia, students of foreign languages are given opportunities to spend a term of about three months for language courses or home-stay in a country where the language is spoken.

In Hong Kong, more than 150 places had been allocated last summer to four providers to organize Putonghua Summer Immersion Courses in collaboration with their mainland counterparts. We would like to see more of such courses for our students.

Mr Deputy, it is our wish to see a language policy that can enable our students to learn efficiently and effectively, to be biliterate and trilingual. I support the motion, urging the Government to make sure that the two-mode teaching pilot scheme will not depart from the existing policy on the medium of instruction. Thank you.

THE PRESIDENT resumed the Chair.

MR JASPER TSANG (in Cantonese): Madam President, the debate on the MOI in Hong Kong can go on for another 10 years and still, new ideas will come up every time this topic is debated. Members who have spoken earlier appeared to

be more concerned about Hong Kong students not having a good command of English than their not being able to do well in other subjects if mother tongue teaching is not adopted. After all these years, our students still do not have a high proficiency of English by any standard. I think this is due to one obvious reason, that is, the totally wrong methodology. Mr Tommy CHEUNG said that he missed those days in the 1950s and 1960s when we sang English songs and went to English movies. In fact, we can also cite many other examples from those days. For instance, the user manuals that came with electrical appliances were written in English only. But now, they are written not only in Japanese, but also in Chinese. So, the irony is that the more flourishing the Hong Kong economy, the less chances for English to be used. It is impossible nowadays to have a social environment in which students can still find many chances to use English when they step out of the school gate.

Madam President, I wish to read out a comment on the policy on language education in Hong Kong. Why are there contradictions in the language policy in Hong Kong? This commentary explained that "for economic and political reasons, there is a classic public policy dilemma: whether to jeopardize the educational progress of the majority (and perhaps endanger the culture itself) in order to guarantee a sufficient number of competent English speakers, or to value the whole group (and in so doing conserve the culture) but accept the loss in capacity to deal with the international environment and hence a possible decline in the economic prosperity". It was also stated that under such circumstances, an easy way to resolve problems of language teaching is "for the Government to impose Cantonese as the medium of instruction in secondary one to three, so that the first nine years of schooling (PI - FIII) would be in the 'language of the heart'. A pragmatic variant on this would be to leave alone the small number of schools which have been genuinely successful in using English as the medium of instruction. However, not only the principled and pedagogically sound option but also this pragmatic and less attractive mutation are in reality unavailable to the policy makers for practical and political reasons". This commentary gives a very accurate description of the problems in the mandatory implementation of mother-tongue teaching in 1998.

Madam President, these comments were not made in the past couple of years, but were extracted from a report published 20 years ago by an international panel of education consultants visiting Hong Kong to review our education system at the time. The panel also proposed that in order to resolve the language teaching problems in Hong Kong, mother tongue teaching should be

fully implemented in the early years of compulsory education from kindergarten to Primary Six; and efforts should be made wholeheartedly to push for genuine bilingualism after Primary Six, including the tertiary level. In more specific terms, from Secondary One onwards there should be a progressive shift to genuinely bilingual curricula so that by the end of Secondary Three, students are receiving approximately half of their instruction in each language. This two-mode teaching was already proposed by the panel 20 years ago, so it is by no means novel. Then, for the purpose of this direction, is it because we have neither the least bit of experience of actual implementation nor research whatsoever in these 20 years that studies will have to be conducted today, in order to ascertain the feasibility of two-mode teaching in junior secondary schooling?

At that time, the Government did not accept the panel's proposals concerning the policy on the MOI, but set up the Education Commission (EC) as recommended by the panel. In the past decade or so, the EC has published many reports. Seven of them are specifically numbered and the policy on the MOI is mentioned almost in all of these reports. As Mr CHEUNG Man-kwong and Mr SZETO Wah have said, we do not have the impression of consistency in the policy underscored in each of these reports. In fact, in the EC Report No. 1, the Government already stated that it would not accept the views of the panel. It was also admitted in Report No. 1 that everything being equal, mother tongue teaching did point to a right direction. But two principles must be observed: First, mother tongue teaching should be encouraged; and second, the right to choose MOI should rest with schools. The Honourable Ms Audrey EU will be glad to hear this. This policy was maintained until late 1980s. As there were numerous complaints about confusion in the policy on the MOI and poor language standards on the part of our students, the policy finally saw the end of its day. Madam President, you may recall that the EC put forth a more explicit policy to implement mother tongue teaching only in its Report No. 4 published in 1990. The policy then was to divide students into groups A, B and C, and it was subsequently suggested that guidance be provided to facilitate gradual implementation. The guidance later became a firm guidance, under which all schools are required to implement mother tongue teaching in 1998. So, this policy was formulated at that time. After going around in a big circle, it seems that we are now back to the situation 20 years ago and are going to start things all over again. All very amusing.

DR YEUNG SUM (in Cantonese): Madam President, the policy on the MOI in Hong Kong, particularly mother tongue teaching, has all along been severely criticized. On the one hand, many parents consider that the adoption of mother tongue teaching will lower the students' standard of English, and some members of the business sector have also drawn our attention to signs of a declining standard of English among graduates in recent years; but on the other hand, people who are concerned about education have noticed that many students have lost interest in learning because of the difficulties they face in learning English, and this has even resulted in problem behaviours in classrooms by these students who are then reprimanded by their teachers and schools. It seems that both situations described by me above do exist, and this reflects that the demand for a reform of the MOI has not yet been answered.

After the reunification, the Government has been keen to implement mother tongue teaching, thinking even to implement this mode of teaching in all secondary schools. But given strong opposition from parents and school sponsoring bodies, the Government consequently stepped back. As a result, 100-odd secondary schools are allowed to continue using English as their MOI. Politically, this change of direction by the Government can meet the aspirations of some parents and school sponsoring bodies and alleviate the pressure on the Government. But on the other hand, those schools where mother tongue teaching is adopted have been made to impress as inferior, and this has impeded the intake of students with better academic performance by these schools. Speaking from the angle of mother tongue teaching, it is true that the policy of mother tongue teaching has been implemented in most secondary schools, but the use of the MOI has divided schools into two camps. Is this the original intent of the policy on mother tongue teaching?

There are indeed many lessons for us to learn from the implementation of mother tongue teaching. First, some of the policies were meaningful in the first place but failed to achieve their desired results due to hasty implementation, thus prompting criticisms in the media and strong reactions from parents and schools sponsoring bodies. Second, the ED cannot implement a policy across the board just because it holds that the policy will produce good results. Given the established beliefs and impressions in the community, and even some practical considerations, for instance, English proficiency remains a criteria for admission of undergraduates by universities, it is not easy to change the mindset of people in the absence of positive measures to support the policy and specific policy results.

I think the Government has been wavering in its policy on the MOI. Frequent changes in the direction have made adaptation and compliance difficult. The effectiveness of a policy can be ascertained only through actual implementation, and reforms of a myriad of support frameworks are inevitable in this process. If the Government wavers in the implementation of a policy, how possibly can we see the results of the policy? How possibly can members of the community have confidence in the implementation of this policy?

There has been frequent changing of responsible officials of the education authorities. When new officials assume office, they tend to introduce a diversity of new initiatives, making the utmost efforts to carry out reforms to command recognition. So, whenever there is a reshuffle of responsible officials, there will be "new personnel and new practices", together with reforms and new initiatives. However, the development of education requires continuity and updating as appropriate to cater for the needs of social development. But if the policy goes up and down like a seesaw in a playground or goes round and round like the game of musical chairs, how can any policy produce sound effects?

Madam President, in the last several months, there have been reports in the media that the working group on mother tongue teaching set up by the Board of Education and the Standing Committee on Language and Research in September last year has suggested maintaining the policy on mother tongue teaching unchanged for three years, in order to dovetail with the Secondary School Places Allocation System proposed under the education reforms, and that the Government should further look into the feasibility of streaming on a class basis or on a banding basis.

It is reported in the newspapers that in September last year, about 10 schools were selected by the ED to implement a pilot scheme on two-mode teaching either in February or September this year. That is, some English secondary schools will be allowed to teach certain subjects in Chinese, whereas Chinese secondary schools can use English as the MOI for certain subjects for their first formers.

Madam President, in fact, the Honourable YEUNG Yiu-chung and I have asked oral questions in this Council not long ago to inquire of the situation, but the Secretary refused to give us a direct response. The Secretary stated that the

relevant studies had yet to commence, albeit the idea was under consideration. Perhaps the Secretary can confirm later on whether the reports cited by me just now are true or not.

Madam President, the selection of schools and the pilot scheme on two-mode teaching have already aroused queries in the education sector. What is the purpose of the ED in implementing this scheme? Is it meant to pave the way for the withdrawal of mother tongue teaching? No wonder many education workers consider it a retrogression on the part of the ED. What criteria does the Administration adopt in selecting those 10 schools? Will the scheme disrupt the conduct of classes in schools selected for implementing the pilot scheme, thus causing certain disturbances to both the teachers and students in these schools?

Madam President, in view of the changes in the Secondary School Places Allocation System and the banding of students in that the number of bandings will be reduced from five to three, I think there is a need to further improve our language education. As it is possible that the diversity in students' learning ability will be widened, studies are warranted to identify ways to help students improve their language ability and implement corresponding measures for this cause.

Yet, I must emphasize that the corresponding measures must be subject to open discussion. Views must be sought from various sectors of the community, and the measures cannot be carried out behind closed doors, or else they will stand little chance of success. In recent years, the Government stresses the need to improve the relationship between the executive and the legislature, and has agreed to submit draft policy proposals yet to be finalized to the relevant Legislative Council panels for discussion, so that the Government can gauge and respond to the views of Members. Nevertheless, the recent decision of the Housing Authority to lower the income limits for purchase of Home Ownership Scheme flats and for public housing application, and the two-mode teaching of the ED, have not been discussed in detail in the Panel on Housing and Panel on Education of this Council. I must say that the ways in which the Government has handled these two policies are deplorable.

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

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

(No Member responded)

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I made an explanation on the objectives and contents of the studies on bilingual teaching in my reply to the oral question raised by Mr YEUNG Yiu-chung on 13 December. However, I am still grateful to Mr Tommy CHEUNG for moving the motion today so that I can explain the pilot scheme on "two-mode" teaching. I would also like to make use of this opportunity today to explain in greater details the relationship between our language policy and the medium of instruction (MOI).

The language policy of the Government of the Special Administrative Region is to educate young people to become biliterate and trilingual, that is, in Chinese, English and Putonghua. For most of the people of Hong Kong, their mother tongue or their first language is Cantonese. Putonghua and English are their second languages. So in answer to the question raised by Mr SZETO Wah, mother tongue teaching in Hong Kong refers to teaching in Cantonese. The Government has no plans at present to use Putonghua as the MOI. The processes of the mastery of the mother tongue (L1) and the acquisition of the second language (L2) are very much different. People come into contact with L1 since birth and they undergo a natural process of experience with L1 in life and assimilate the rules and usage of L1. That is a subconscious process of learning. With L2, learning has to be undertaken through formal training and a familiarization of the rules of its grammar and special features of its lexicon. That is conscious learning, and much effort is required to make it a success.

Many studies have shown that people of a younger age would acquire L2 more easily. Apart from the age factor, there are four other factors that will determine the effectiveness of L2 learning. These are the social milieu, the capabilities of the teacher, the qualities of the learner and the conditions of instruction. By social milieu, it refers to the importance which society attaches to L2, the linguistic environment and the prevalence of daily usage. The capabilities of the teacher include linguistic competency, knowledge of the linguistic structures and instructional methodology. The qualities of the learner include factors like family background and support, age, motivation and methods of learning, and so on. By conditions of instruction, they refer to the

curriculum, teaching materials, methods of instruction and assessment, and so on. All these factors will influence the effectiveness of learning and they are inter-related. They should therefore complement each other. The Standing Committee on Language Education and Research will undertake a full-scale study into how the four major factors in L2 learning can be enhanced, with a view to upgrading the biliterate and trilingual competency of the young people. The Honourable Bernard CHAN is one of the members of the Standing Committee and Honourable Members can put forward their views to Mr CHAN.

The MOI policy of the Government is to enable students to master the knowledge of the subjects and develop higher-order thinking abilities with the least language barrier. There is a common misconception in the community that English proficiency will come as a natural result of using English as the MOI. This argument is based simply on the premise that linguistic proficiency is determined by the linguistic milieu, to the neglect of the other factors of learning. The result will certainly backfire.

The Threshold Theory commonly acknowledged in linguistics argues that linguistic proficiency reflects a person's cognitive development. A basic level of mastery in L1 and L2 must be reached before a person can effectively learn other subjects in L2. For if not, the learner will fail to master L2 and his or her acquisition of subject knowledge will be greatly prejudiced.

Since our launch of the MOI policy for secondary schools in 1998, the education sector has generally agreed that mother tongue teaching helps enhance the students' cognitive and learning ability. It facilitates more lively discussion in the classroom, expedites the progress of teaching, and promotes more in-depth learning. Therefore, the Government will endeavour to implement this MOI policy which uses mother tongue as the principal language in teaching. We will also seek to improve the effectiveness of biliterate and trilingual teaching by various means.

In view of the fact that there are some schools which have a tradition of using English as the MOI with good effects over a long period of time, we have therefore allowed those schools that have demonstrated they have the suitable conditions to use English as the MOI. These schools can enhance the environment of English learning without prejudice to the major principle of facilitating the students' acquisition of subject knowledge. Both teachers and students in such schools should be proficient in English to benefit from teaching

and learning in English. If not, the objective of mastery in both L1 and L2, that is, "additive bilingualism", cannot be reached. Instead the result of "subtractive bilingualism" will be produced, that is to say, improvements in the proficiency of one language will be made at the expense of another language. That will bring adverse impacts to the learning of academic subjects and hence reduce the motivation to learn.

The reason why I talk about these concepts is that we cannot rely on our intuition to enhance the biliterate and trilingual capabilities of our students. We need to rely on facts and empirical knowledge to find practicable solutions. The kind of mixed code instruction and deceptive environment of English teaching in the past have proven to be harmful to the students. We must never repeat the same mistakes.

When the Government formally launched the MOI policy for secondary schools in 1998, we had approved of 112 schools to use English as the MOI. The decision was based on three criteria: the proficiency of the students, the capabilities of the teachers and the support strategies and measures in the schools. However, as we look carefully into the student intake of these schools, we can find that some of the students of certain schools do not meet the basic requirements for learning in English. Some band 3, 4 and even 5 students have been admitted to these English secondary schools. From the point of stability in school administration and operation, it is not possible to require schools to switch their MOI every year according to the student intake situation. However, the interest of the minority of students should not be sacrificed. I agree very much with Ms Audrey EU that education should serve the needs of students and that teaching should suit the different capabilities of students. Therefore, we must find ways to facilitate students acquiring the most knowledge from the academic subjects through the adoption of a suitable MOI. That is precisely the objective of implementing the pilot scheme on two-mode teaching.

The Education Commission (EC) in its review of the Secondary School Places Allocation (SSPA) System of Secondary One places last year pointed out that the number of banding of students for the purpose of allocation would be reduced from five to three. From 2005 onwards, students would be allocated secondary school places entirely on the basis of their performance in school, circumstances permitting. In future, that is, after 2005, all primary schools will have pupils of band 1 to band 3. Under the proposed allocation system, the

diversity in students' English proficiency in a secondary school may widen. It would be very difficult to ensure that each and every student allocated to an English secondary school is suited to learning through English as the MOI. Mr Tommy CHEUNG suggests that English proficiency should be made the only criterion for the allocation of secondary school places. It runs counter to the recommendation made by the EC and the fundamental concepts behind the reform proposals.

It is only natural that there is diversity in the ability of students. Even when students are classified into five bands under the existing system, there is still a certain degree of diversity in student ability in every school. When after the number of bandings is reduced, English secondary schools may admit more students whose English proficiency will not enable them to learn effectively in the English medium. The question then, of choosing the suitable MOI and to enable every student to acquire subject knowledge, will certainly be an issue to be faced by English secondary schools. We should never overlook the impact of this issue because if the issue is not properly dealt with, it will seriously impair the effectiveness of learning. Under the existing MOI policy and as a general rule, Chinese should not be used in the classroom of an English secondary school. Our concern then, is how the English secondary schools should help those students with a lower English proficiency. We would never want to see those students who are not suited to receiving instruction in the English medium being simply told to study in another school. That is not the solution to the problem. I must admit, however, that such a situation does exist now.

Apart from that, the schools also have two options and that is, either to switch to L1 as a MOI or to enhance the English language training of students with a lower proficiency in English to catch up. As we are aware, some English secondary schools have already adopted remedial measures to help those students with poorer language proficiency. These include the organization of supplementary courses conducted in both English and Chinese before the commencement of a school term and during the long holidays. The Steering Committee on the Study on "Two-Mode" Instruction in Secondary Schools in the ED will first look into the various kinds of remedial measures used in English secondary schools and then put those measures that have proved to be successful on trial in other English secondary schools.

As for the Chinese secondary schools, the allocation system as proposed by the EC will also result in schools admitting students with a great diversity in abilities. As these schools practise mother tongue teaching, the abovementioned situation should not create any new problems in respect of MOI. What needs to be examined, on the other hand, is that while mother tongue teaching should remain to be the principal language in teaching, whether the language environment of a school can be enhanced having regard to the language proficiency of teachers and students and without affecting the latter's mastery of the knowledge of the academic subjects. This will hopefully give the students a solid foundation in their mother tongue and the academic subjects upon which their chances of using the foreign language in the acquisition of subject knowledge can be increased. Such a kind of enrichment learning activities can be applied to all students with sufficient L2 proficiency and therefore will not cause any division among Chinese secondary schools. Besides, this will also help students to adapt to a learning environment which is predominantly English as they further their studies.

For those schools which have opted to switch to using English as the MOI in the senior secondary levels in the next academic year, or teaching certain subjects in English, we need to keep a close watch of the effectiveness of learning and the adaptation of the students. The research findings in these respects would serve to inspire the design of the bridging programme for lower secondary levels.

As such, research in two-mode teaching would cover three areas. These include the ways of dealing with the problem of diverse student abilities in English secondary schools; the problem of adaptation in the switch to English medium instruction in senior secondary classes in Chinese secondary schools; and the enrichment learning activities in English in junior secondary classes in Chinese secondary schools. The ED has set up a steering committee to design the various research projects and lay down the sampling criteria. Members of the committee include language experts, academics, school principals and many representatives from the various school councils. When after the steering committee has worked out the details of the research proposals, it will make the details public. I note with regrets that some details of these research projects at an early conceptual stage have been prematurely disclosed through some unofficial channels, leading to some unnecessary speculations. I hope Honourable Members will not make too many speculations based on the

information disclosed previously. A complete report on the researches will be made public when the steering committee has got hold of all the details.

Owing to the unique historical background and the social milieu in Hong Kong, discussions on the MOI policy would tend to involve emotional elements. However, the formulation of policies must be founded on solid academic principles and actual experience, so we need to undertake serious studies so that when the EC reviews the SSPA System in the academic year of 2003-04, it can make adjustments to the MOI policy as well. I must emphasize that we have no pre-set policy direction in this respect. I also urge Honourable Members to discuss the issues in a rational, objective and scientific manner. Lastly, I hope school principals, school directors and school sponsoring bodies will not use the ability of attracting students with good academic achievements as the principal consideration in choosing the MOI. They should make the interest of students their primary concern. I would like to tender a piece of advice to the parents here, that when they choose schools for their children, they should take the preference and aptitude of their children into full consideration. This will prevent the exerting of undue pressure on their children in return for undesirable results.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may now speak in reply, you still have one minute 15 seconds.

MR TOMMY CHEUNG (in Cantonese): Madam President, I am grateful to the eight Members who have spoken in support of my motion.

I do not wish to any more comments. I believe the Secretary for Education and Manpower does appreciate that many colleagues in this Council as well as members of the community have lots of misgivings and worries about the pilot scheme on two-mode teaching. I hope that the Secretary can make public the details of the pilot scheme as early as possible. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Tommy CHEUNG 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 respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Second motion: Youth unemployment.

YOUTH UNEMPLOYMENT

MR WONG SING-CHI (in Cantonese): Madam President, I move the motion as set out on the Agenda be passed.

Madam President, it is commonly said that young people are the pillars of society in the future. However, according to my observation, young people fresh from schools nowadays have really become "pillars" in our society, meaning that they "are standing there, looking around." They try and try to look for jobs in vain. Last December the youth unemployment rate stood at 20.6%, that is, for every five young school-leavers, one became unemployed.

During the past two months, the Democratic Party painstakingly prepared a "Green Paper on Youth Employment and Training". A green paper is a green paper. It has yet to become a white paper. Thus we are going to consult more people so as to collect more information for discussion with the Government

about the future employment problem among young people. It has come to our notice in the course of the project that the issue of youth unemployment is not only related to the high unemployment rate now, but rather the youth unemployment rate is likely to remain high for long. However, it seems that we have not got any comprehensive policies or strategies to tackle it.

In 1995, the overall unemployment rate was 3.2%, while the youth unemployment rate was 10% — three times that of overall unemployment. Upon the outbreak of the financial turmoil in 1997, youth unemployment went up sharply, rising from 10% to 27.6% in 1999. That was a jump of 17.6%. The increase in the overall unemployment rate was just 2.9%. By March 1999, it appeared that the local economy was picking up, with the overall unemployment rate dropping gradually. However, the youth unemployment rate remained as high as 20%. To sum up, young people bear the brunt of the blow when the economy fluctuates and yet their unemployment rate will not come down when the economy picks up. As a matter of fact, foreign experience shows that economic growth cannot ensure a drop in youth unemployment. All these figures unanimously point to one problem, namely, the youth unemployment rate is likely to remain high for long even if the economy does improve in the future. Every year, many young people will have to face the predicament of unemployment, perhaps long-term unemployment.

As a matter of fact, long-term unemployment may bring enormous pressure on young people and their parents, troubling, of course, their families financially, undermining their self-confidence and reducing their contact with society. Some of them, at a loss after losing their jobs, gradually become short-sighted in terms of the sense of value, and cannot even firmly repudiate certain criminal conduct. According to a survey by the Hong Kong Christian Service, 53% of the young school drop-outs or employed are likely to take risks in desperation when agreeable jobs are nowhere to be found, and may even think of engaging in illegal businesses, such as selling pirated VCDs, drug trafficking and even sex services.

Extensive unemployment among young people is a perennial problem with far-reaching effects on both the young people themselves and society. We cannot afford to treat it lightly. It is, therefore, hoped that the Government can formulate comprehensive countering measures.

Member countries of the Organization for Economic Co-operation and Development ran into the problem of extensive youth unemployment as early as the 1980s, and have, over the last two decades, put forward numerous policies targeting youth unemployment. Gradually they have developed some relatively more complete courses of policy and more comprehensive measures after groping for years. For instance, the United Kingdom primarily places emphasis on young people's right and obligation to have roles in education and vocational training. Because of this concept, the Government, by way of bonus schemes or training subsidies, encourages employers to offer training opportunities, provides trainees with training allowance and even replaces certain income subsidies with youth training allowances so as to increase the opportunities for young people to land jobs. Another example is Germany. Their vocational training for young people is embedded in the education system. With apprenticeship already adopted at the time of secondary education, secondary students receive part-time training in certain private enterprises on apprenticeship contracts. For youth employment, these countries already have some relatively complete policies. Later on, the Honourable SIN Chung-kai will speak on efforts by foreign countries in respect of youth employment.

Given the relatively short development in Hong Kong, youth employment policies are more ambiguous in concept. The Honourable LAW Chi-kwong will later on speak on the concept and courses of Hong Kong's youth employment policies. Though it seems that we do not have comprehensive policies, it does not mean that we do not have any youth employment measures. In fact, we do have many youth employment measures ongoing in Hong Kong now. But all these measures have long been scattered among various government departments or service providers and implemented on an ad hoc basis. Things are all done on impulse. There is no co-ordination, and they are not comprehensive.

Of the departments now involved with youth employment, the Education and Manpower Bureau is responsible for the formulation of policies on education and employment. The Commission on Youth under the Home Affairs Bureau is responsible for youth policies. The Vocational Training Council (VTC) is responsible for consultation and implementation in respect of vocational education and training. There is also the Task Force on Employment headed by the Financial Secretary, a body responsible for employment problems. With regard to the implementation of measures, the Labour Department under the Education and Manpower Bureau offers employment counselling service. Also

under the purview of the Education and Manpower Bureau are the Youth Pre-employment Training Programme and Project Springboard. The VTC and the Construction Industry Training Authority offer courses leading to the Certificate in Vocational Studies, construction trades courses, and the Foundation Diploma courses. The Commission on Youth under the Home Affairs Bureau runs a Youth Community Service Funding Scheme. Social service agencies and the Social Welfare Department (SWD) under the Health and Welfare Bureau are also providing a variety of employment services, such as employment counselling service and trial placement schemes. To be honest, but for this script, I could not have remembered so many names.

It has, however, come to my notice that many departments are addressing issues of different areas on their own. A moment ago I had to refer to this script to name all these measures. How can young people possibly grasp all the information, and understand their options as well as all the services available to them? So in actual implementation, the question as to how all these projects can be co-ordinated poses a challenge to government officials. Regarding services offered by different departments, are there duplications precluding the optimum use of resources? Are there any fault strata where nobody will do follow-up work after our young people have completed the projects? Later on, the Honourable Andrew CHENG will speak in detail on problems in connection with convergence and co-ordination of all services. To forestall all these problems, the Government should set up a task force entrusted with policy co-ordination and development.

This task force must meet two requirements. In the first place, it must be able to co-ordinate matters concerning youth employment and draw up policies on such. In the second place, it must see to it that the departments concerned do put into effect policies formulated by the task force. The Task Force on Employment under the leadership of the Financial Secretary is specifically tasked to study measures of solving unemployment. However, youth unemployment is in fact unique. Here is an example. Every year there are thousands of Secondary Three school-leavers, and youngsters dropping out from schools before reaching Secondary Three or young mainlanders not making their way through the local education system. A key factor in solving their problem of unemployment is, of course, to take them back to the education system for them to overcome the problem of being undereducated. This is an issue different from that of other jobless people. Furthermore, it is necessary for them to get the services offered by some social service agencies. This then involves the

work of the Health and Welfare Bureau and the SWD. However, officials of these departments are not members of the Task Force led by the Financial Secretary.

With regard to the setting up of a task force, the Democratic Party holds an open attitude. We are of the view that a subgroup on youth employment can be set up under the Task Force on Employment led by the Financial Secretary. This is practicable. As an alternative, consideration can be given to the idea of having it set up jointly by the Education and Manpower Bureau and the Commission on Youth. However, in the government structure, the Education and Manpower Bureau and the Home Affairs Bureau are separate Policy Bureaux, neither one being subordinate to the other. We, therefore, think that it is more difficult for them to co-ordinate the work of various departments. So, it is necessary to get the participation of officials from relevant departments in order to ensure that these departments do carry out policies formulated by the subgroup. We are glad to hear and discuss other specific proposals from Members. It is hoped that Members will acknowledge the gravity of the youth unemployment problem, and the need to set up a task force to formulate and carry out a comprehensive youth employment policy. This is indeed most important.

With these remarks, I beg to move.

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

"That, as the youth unemployment rate has not dropped correspondingly with the upturn in the economy and the problem of youth unemployment is becoming increasingly serious, and may become a long-term social problem that will seriously affect the future development of young people, this Council urges the Government to expeditiously set up a task force to conduct a detailed study of the problem, formulate a comprehensive policy on the employment and training of young people, and to steer and co-ordinate the relevant work of the various government departments, so as to enhance the competitiveness of young people, increase their employment opportunities and ameliorate the problem of youth unemployment."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr WONG Sing-chi be passed.

MR LEE CHEUK-YAN (in Cantonese): Madam President, I speak in support of the motion moved by the Honourable WONG Sing-chi today. It is believed that both the Government and all sectors of society do acknowledge the gravity of the issue of youth employment. According to statistics, in 1999, the unemployment rate among those aged between 15 and 19 stood at 26.9%, with that of those aged between 20 and 24 and that of those aged 25 or above standing at 10.1% and 5.3% respectively. These figures show that the youth unemployment rate is five times that of adults. The youth unemployment problem has been worsening year after year. In 1996, the unemployment rate of those aged between 15 and 19 was 12.5%; that is to say, about 10 000 persons in this age group were unemployed. It went up to 26.9% by 1999, that is, 21 500 persons were unemployed. The number of those unemployed and the rate of unemployment for 1999 went up by one fold when compared with the figures for 1996. The problem is becoming more and more serious. Surely, we can deduce the cause for this. It must be supply in recent years being in excess of demand in the labour market, and because of this, discrimination is making its way into the market, rejecting young and relatively older job seekers who are at either end of the age scale in the labour market. Employers feel that it is necessary to use more resources on management and training if an inexperienced person is hired. Then, why not just hire an experienced worker? This is the main reason why employers have discrimination against young people. Please take a look at those vacancy advertisements in the newspapers. They are all recruiting people with work experience.

Furthermore, in addition to having no work experience, most of these young people do not perform well academically. That is why they have dropped out from schools in the first place. In view of their low qualifications and poor academic performance, employers tend to discriminate against them. Discrimination in the market not only exacerbates youth unemployment, but ultimately also forces young people to "cut down asking prices". Even if they do get jobs, they are very ill-paid, thus involuntarily becoming cheap workers. Government statistics show that in the 15 to 19 years age group, one third of the male workers are being paid less than \$5,000, that is, one out of three gets less than \$5,000 in pay, whilst almost one third of the female workers also belong to this income level. That is to say, about one third of both male and female workers are being paid at a level below \$5,000, which is indeed very low.

Surely, the Government also notices the worsening issue of youth unemployment. So, to provide young people with employment counselling and job matching service, the Youth Pre-employment Training Programme (YPTP) was launched two years ago. However, it has long been the Government's practice (I wonder if the Secretary would admit it) to do something in any event. So long as the Government can avoid the criticism of doing nothing, it is all right even if what it has done is just ornamental in nature. We now cannot accuse the Government of doing nothing as the Government has indeed been making an effort. But is its work sufficient? This is another question. I have to ask the Government to examine its own conscience. Can young people, with the assistance of the YPTP, enhance their value, get employment opportunities, achieve self-reliance, and deliver themselves from poverty while also having their value increased with the ultimate result of not wasting society's manpower resources? For the Government to see the YPTP solely as a way to lower the unemployment rate is our greatest fear. In fact, the YPTP basically is not a skills training course. I have spoken with Mr CHOW Tung-shan. According to him, the YPTP basically is not a training programme. This is a fact, the reason being that the YPTP is made up of four units lasting a week or two each, mainly to provide job entry guidance. The Government has recently made improvement to the programme, adding to it a component of on-the-job training. How much training, however, is being provided by employers in this component? I think there is a considerable lack of monitoring in this respect. Also, it seems that the Government does not want to pay much attention to it. We demand the Government to really take up the work of solving the problem of youth unemployment. In addition to lowering the unemployment rate, it should also be really able to make young people grow vocationally and intellectually.

The Social and Economic Policy Institute (SEPI) has just released a report, putting forward some recommendations after a year-long study. One of their recommendations advises the Government to work out training contracts catering for young people's needs in vocational and intellectual growth. Such contracts will last one year to three years, depending on individual trades. During the term of such a contract, an enterprise is required to assign an experienced staff member to be in charge of young workers' on-the-job training. The employer is required to grant study leave for young workers to attend recognized courses of the trades concerned at various educational institutes. Depending on the requirements of the trades, training lasting one year to three years can be provided under this plan, whereby employers hiring young persons are required to send them to training classes. In consideration of employers' willingness to

hire young persons, the Government is to give those employers subsidies. According to our estimate, the implementation of this recommendation is going to require additional annual funding of \$370 million. With regard to this sum, the SEPI's suggestion for the Government is that large enterprises be levied according to the sizes of their establishments at the rate of \$140 per person per year. In this way, \$370 million can be raised to offer 20 000 young people employment and opportunities of on-the-job training. Such a suggestion is in a better position to ensure that young people can acquire job skills well matched with requirements of economic development and enjoying higher acceptability. What is more, it can also promote young people's development in the areas of employment and career, and foster a positive partnership relationship among the Government, the business and industrial sectors, labour unions and social service agencies for them to jointly shoulder the responsibility of developing the manpower resources of Hong Kong. It is hoped that today the Government will listen to suggestions from different Members. Do not "just treat the head when the head aches, and treat the foot when the foot hurts" out of a desire to close the file by "hushing us up" and persuading us that the Government has indeed put in efforts.

Finally, on behalf of the Honourable LAU Chin-shek, I wish Members a happy Lantern Festival on this 15th Day of the First Moon. Thank you, Madam President.

MR HOWARD YOUNG (in Cantonese): Madam President, the rate of youth unemployment has remained high over the past few years. My figures on hand and those given by a few Members just now are similar. Therefore, I am not going to repeat them here.

In 1998 the Government set up a Task Force on Employment under the leadership of the Financial Secretary to study special measures designed to solve the problem of unemployment, including those targeting youth unemployment. However, youth unemployment figures remain high, which seemingly reflecting the point that the plan has not been able to suit the remedy to the case in drawing up appropriate policies for youth employment and training. But certainly, we should not deny the attention given to youth unemployment by the Task Force.

The Liberal Party holds that policies on training must be keyed to meet market needs and dovetail with the Government's overall policies; otherwise

resources can easily be wasted. For example, according to an Audit Commission report of last year, the retail trade last year had some 2 700 vacancies monthly on average whilst the overall job placement rate of Employees Retraining Board (ERB) trainees last year stood at 12% only, reflecting that the ERB curriculum had failed to tie in with the requirements of the labour market. Now let us take a look at the relevant measures introduced by the Government in recent years to solve the problem of youth unemployment. They include training designed to improve young people's job skills, job-hunting technique, and work attitude. However, they tend to be short-sighted and fragmentary, as a result of which vocational training, education and employment policies are separate from each other without co-ordination. Consequently not much has been achieved.

Take the Youth Pre-employment Training Programme (YPTP) launched by the Labour Department in 1999 as an example. Originally, it was intended that different types of employment-related training be provided to Secondary Three to Secondary Seven school-leavers, and that three-month workplace attachment be arranged for them at private organizations, social welfare agencies and government departments. In the course of that, the Government, as an incentive for employers to hire school graduates and trainees, was to grant participating employers training subsidies. However, even though there are many training units in the programme, the duration is too short, the qualification receives no recognition, and technical institutes offer no convergence courses. Indeed how many trainees of the YPTP can ultimately take off, acquire skills and then join the labour force? We should really call this into question.

Furthermore, follow-up work after the completion of training is also very important. For instance, the Audit Commission last year lashed out at the ERB by pointing out that the Board, having spent more than \$1 billion to train 400 000 people over a period of eight years, has no monitoring mechanism for the assessment of trainees' post-graduation job placement situation. There is no further follow-up once it has helped a trainee land his first job. As a result, some of them quit for various reasons after working for a very short time. The 75% job placement rate claimed by the ERB is probably a far cry from the truth. We worry that the YPTP and other similar vocational training programmes for young people might develop likewise. If so, then public funds are just being wasted without achieving any improvement in youth unemployment. However, I understand that there have been some success cases. For instance, the job placement situation of students from the Hotel School of the VTC has always been satisfactory.

Now on Project Springboard, an alternative way to pursue studies for Secondary Five students not accepted for further schooling. Even though the Government has already taken the lead in recognizing the qualification, employers in the private sector are still waiting to see the effectiveness of the plan. Because of this, the Government must step up publicity and promotion efforts for the Project so as to gain endorsement from a broad range of employers. To really help young people enhance their competitiveness, contents of the courses should be boosted, and training well matched with job requirements be provided in accordance with market needs and students' capabilities. The Government may also develop courses of a higher professional content so that graduates can be awarded government-recognized professional diplomas so as to enhance their acceptance by society.

In addition, the Administration should also strengthen the on-the-job training part of the Project, and offer incentives for private organizations to provide more posts for young people with on-the-job training and workplace attachment opportunities.

The Liberal Party is of the view that in order to comprehensively solve the problem of youth unemployment, it is necessary to have a complete plan. However, an even more fundamental issue is to create a favourable environment for the overall economy of Hong Kong, to enhance our competitiveness in relation to the outside so as to revive our economy, and to create more employment opportunities by attracting foreign investors and stimulating internal consumption. Here is the key to the problem. We notice that trades picking up the fastest are continuously recruiting workers, and are still unable to get enough recruits. Some hotel operators also think so.

It is undeniable that the problem of youth unemployment is very serious. It is necessary for the Government to formulate a comprehensive policy to tackle the issue. We do not object to setting up a task force to steer and co-ordinate the relevant work. However, in addressing the issue, the Government should first examine the departments, task forces and committees now dealing with the issue to appraise their co-ordination, distribution of resources and effectiveness. This is even more important because youth problems now come under the Commission on Youth whilst the unemployment issue comes under the aforesaid Task Force on Employment. They, in theory, should be able to do something about youth unemployment. If the Government ventures to set up a new task force without first reviewing the problems with the work of all these task forces

and committees to see what the targets should be or how to effect improvement, then in the end there is going to be just one more structure bearing an empty name.

Madam President, I so submit.

MISS LI FUNG-YING (in Cantonese): Madam President, our economy last year gained remarkable growth. However, there has been no obvious drop in the unemployment rate. What is more, there is no noticeable improvement in youth unemployment, with the unemployment rate among those aged between 15 and 19 standing at more than 20%, and if we put the 20 to 29 age group into the equation, the rate almost reaches 30%. Many social problems will evolve out of the problem of youth unemployment if it is not properly solved. According to information from the Fight Crime Committee, youngsters aged under 16 arrested for crimes in the year 2000 numbered more than 6 200, a jump of 13.5% over the figure of 1999.

Madam President, I think that there are several reasons for the high youth unemployment rate, one being Hong Kong's education system, which, I think, is really blameworthy. The system of nine years' free education was originally intended to achieve universal school education offering equal schooling opportunities to school-age children. It has, however, degenerated to such a state that students are being promoted every year, regardless of their performance and irrespective of their absorption power. As a result, the foundation education of some students has been neglected. They, therefore, run into a lot of problems and difficulties in their studies. With no timely guidance or solution being given, their problems simply multiply. As a result, tens of thousands of students have scored zero in the Certificate of Education Examinations, their grades being "all in the red". As they are not up to standard, they certainly cannot pursue further schooling. Some of them are still full of hope when they leave school, looking forward to finding agreeable employment. It so happens that Hong Kong economy has been poor in recent years. Given their low qualifications and lack of professional skills, they have been unsuccessful in their job hunts. So they just remain idle, fooling around, and even giving themselves up as hopeless. I had been to a youth employment seminar with a theme to call for concern for the problem of youth employment. Also in attendance were some ten youngsters aged between 15 and 18 who appeared to be very depressed and frustrated. According to them, they had

become pests. I sought to know why they said so. They said that they, having failed academically, had become five big nuisances, namely, nuisance to others, nuisance to themselves, nuisance to their families, nuisance to their parents and nuisance to society, and that in the end everybody might "get hurt and die together". I was devastated on hearing that. They ought to have been the future pillars and hope of our society. However, for different reasons, they have become young people at risk. To this, society must show concern and attach weight. We must also try to solve the problem of youth employment.

I think the Government should attach weight to the problem of youth unemployment, and look for "permanent" and "stop-gap" remedies at the same time. With regard to "permanent" remedies, consideration should be given to reforming the nine years' free education. Foundation education in both primary and secondary schools should be reinforced, and both school environment and school atmosphere have to be improved. Attention should be given to their growth in respect of morality, intelligence, physique, sociability and aesthetics so as to ensure that students can actually master firm basic knowledge. At the same time, the Government should also perfect or reform the existing vocational schools and comprehensively review vocational training programmes, including the Project Springboard, so as to give the students more options. Turning now to "stop-gap" remedies, comprehensive policies on youth employment and training should indeed be formulated for co-ordination by the Education and Manpower Bureau. The Youth Pre-employment Training Programme operated by the Government, in my opinion, only serves to offer trainees short-term courses, and help them master some simple skills and overcome some psychological barriers with a view to facilitating their integration into the labour market. In the long run, the Government should put in more resources to offer these relatively ill-qualified and ill-skilled young workers opportunities for continuing education and lifelong learning. The Government should make use of the continuous economic growth to earnestly promote the development of certain industries, including the tourist industry, retail trade and catering business, and actively help small and medium enterprises improve their business environment, thereby increasing job opportunities.

A new century has set in. It is hoped that employers and their organizations can update their views. Do not discriminate against young people with neither diploma nor work experience. Give them opportunities and encourage them to advance. We should also step up on-the-job training and put in resources to promote the mastery of new technology so as to enhance

productivity and create wealth together. Surely, young people should also work hard so as to show their respect and keenness towards their jobs.

I hope that today's debate can draw public attention to the problem and lead to a consensus conducive to solving the problem of youth employment. It is also hoped that, with efforts put in by the Government and active support given by the industrial and commercial sectors, there can be early amelioration in the youth unemployment situation.

Madam President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, in recent years our society has been engulfed by an atmosphere of bewilderment and frustration. The situation appears to be worse than the time when the problem about Hong Kong's future emerged. The financial turmoil has put many people in their biggest predicament, making them feel more and more bewildered about their future. The scenes of young people indulging in rave parties and "Ecstasy" tablets, and the suspicion about students blowing up public toilets are even more frustrating. We cannot help asking why our society cannot provide young people with a better environment for them to spend their energy on more worthy causes.

Sometimes a thought may come to my mind. If we ask young people to quit bad activities, what can we provide them in return? In the past, we would have asked those young people at risk to make a fresh start, abide by the law, behave themselves and look for stable employment. However, we are now not cheeky enough to say so, because the present society in fact has not provided them with such opportunities. It has been particular so over the past few years as we have not been able to provide them with the necessary basic skills to make a living, or satisfy their psychological needs.

As a matter of fact, it is undeniable that the worsening problem of youth unemployment should be attributed to the inadequate work done by the Government in the past. Some people blame the gravity of youth unemployment on the sluggishness and poor competitiveness of members of the younger generation. We surely cannot refute the point that some young people are indeed like that. Have we, however, considered a more direct question: Society is unable to provide them with enough employment opportunities?

As just mentioned by numerous colleagues, the unemployment rate among those aged between 15 and 19 stands at 23.1%, that is, some 18 000 young people are out of job. The jobless in Hong Kong numbers 167 000 in all. However, there are just about 35 000 vacancies registered with the Government. How can those young people, with low educational qualifications and no work experience, possibly compete with the other hundred thousand jobless people who have work experience? So, a practicable solution is the creation of more jobs suitable for young people.

In the past, we did advise the Government to follow the examples of foreign countries in entering into co-operation with commercial organizations, to which pay subsidies should be given for the creation of new jobs for young people so that they can gain on-the-job experience and enhance their skills. In Northern Europe, Norwegian private organizations have created some workplace attachment opportunities for young people, to whom to government pays 50% of their wages for the first six months. The SAR Government has in fact adopted similar arrangements. However, the Government is always "making a go without really letting out money". It always offers subsidies at a discount. For instance, in the case of the Youth Pre-employment Training Programme (YPTP), though the Government does subsidize certain organizations that are willing to hire graduate trainees, the amount of subsidy for each trainee is only \$2,000 and for three months only. This falls far behind the foreign practice, and the discount is very big. Many organizations just do not find such subsidies attractive.

The Government often objects to subsidizing private organizations to create jobs for young people or to provide training opportunities on the pretext of non-interference in the market. Can the Government, however, view the matter from another angle? To give young people training in order that they can acquire skills and become self-reliant can, in fact, help the community of Hong Kong save a lot of money in future. Do not be short-sighted. Cast our vision farther. If we today enhance young people's skills, then both the young people of today and those of the next generation will benefit from it as a lot of social resources can thus be saved. For example, we probably need not provide more unemployment assistance or Comprehensive Social Security Assistance, or build so many prisons. Therefore, I am of the view that with regard to such sums that are worth spending, the Government should not be so tight-fisted; otherwise the burden on society will increase in the long run.

At present, resources spent on vocational training by the Government only take up 0.24% of our Gross Domestic Product. Compared to other developed countries, resources so used in Hong Kong do not quite measure up to one half of that of Sweden. It is estimated that now some 60 000 young people leave school as graduates or drop-outs every year. Granting that their academic performances are all satisfactory, they, generally speaking, have merely been educated at secondary grammar schools, and do not have special skills. They just cannot meet the actual work requirements. Though vocational training is being provided to them by the Government, those courses usually lag behind the situation prevailing, with emphasis mainly placed on the construction industry or manufacturing industry. Because of the restructuring of Hong Kong economy, it is very difficult for young people to join new professions or progress in new professions. It is, therefore, necessary for the Government to deploy more resources to improve training.

In fact, we made quite a few suggestions on training in the past. For example, with regard to financing, it is hoped that part of the proceeds from the future government auctions of the 3G licences can be set aside as training funds to help the training of young people. Regarding training and education, it is hoped that the Government can adopt the dual-track system used abroad so as to introduce into secondary school curriculum more training courses in job skills. I call upon the Government to respond to this seriously.

It goes without saying that vocational training is very important. However, another major cause leading to youth unemployment is psychological. Hong Kong's education system has always been branded as one producing failures. With stress placed solely on success or failure, and the sole yardstick being academic performance, students not doing well academically are often not given attention. Under such system with a single yardstick of evaluation, even if they do possess some other strong points, they will still be ignored or rejected. They, therefore, cannot build up self-confidence. These young people, sacrificed under our education system, will still have to bear the stigma of failures even after starting their careers in society. Because of poor academic performance, they cannot find good jobs, and enjoy slim chances of promotion. Our current observation is that even if young people do find jobs, they are just some mundane jobs. So, I am of the view that terms of employment must be improved and the education system reformed; otherwise it is going to be even harder to induce young people to join the labour market with zeal and confidence. I, therefore, think that the Government should indeed work harder on the issue of youth unemployment.

Madam President, I so submit.

MISS CHOY SO-YUK (in Cantonese): Madam President, Hong Kong is in the midst of the third round of its economic restructuring. However, in the process of its march towards a high value-added and knowledge-based economy, our young people are facing a very trying challenge in the area of employment. According to government statistics, the unemployment rate among those aged between 15 and 19 has been hovering between 23% and 28% since the third quarter of 1998. The unemployment figure for those aged between 15 and 19 was as high as 18 000 in the third quarter of 2000, representing an unemployment rate of 23.1%, the highest among all age groups. Young people provide Hong Kong with one of its driving forces for development. To subject them to such merciless and harsh blows when they are entering society fresh from school definitely will weaken their self-confidence and their hopes for the future. They might even go astray or engage in self-destructive conduct. It is, therefore, necessary for the Government to expeditiously look for effective methods to improve the youth employment rate.

According to the experience of foreign countries, young people are the most vulnerable in times of economic recession or economic restructuring. As they are young and do not have much experience, they often have to bear the brunt of the blow when the economy turns sour. Furthermore, in recent years, young people have been making a lot of unfavourable impressions. For instance, many employers consider them to be poor in social relations, not diligent enough in work, and immature in handling things. All these render young people prone to losing jobs. For this reason, government measures promoting youth employment should effectively improve young people's job skills, job-seeking techniques, and work attitude, and, moreover, give them enough opportunities to acquire work experience so as to inspire employers with greater confidence in hiring young people. Equally important is young people's way of thinking. The Government should encourage young people to pursue continuing studies so as to help them equip themselves. In recent years, the Government has formulated measures to promote youth employment. These include launching the Youth Pre-employment Training Programme (YPTP) and Project Springboard, and increasing the training places available in the Vocational Training Council (VTC) for Secondary Three or Secondary Five school-leavers. However, experience shows that employers do not attach much weight to experience gained by trainees from the YPTP. The courses concerned have been criticized for being too simple. The Administration should, therefore, improve the courses by enhancing their practicality and extending their duration. Their acceptability among members of the public has

to be improved too. On the other hand, the tuition fee under Project Springboard is very high. For a young person totally unemployed and making no income, it puts additional burden on him as well as on his family. The Government should grant appropriate subsidies to the needy young people.

Madam President, in order to effectively help young people tackle problems arising from the difficulty in finding jobs, I suggest that the Government put into effect the following measures:

- (1) Deploy more resources to provide unemployed young people with more temporary jobs or arrangements for community involvement so as to maintain young people's zeal for work as well as their positiveness.
- (2) Put in resources to help voluntary agencies operate youth trial placement schemes so as to benefit more young people. At present certain voluntary agencies operate youth trial placement schemes lasting four to six months to offer young people flexible and diversified job training programmes. Participating young people get temporary posts and receive training from employers, thus building up their sense of responsibility as well as zeal for work. The Government may give allowances to those employers so as to encourage them to offer trial placement posts.
- (3) To cater for young people who are totally at a loss about their future and paths in life, "one-stop" service centres may be established to offer services in personal assessment and counselling, and to provide information materials and application forms from government departments and voluntary agencies regarding employment plans and further schooling. They are to cater for young people at the levels of Secondary Three, Secondary Five and Secondary Seven.
- (4) Youth unemployment also places parents under certain pressure. If the Government can give parents suitable counsel, then it probably can help parents relieve the emotions of their children.

Madam President, to create a social environment suitable for the development of young people, it is necessary for families, schools, youth organizations, and all sectors of society to work in concert to help young people build up a positive attitude towards life and a sense of commitment. Society should show them greater concern and make more opportunities available to them.

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

DR RAYMOND HO (in Cantonese): Madam President, with enterprises of all sizes laying off employees or cutting their pays, and the market shrinking over the past few years on account of economic downturn, the ranks of the unemployed have been growing. The situation of unemployment is worst in the case of middle-aged people. They also attract most attention from the community as well as from the Government. However, in recent years, the problem of unemployment has spread to young people, even showing signs of further deterioration. On 4 February this year, the Social and Economic Policy Institute (SEPI) released a study report on Youth Employment and Employment Policy in Hong Kong, according to which, ever since the financial turmoil of 1997 the young people in Hong Kong have been living in poverty and experiencing seriously worsening unemployment. This is especially true of young women, with three out of 10 in impoverished employment. The SEPI also looked into the unemployment rate among young persons of the 15 to 19 age group, finding that the said rate went from 12.5% in 1996 to 26.9% in 1999. Last year the Government recorded double-digit economic growth. According to Labour Department figures, however, the unemployment rate among young people still stood at 20.6% at the end of last year. Thus the situation of unemployment is still serious. Madam President, in my opinion, youth unemployment is not just the problem of young people themselves; it is also an issue involving society as a whole. It is necessary for the Government to face up to it.

The downturn in our economy is the main cause of youth unemployment. In the present local labour market, supply is in excess of demand. In recent years, there has been endless news about corporate down-sizing or winding-up. With many school graduates joining the labour market every year, the situation is one in which the gruel is meagre but the monks are many. What is more, over the past few years, the Government has frozen the recruitment of civil servants

and drastically slashed the size of the Civil Service in order to cut down on expenditure. As our economy is now picking up, it is my hope that the Government will take the lead in stimulating the labour market and providing more jobs by creating more civil service vacancies. Those posts can even be contractual ones.

Poor competitiveness on the part of young people is another factor contributing to youth unemployment. Generally speaking, employers in Hong Kong tend to hire job applicants who have work experience and relevant skills. Where can fresh school graduates get experience? I think that in the case of young people fresh from school, the biggest barrier in job hunting is their limited experience. Because of this, I suggest that the Government encourage employers to step up training programmes. As an incentive for them to hire more fresh graduates, the Government may give them suitable subsidies.

Turning now to young people with low academic qualifications, the cause of their unemployment is probably related to their academic qualification. The Government has been advocating lifelong learning in recent years. However, local tuition fees are very expensive. Generally speaking, it costs tens of thousand dollars to get a university degree. It costs more than \$600 just to study a simple computer course at a private computer school. Granting that a person with low academic qualification does want to pursue studies, he can ill afford to pay for the expensive tuition out of his meagre income. With the case being like this for the employed, let alone the jobless young people. I have two comments to make on this. Firstly, the Government should increase young people's study allowance or encourage private organizations to provide them with allowances. Secondly, practical subjects, such as accounting and computing courses, should be introduced or beefed up for the current secondary school curriculum in order that secondary school graduates can have skills that facilitate their job-hunting right away.

Madam President, I hope the Government can consider the suggestions just put forward by me, and study their feasibility. Comprehensive Social Security Assistance can only be short-term relief for the unemployed. To really solve the problem, a permanent cure must be found. The permanent cure for youth unemployment is to increase employment opportunities and enhance their competitiveness. However, the vacancies that the Government can create are limited; so are the resources that the Government can deploy for the enhancement of young people's competitiveness. So the Government ought to

set itself as an example. Do not turn a blind eye to the problem of youth unemployment. I, therefore, call upon the relevant government departments to strengthen their co-operation and communication so as to draw up suitable policies for an expeditious solution of the problem of youth unemployment.

Madam President, I so submit.

MR TAM YIU-CHUNG (in Cantonese): Madam President, over the past few years, because of the high unemployment rate and limited vacancies in the market, there has been ample labour supply. As a lot of choices are available, many employers, believing young people to be inexperienced, tend to eliminate them in the process of selection. However, they also do not hire those aged above 30, whom they consider to be too old. So people involved in retraining like us sometimes feel very frustrated. Being too young and being too old are just excuses. The supply and demand in the market and the economic situation are in fact the key factors.

Recently, the local unemployment rate has been dropping. However, the situation of unemployment among the young people is still worse than that of other age groups. The unemployment rate among those aged below 25 was 3.5 times that of other age groups in 1992, with the difference going up to five times last year. Young people unable to find suitable employment after leaving school might run into trouble in their development, burden their families financially, and even bring to society a lot of adverse effects. Unable to absorb enough young workers and upgrade their skills, the labour market ultimately might have an even more serious situation featuring a fault and mismatch, which as a result might impede the pace of economic development. In face of this, the Government introduced the Youth Pre-employment Training Programme and Project Springboard, both being launched by the Labour Department, in addition to increasing opportunities for further studies for Secondary Three and Secondary Five school leavers.

To reduce youth unemployment, measures specially catering for the issue must be adopted. On top of this, however, it is necessary to have long-term planning in respect of human resources development strategy. This is even more important. The globalization of economy and the rapid growth in information technology render it necessary to properly develop manpower resources and enhance technology before there can be continuous development of

society and economy. The absence of long-term planning in respect of human resources development and technology upgrading in Hong Kong explains why many workers will invariably be eliminated or marginalized by the labour market whenever there is economic restructuring.

Currently, a few government departments and organizations are separately involved in manpower training. They include the Employees Retraining Board, the Vocational Training Council, the Construction Industry Training Authority, the Clothing Industry Training Authority, the Labour Department, the Social Welfare Department, and the Education Department. The Education and Manpower Bureau got involved too recently. I am of the view that all this just leads to organizational overlap and over-stretching of resources. The ultimate result is the fragmentation of training policies. Today, in bringing up the issue of youth unemployment, the Honourable WONG Sing-chi has called on the Government to expeditiously set up a task force to look into relevant matters and find solutions. I surely hope that the Government will set up a task force. Furthermore, I also hope that the Secretary for Education and Manpower will conduct a comprehensive review and make adjustment to the current training structure so as to achieve more effective utilization of resources and change out-dated policies or stop-gap arrangements.

If the Government still maintain its old way of thinking regardless of the gravity of the youth unemployment problem, then the problem may just be swept under the carpet for the time being. Ten years or so later, the young people of today will become jobless middle-aged people. Should the training policy pursue this path, it would end up only in a dead alley. With regard to the human resources situation in the next five years, the Government has made a general evaluation and forecast for an understanding of the future manpower demands. How to dovetail with the requirements of the development of future manpower resources is, in my opinion, the most important current issue. To this we will have to give top priority.

Madam President, I so submit.

PROF NG CHING-FAI (in Cantonese): Madam President, there have been sharp increases in the figures of unemployment and underemployment ever since the restructuring of our economy and the outbreak of the financial turmoil in 1997. There have been a lot of discussions on the matter among members of

the public. Comparatively speaking, the problem of youth unemployment, especially in the 15 to 19 age group, has received little notice though. It is timely for Mr WONG Sing-chi to propose this motion debate.

The youth unemployment problem has not arisen in recent years only. It has been around for 10 years. Since 1990, the unemployment rate among young people of that age group has been higher than that of the overall unemployment rate, always at a double-digit level from 1995 onwards. This situation is indeed worrying.

That youth unemployment is worsening is not the only cause of concern. According to figures, the problem has been around since the time when economy was prosperous. This means that we should view the matter from different angles. Apart from economic factors, other factors not favourable to youth employment must also be considered.

As an effort aiming at the lack of experience and skills on the part of young people, the Administration launched the Youth Pre-employment Training Programme (YPTP) last year. Government officials recently pointed out that 85% of trainees under the YPTP found employment after on-the-job training. The outcome of the programme has been good. Madam President, the *raison d'être* of the programme is worth supporting. However, as just mentioned by colleagues, the programme still leaves much room for improvement in areas like support services set-up and administrative arrangements. In addition, I would also like to point out that many trainees under the said programme undergo practical training in government departments or social service agencies. The jobs at these places are very much different from those in commercial establishments. So, before starting another round for the programme, the Government should consider attracting the participation of a broader range of employers to increase trainees' training vacancies in private commercial establishments in order that more trainees can grasp a fuller understanding of the work of commercial organizations.

Other than the YPTP, another new programme, namely, Project Springboard, was launched by the Government last year. Several months after the launch of the project, the Government and the representatives of some business sectors announced their recognition of the qualifications of the project graduates. However, it seems that the acceptability of the project among members of the public is still not quite sure. If the effectiveness of the project is

not recognized by the employment market, then young people still cannot improve their employability even if they do become better qualified. The Government should therefore press further on with its efforts to persuade employers of the project's acceptability.

The Hong Kong Council of Social Service conducted a study on Secondary Five students' situation relating to employment and further schooling late last year. It was pointed out, among other things, the Secondary Five school-leavers joining the labour market apparently do not have plans for employment. As young people are ill-prepared for employment and do not have the necessary skills, it is easy for them to run into employment problem. In my view, to make students having such need somewhat understand the job market, the Government may provide them with employment counselling through different channels before they leave school. However, I do know that teachers and school social workers do not well understand the job market and the nature of different work types. Perhaps schools may have to consider forging more co-operation with commercial organizations, with the Government or voluntary agencies playing the role as a go-between or co-ordinator. Arrangements with different organizations can be made to organize workshops for students. Summer vacation can also be a time for practical experience. A more important point is that with such employment guidance, a proper work attitude can be fostered among young people. Most local parents want their children to gain admission into tertiary institutions, which easily leads young people to the misconception that failure to further studies at the tertiary level is a sign of inferiority, thus rendering them incapable of developing a proper attitude towards work. Such attitude might jeopardize their employment opportunities. We have the saying that "Every profession produces its own leader". Successful cases abound locally. However, the story has another side. If our future education system can provide working young people with opportunities to pursue further studies so as to upgrade their qualifications, perhaps even up to degree level, then I think it is going to give encouragement to some young people to consider taking up employment first before pursuing further studies. In this way, a proper work attitude can be fostered. On the other hand, I would also like to point out that at a time of knowledge-based economy, in order to maintain one's competitiveness, one still has to enhance one's value by studying continuously even though one already possesses certain academic qualifications. At present, the Government is putting in efforts to promote community learning and lifelong learning. This will probably help young people pursue further studies.

As pointed out by me right at the beginning, youth unemployment is not just an economic issue. We notice that the Government has done something about it. However, to ameliorate youth unemployment, we cannot just bring about a temporary solution without effecting a permanent cure. It is necessary to comprehensively formulate policies on youth employment and training as well as youth development projects. It appears to me that in addressing youth unemployment, government officials still need to press on with their efforts. Furthermore, the issue involves the purview of several departments, for example, departments under the Education and Manpower Bureau and the Health and Welfare Bureau, and even the Home Affairs Bureau which has newly taken up youth development work. All these departments must step up co-operation and co-ordination. Consideration should be given to the idea of setting up a standing steering committee, if one does not already exist.

With these remarks, I support the motion.

MR ERIC LI (in Cantonese): Madam President, first of all, I would like to declare an interest. I am the Chairman of the Commission on Youth. As several Members have mentioned the Commission, I think it is necessary for me to declare interests. I also offer my thanks to Members expressing concern for the matter.

Youth unemployment is one of the most important issues among youth affairs in many countries over the world. The case is very special in Hong Kong. In the past, youth unemployment was not a problem here as our economy had been good for a long time. It just did not constitute a problem. But it now has turned into a hot topic causing much concern. Though such a development is not something we want to see, it does highlight the point that our perennial attention, constant monitoring and efforts from all parties are required if the gravity of the problem is to be alleviated. I am, therefore, very glad that the issue has been brought up for discussion here today. The motion moved by Mr WONG Sing-chi is very positive and forward-looking. I give it my full support.

However, with regard to certain facts and information, I have something to say. I have no intention to say anything for the Secretary for Education and Manpower. I think that she definitely will present her views. Being the one who should shoulder part of the responsibility in this matter, I would like to have a pragmatic and frank exchanges of views with Honourable colleagues.

Now on facts. Please note that discussions on the issue of youth unemployment have to be based on different age groups. The problem with those aged between 16 and 19 is far serious than that with those aged between 19 and 24. According to Mr WONG's motion, nobody can be benefited when the economy is poor. This perhaps is not consistent with certain data. As far as I know, some of the figures just mentioned by some Members earlier are not up-to-date. It is hoped that the Secretary for Education and Manpower and Mr CHOW can offer us explanation later. According to some more recent data, the unemployment rate among those aged between 19 and 24 is showing signs of gradual alleviation, now probably standing at a level close to that of other age groups. However, there is still problem with those aged between 16 and 19. I will return to this point later.

Furthermore, the motion links economic cycles directly with unemployment. I wish to point out that although there cannot be unanimity in our debate, we, following a lot of discussion on the matter with social workers and people concerned about education, agree that the economic situation is only one of the factors contributing to youth unemployment. Family background is also a key factor, especially in the case of those aged between 16 and 19, the younger ones among the young people. The Hong Kong community gives much support to young people about to start working in society. So, economically there is perhaps no pressing need for them to look for employment immediately. According to some employer representatives, even though they are prepared to hire young people, the latter will still not take up the jobs if they find the terms not satisfactory. It is not that employers are unwilling to hire them; nor is it that there are no jobs. They simply do not accept the jobs. The main reason is that support available from their families is greater. Moreover, to a certain extent, they have more opportunities and options in respect of schooling or employment. Many young people are registered as jobless with the Labour Department, however, ultimately they might make other choices. This drives up the figures.

Thirdly, it has something to do with the way of the world. If an employer can choose between two job-seekers, he will naturally opt for the one who has work experience and is more mature. If an employer has to cut a post in a bid to streamline his establishment, do you think he is going to go for the one with financial burden or a young person with no financial burden? This has been mentioned by employers and worker representatives, such as the Honourable CHAN Yuen-han and the Honourable LEE Cheuk-yan. So, both social

workers and educators agree that to a certain extent we have to accept that the unemployment rate among the very young ones, for example, the 16 to 19 age group, is inherently higher. We consider this to be normal. There is no need to treat it as a big problem requiring immediate solution. Make a more in-depth analysis and we will arrive at a more proper approach to the problem.

I totally agree that it is not a good phenomenon or a good thing for a fresh graduate who is full of aspirations and who is zealously stepping into society to find no opportunity to do what he is aspiring for as if no fair opportunity is available. This is also true of a person who, though very competent or even better than some of those already working, is denied the chance to demonstrate his ability. To society, this is, after all, not good. As just pointed out by the Honourable Miss LI Fung-ying, this will cause young people great anxiety and give them a sense of failure. I think we should attach more attention to this.

Many people allege that we have neglected the issue. This I cannot agree. Last Saturday, I spent the whole morning on lengthy discussions with four advisory boards and committees, namely, the Board of Education, the Social Welfare Advisory Committee, the Committee on the Promotion of Civic Education, and the Commission on Youth, and all the relevant government departments. Also present were Mr CHOW and colleagues from the Education and Manpower Bureau. Everybody showed considerable concern for the matter. Persons representing workers, employers, social workers and some other sectors have put in a lot of co-ordinated efforts. However, the problem is that task committees should not be overlapping. Basically, they are divided according to functions or age groups. Youth unemployment is an issue that concerns both functional groups as well as age groups. In my opinion, youth unemployment is an issue properly falling within the purview of the Education and Manpower Bureau. The Commission on Youth will try its best to adopt synchronizing measures, and strengthen monitoring and attentiveness in the area of co-ordination. We, therefore, have invited them to attend our next meeting and to make suggestions. We also look forward to getting Members' suggestions. But for your advice, new programmes such as the Youth Pre-employment Training Programme and Project Springboard would not have materialized. I have told Labour Department officials that those programmes still have room for improvement. If you are willing to be patient while giving your advice, then these programmes can be improved as time goes by. Members taking part in today's debate agree that these programmes do have positive values. So we ought not to lose confidence in them.

MR ANDREW CHENG (in Cantonese): Madam President, it seems that most of the Members who have spoken earlier do acknowledge the gravity of the problem of youth unemployment. Over the past 10 years, the unemployment rate of young people has always been higher than the unemployment rates of other age groups. Grave though the problem is, it seems that the Government has not been paying much attention to it. Up to 1998, measures adopted by the Government to combat unemployment did not particularly address young people's needs. It was not until 1998, when the overall unemployment rate deteriorated, did the Administration decide to deal with the issue of unemployment with a Task Force on Employment headed by the Financial Secretary. The Task Force put forward 23 recommendations, of which about nine were specially designed for young school leavers. Most of these are training courses, with the exception of the Youth Pre-employment Training Programme. On the whole, measures adopted by the Government to target youth unemployment and researches done by the Government are apparently fewer when compared with those of European and American countries.

As a matter of fact, youth unemployment is partly caused by a structural situation in which supply is in excess of demand. According to government figures, last year 140 000 people sat for the Hong Kong Certificate of Education Examination (HKCEE) for Secondary Five students. Some 90 000 of them were candidates taking six subjects. With just some 20 000 school places for Secondary Six students, most of the Secondary Five school-leavers cannot gain admission into mainstream matriculation classes. Of course, they may still opt for vocational training, for example, diploma or certificate courses offered by the Hong Kong Institute of Education, and certain courses available from the Construction Industry Training Authority or the Clothing Industry Training Authority. The Government launched the Youth Pre-employment Training Programme in 1999. Additionally introduced this year was the Project Springboard. However, all those places and training quotas are not unlimited. Furthermore, most of the courses only admit those with at least five or six passes in the HKCEE (with the exception of the Youth Pre-employment Training Programme and Project Springboard). It is not of much use to the many students with relatively poorer results. (This year some 20 000 HKCEE candidates scored zero).

These students, the ones with poorer results, are often kept out of various avenues for further schooling/training. However, as they do not have work experience, they can only get some humble jobs or are even rendered

unemployed when they first step into the labour market. In 1999, there were some 27 000 Secondary Seven students, with university places numbering about 14 000. About one half of the matriculants cannot gain admission into universities.

According to a survey conducted by the Hong Kong Council of Social Service (HKCSS) from 1999 to 2000, 70% of the Secondary Five students interviewed indicated that they had had neither on-campus nor off-campus employment counselling, with more than 20% not knowing where to get counselling service, and about 13% not considering such service useful. Of those interviewees who had had on-campus employment counselling, more than 50% considered such service to be of only little use to them. With minimal crisis awareness at a time when they have yet to graduate, most young people pay little attention to on-campus employment counselling service. By the time they can go no further with their schooling, they do not know where to get counselling service. How many Secondary Three or Secondary Five school-leavers have the patience to take the initiative to approach the Labour Department for jobs? The two stages of the HKCSS survey indicate that only 10% to 15% of those interviewed will approach the Labour Department for jobs. It is, therefore, a task requiring top priority to step up youth employment counselling.

Let me put aside employment counselling for the time being and speak on training first. In 1999 the Government launched the Youth Pre-employment Training Programme (YPTP), which, according to the Administration, is very successful. As just mentioned by the Honourable Eric LI, we do not dismiss the point that here the Government is deliberately trying to do something about youth unemployment. However, there has been a lot of criticisms such as the programme being too short, and teaching trainees some very simple skills only. With only very little time for practice, it is said to be of little use. A survey also reveals the fact that most trainees just regard the Youth Pre-employment Training Programme as a life buoy offering an interim choice at a time when there is no way out. It is said to be of little help to them in their job hunts.

The effectiveness of measures designed to improve youth employment is just passable. In addition, the measures themselves are piecemeal. In some cases, they are not quite well co-ordinated or organized. For instance, some of the courses offered by the YPTP are similar to those run by the Vocational Training Council (VTC). Furthermore, they have to be organized separately. Are some administrative and teaching resources being wasted in this way? Just

as in the case of some VTC courses, there is no way for the YPTP graduates to fit in with mainstream education. So the effectiveness of these programmes is questionable.

Madam President, the Democratic Party does not have any panacea for the problem of youth unemployment. However, the Green Paper just released by us in fact mentions the point that the Government may set up a department tasked with special responsibility to comprehensively review youth employment policies. Different aspects, such as computation of data, financial aid, and the co-ordination and implementation of measures, are all worth study. Surely, the Democratic Party has some specific recommendations in the Green Paper, for example, asking the Government to create some posts designed for young people, to increase school places, and to provide subsidies. According to the experience of other countries, the Government may directly create new posts to provide young people with work experience. Those posts are, generally speaking, to be on a part-time basis and to last for three to 12 months. In some Scandinavian countries, in addition to providing young people with government posts, financial incentives are also offered to encourage private enterprises to create posts for eligible young people. Such employment usually does not exceed half a year. To ameliorate the youth unemployment problem, the Democratic Party has stated 25 detail policy suggestions in the Green Paper. We will follow up on the said issue. It is not our target to get a quick fix for all the problems concerning youth unemployment. However, it is hoped that this can at least arouse extensive discussions, and draw attention from the Administration so as to have youth unemployment, an issue of gravity, placed on the agenda of mainstream labour matters.

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

MR DAVID CHU (in Cantonese): Madam President, although our economy and business environment did improve last year, the employment situation of the grassroots in our community still allows no room for optimism. Facing the tough employment situation are people aged around 40 or 50 as well as many young people. With the unemployment rate among young people remaining high for a long time, inevitably a series of other social problems such as crimes and drug abuses will arise. Besides jeopardizing their future, these are also pernicious to the long-term development of Hong Kong. As also pointed out by the Chief Executive in his policy address, youth work is one of the major

missions of social development. The needs of young people must also be taken into consideration in the formulation of social policies in different areas. It is, therefore, necessary for the Government to address the problem of youth unemployment squarely, and expeditiously introduce effective remedial measures.

The causes of youth unemployment are many, such as adverse economic situation, and poor competitiveness on the part of young people. According to the research of the Organization for Economic Co-operation and Development, youth employment policies of different nations are broadly categorized into two groups. Under the first category, efforts first tackle labour supply with a view to improving young people's employment opportunities by enhancing their human capital. This is also the chief measure currently adopted by the Hong Kong Government, the Youth Pre-employment Training Programme (YPTP) being an example. The YPTP provides young people with on-the-job training and gives them a better understanding about the work environment, thus to a certain extent making them better able to meet the requirements of the labour market. However, as the economy undergoes restructuring, a short-term training programme like the YPTP can give no relief to the shortage of basic level posts and the poor career prospects of Secondary Five school-leavers. Under the second category, efforts first tackle demand with a view to creating more employment opportunities for young people. With regard to this, the Chief Executive's policy address also put forward some measures designed to directly increase young people's employment opportunities.

Madam President, in my opinion, in order to ameliorate youth unemployment, it is also necessary for the Government to note the following points:

Firstly, the Government really should do some self-examination. Why is our youth unemployment rate still above 20% while the funding for education is already taking up 20% of the annual budget? Every year, the Government spends \$3 billion on vocational training, with \$2 billion going to the Vocational Training Council, \$700 million going to the Employees Retraining Board, and \$300 million going to non-degree programmes of the two polytechnic universities. With training courses offered by several institutions, there is an impression that students are being given more choices. However, will there be a waste of resources because of duplication of efforts and adverse competition?

Secondly, in recent years there have been in society unfavourable impressions about young people in employment. To encourage employers to hire young people, the Government should promote and spread the positive images of young people.

Thirdly, with unemployment rate constantly standing at a high level, more attention should be given to young people with regard to psychological problems and mental health issues that grow out of their need to face unemployment. Currently, various support, information and counselling services are scattered among different government departments and voluntary agencies. The present situation can be improved if all these are grouped under one roof for the use of young people.

Fourthly, our knowledge-based economy is going to eliminate disadvantaged social groups, people with low academic qualifications. The Government must expeditiously draw up clear policies on training and employment for young people with low academic qualifications.

Finally, the Government must understand that the restructuring of our job market is not a matter only concerning education and training for workers. It also involves co-ordinated support in policies on business environment (especially in the case of small and medium enterprises), finance and immigration. It is, therefore, necessary for the Government to consider the issue from a holistic perspective.

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

MISS CHAN YUEN-HAN (in Cantonese): Madam President, youth unemployment is not a recent problem. As a matter of fact, over the past few years the Hong Kong Federation of Trade Unions (FTU) has repeatedly reminded the Government of the growing gravity of youth unemployment. Hong Kong had 27 000 unemployed young people in 1996. The figure went up to 57 000 by 1999, representing a jump of more than 100%. Though the trend has been dropping in recent days, the situation, in my opinion, still gives cause for concern. The reason is that these young people with low academic qualifications have become a fairly big problem. We have noticed that

impoverished employment troubles the middle-aged people, old people and young people alike. We understand that the range of jobs available to young people is narrow, and that they are generally required to work long hours. As noted by Mr Eric LI, young people are short of experience in many areas. I agree that the scopes of their skills and knowledge are limited and that they really do not have as much social experience as older workers do. Yet young people have one characteristic, namely, it is not easy for them to have job satisfaction or a far vision on work. All this contributes to the problem they are facing now.

I think it is now possible to solve the problem concerning youth unemployment. According to Mr Eric LI, this is a major problem abroad. However, my view is that I need not be pessimistic so long as the Government is resolved to solve the problem. The question is how the Government coordinates its measures. This issue must not be neglected. Facing us are not just problems coming from ordinary young people. We also notice that every year there are many young school drop-outs, young people at risk, young immigrants, or physically disabled young people. All these are problem young people. It is necessary for us to combat and overcome problems together with them.

Madam President, when I browsed through papers relating to the discussions on youth gangs conducted in the last term of this Council, I noticed that some colleagues, when discussing youth problems, had raised the point that we should not make sweeping generalizations about young people. As I have just mentioned, underlying the problem of youth unemployment are many issues attributable to different people. How do we treat them and help them solve problems according to their situations? As a matter of fact, we can see that young people of different age and gender groups differ in their situations. We should adopt different methods to assist their integration with society. They are, after all, young people, and there ought to be many opportunities for their development. How is the Government going to draw up an overall plan? That is the only question.

Madam President, when I attended young people's seminars during the past few years, they invariably told me that they were puzzled by their exclusion from discussions about youth affairs. Mr Eric LI just mentioned the point that he had been in touch with many young people. His impression, I believe, is

probably similar to mine. Young people notice that they are not allowed to participate when their problems are being discussed by adults. However, adults often do not understand young people's situation. So this constitutes a fairly big problem. How do we solve this problem? I think it is important to let young people participate in discussions.

I also wish to point out that when discussing the youth problem, we should not see it as a problem by itself. It should be seen as a collective problem. Nor should it be seen from a very optimistic perspective. If we reckon that society in future will be composed of talents in high technology, then there is an even greater need for the Government to consider this issue.

With regard to this problem, I also wish to point out that we must admit that on top of all such states of affairs, the issue of youth unemployment also has a general character, which has something to do with the fact that our education system has gone wrong. The education system of Hong Kong can be said to be one "allowing one examination to have the final say for the whole life". Because of "one examination having the final say for the whole life", many young people, though gifted with enormous potentials, have to drop out of school before graduation. Unfortunately, institutions offering pre-vocational training are unable to put up a good show. After decades, they can only provide Secondary Three students with training in just 41 job types, much divorced from market requirements — I think the Secretary for Education and Manpower knows that I am again lashing out at the Vocational Training Council (VTC). In other words, our current education system and pre-vocational training have actually made no complementary arrangements for our young people; nor have they designed courses in accordance with their specific characteristics and particular conditions. I think the Government should resolutely look into the matter. I am not as optimistic as Mr Eric LI, who thinks it is easy to solve the problem. This is a very big problem. A course to the right, a course to the left and even a course in the middle can all lead to different results. As noted by the Honourable TAM Yiu-chung, young people can afford that as they are still young. However, in eight or 10 years, they will grow older and become middle-aged people. A troublesome question will then emerge.

I agree with Mr Eric LI that the Government has put in a lot of efforts recently. But I must point out to the Government that the present situation is just one in which "the surface is being scratched without going in deeply", and "only the head is being treated when the head aches, the foot being treated when

the foot hurts." When the SAR Government sought proposals from different departments to solve the problem, they all came up with some "weird measures". I want to run a list of offices and departments that are currently responsible for youth problems — Mr Eric LI just brought up this without offering any solution — these offices and departments include the Education and Manpower Bureau, the Home Affairs Bureau, the VTC, the Education Department and the Labour Department. However, I note that they all deal with youth problems separately, as mentioned by Mr Eric LI. Some issues will first go to the Education and Manpower Bureau, which, after dealing with them up to a certain extent, will pass them onto another department for attention. There is not a single department that will closely study a problem when it reaches them. So there appears a very strange phenomenon. Offices and departments have all introduced some policies in a rash response to the SAR Government's call for a solution to the problem of youth unemployment, therefore I think the Government should take a look at the problems that have cropped up in different offices and departments. Take the Youth Pre-employment Training Programme as an example. Both trainees and organizations running the courses have strongly criticized the programme, noting, among other things, that the courses are too short. With each unit lasting just a week or two, trainees cannot learn much. As a result of government review, pre-vocational training has indeed been strengthened. However, once a young person has landed a job after training, there is no one to keep watch to see whether such training courses are helpful to his work. Not a soul will monitor this. The different offices and departments just adopt a few measures in a rash response to the Government's call.

The FTU, therefore, hopes to help those aspiring and smart young people solve some problems. I am indeed worried that if we again waste a few more years, all these problems will eventually develop into another onerous social issue. To centralize efforts to solve the problem, I call upon the Government to effect co-ordination among various departments. Do not let the departments pass the problem around. This in the end can accomplish nothing even if many plans are launched. A lot of public money has been spent, but all in vain. I want to use this motion to bring out our views. It is also hoped that the Government will attach attention to this matter. I agree that the Government has indeed adopted some measures. However, the problem remains that all of them are just some remedial policies.

Madam President, I support the motion. Thank you.

MR SIN CHUNG-KAI (in Cantonese): Madam President, when the economy is poor, the unemployment rate of young people will rise much faster than those of other age groups; on the contrary, its descent is slower when the economy recovers. If we refer to the cases of other developed nations in respect of this issue, we can easily notice that in some developed countries, such as in Northern Europe, Sweden, France and Germany, the unemployment rate of young people is often particularly high when that of a certain group is high. If we consider Hong Kong to be a developed place, the situation of consistently high youth unemployment has probably already become a standing problem, not just a temporary one. If we are to address this standing issue, we have to consider standing measures. This is the first point I want to raise.

Second point. Over the past few years, the Government has put in much effort on the problem of unemployment. Some successful labour unions have also put in efforts to solve the problem concerning middle-aged workers around 40 or 50 changing jobs or facing unemployment. However, the fact goes like this. If we just consider the rate of unemployment, then according to Figure 3 shown in the report released by the Democratic Party (which the Secretary for Education and Manpower probably has already read), the unemployment rate of our young people is consistently three to five times that of adults', that is to say, taking up 5% to 6% of the overall unemployment rate of more than 20%. The actual count perhaps does not take up so large a portion. However, in multiples, the percentage taken up by youth unemployment is comparatively higher. When we deploy resources to tackle unemployment, the Government has to consider this. How should we allocate resources seemingly coming from the same pie if no additional resources can be spared? This is precisely the question that we have to consider. Certainly, I hope that more resources can be deployed for the training or retraining of the middle-aged and the young. Granting that additional resources can be deployed, it is still necessary to see how resources can be devoted to helping the young and the middle-aged. This is a standing issue, for the combat of which we have to adopt standing measures.

I mentioned some developed countries a moment ago. For youth training, resources so spent in developed countries take up 0.02% to 0.32% of their Gross National Product, the average being 0.12%. Having studied different categories of countries, we notice that in certain cases, the resources so spent are three times that of 0.12% and their unemployment rates are relatively lower than the average rate. In brief, unemployment rate drops as more resources go to training; conversely, unemployment rate rises as fewer resources go to training.

This is just as simple as ABC. Let us use 0.12% for the purpose of comparison. Based on the productivity of Hong Kong in 1999, and calculated on the basis of Organization for Economic Co-operation and Development standard, the resources spent by us on youth training should have amounted to \$2.5 billion. Surely, the allocation for the Vocational Training Council alone amounted to \$2 billion. However, the money was devoted to vocational training, not entirely on education.

To sum up, the premise that we should consider goes like this. Is this a standing problem? We are today offering some modest points in a bid to draw brilliant ideas. If the Government deems it necessary, it may employ consultants to conduct a detailed study. We think this is a standing problem. It is, therefore, necessary to come up with some standing measures and map out a standing plan to resolve the problem. The Democratic Party considers this to be a standing problem, and, therefore, finds it necessary to bring in standing measures and increase current training resources. We, of course, want to see enough resources, for example, provisions amounting to 0.21% of our Gross Domestic Product. As noted by numerous colleagues, if we do not solve this problem expeditiously, the problem will still be hanging around when those young people grow older. So comparatively, the urgency of the problem of youth unemployment is more pressing than that of the middle-aged.

The Democratic Party is of the view that it is now necessary for the Government to comprehensively review its training work. With regard to certain aspects, it is hard for us to have discussions too early. However, we find some government measures too rigid. For instance, the Employees Retraining Board is not allowed to spend resources on those aged below 30. It is hoped that the Secretary for Education and Manpower can clarify this point. If the Government indeed is to put in more efforts here, then, in my opinion, training resources should at least be spent on young people too.

We notice that, to encourage employers to hire young people, some countries such as France, Italy, Portugal and Spain offer wage subsidies. However, on the question as to whether or not wage subsidies are good enough to encourage employers to create new posts, there is no conclusion yet. Over the past two years, in dealing with young people out of employment, governments of different countries have been more inclined to passive measures, such as the offer of unemployment relief. In recent years, the emphasis has

been shifted to equipping young people with job skills so as to enhance their competitiveness in the labour market.

In 1997, the European Parliament agreed that a set of employment policy guidance be formulated while asking member states to improve young people's vocational training. For young people out of employment for more than six months, member states are required to make available to them one of the following: training, retraining, providing work experience or some other arrangements. Some other countries also launch new youth policies to combat youth unemployment.

Madam President, as stated in our motion, we hope that the Government can set up a task force to deal with a problem which is not temporary but perennial. Finally, I call upon the Government to face up to the problem.

MR HENRY WU (in Cantonese): Madam President, according to statistics just released by the Census and Statistics Department, the provisional figure of overall unemployment rate for the period from October to December 2000 is 4.5%. However, the unemployment rate among those aged between 15 and 19 reached as high as 20.6%. As a matter of fact, youth unemployment has been going up steadily in recent years, standing at 12.5% in 1996, and reaching the peak of 26.9% in 1999. Though it has been coming down gradually of late, it is still far higher than the overall unemployment rate.

It is estimated that as many as 80 000 graduates with standards ranging from Secondary Three to university level will join the labour market every year, thus putting much pressure on the employment market. According to the Government's Report on Manpower Projection to 2005, there will be a surplus of 136 000 workers below junior secondary school level by 2005.

In recent years, the Hong Kong Government has devised several service programmes intended for young school-leavers, for example, the Youth Pre-employment Training Programme and Project Springboard. However, these programmes have made limited achievement. There is even criticism saying that the programmes merely provide secondary school graduates with a transit period so as to prevent them from sinking into unemployment upon graduation. It matters not whether such criticism is valid or not. I think the Government should put in more efforts to study how to increase employment opportunities

that are opportune and suitable for young people. Do not just provide simple and nominal training services. After all, only steady employment can solve the problem of unemployment.

Madam President, unemployed people aged between 15 and 19 are mostly young people dropping out of school for different reasons. Most of them have low academic qualifications and very little social experience. Unemployed and making no income, they are vulnerable to temptations leading them astray. Criminals may even make use of them in crimes, in which case the impact will be lifelong. So, at present the most pressing task is to find ways to give these jobless young people proper attention so as to expeditiously find them jobs or school places for them to grow healthily.

Unfortunately, the Government seemingly is not paying much attention to these young people's unemployment. Conversely, some social service agencies have to take the initiative and find resources to attend to and care for these young people's employment situation.

Madam President, let me make a declaration here. I am the Chairman of the Executive Committee of the Boys' and Girls' Clubs Association of Hong Kong. Two years ago — I stress two years ago, our Association already noticed the gravity of the problem of youth unemployment, and took the initiative to look for financial assistance to introduce a Wage-earners' League, a general assistance programme for youth employment, in a bid to help young people aged between 14 and 18 and education below Secondary Five figure out their situation, and encourage them to foster a positive work attitude and proper outlook on life.

Under the programme, trainees improved their skills and self-confidence through value enhancement counselling and skills training lasting five weeks in total. Immediately following that period of training was what I call the "matching" process, that is, trainees were assigned to suitable posts according to their interest for trial placement lasting three to six weeks. To these school dropouts, it is not easy to stay on unwaveringly to complete training and trial placement lasting three months in total. After such a long "learning" stage, these young people, with social workers' help and follow-up service, can then confidently join the labour force or resume schooling. The programme, having been in progress for two years, had conspicuous results. Of the 315 trainees who completed the training, 182 managed to find employment in half a year,

producing a success rate of 57.7%. Eighty-one resumed their schooling or took up some other training after completing our training programme, accounting for 25.7% of the total. Even if the calculation is based on the figure of 585, the total number of people initially enrolled for training, still 45% of these young people ultimately managed to drop out of the ranks of the unemployed.

On top of the abovementioned achievement, I would like to share with colleagues some personal feelings. Last year, I had the honour of attending the said programme's graduation ceremony, an occasion filled with touching scenes. In addition to the many young people who completed the programme, also present were their parents and participating employers. They looked excited and proud. The most touching moment came when several boys and girls, who had completed the programme, demonstrated their skills and talents, such as in hair-styling and bakery, or shared with us the touching stories and feelings that they had had during the course of the programme. On seeing their diligent work attitude, their positiveness about society and life and their return to the warmth of their families, I felt the upsurge of a warm current in my heart.

Madam President, many factors have contributed to the success of this programme. Apart from professional social workers, accommodating employers and supportive parents, the question of resources was ultimately involved. Had there been enough resources, the total number of people benefiting from the programme would have been some 1 200, that is, the number of people who had applied, and not just 585. For the year 2000-01, the Labour Department only earmarked \$147 million for use on the overall employment service. How much did the youth sector get? So, in its review of how youth unemployment can be ameliorated, the Government should consider granting additional resources to certain successful programmes so as to ameliorate the situation as soon as possible.

Madam President, I so submit.

MR MICHAEL MAK (in Cantonese): Madam President, the problem of unemployment is troubling every sector of society, with the press frequently reporting on people committing suicides because of unemployment. If the Government does not find a proper solution for the problem, there will be an outburst of discontent in society sooner or later. As a matter of fact, a vicious circle of social issues has already evolved from the problem of unemployment in

such areas as family, marriage, crime, social harmony and mental illness. At present, our overall unemployment rate is still high, standing at 4.5%. The rate of unemployment among those aged between 15 and 19 stands at 23% whilst those of other age groups range from 2.4% to 5.8%. It can thus be seen that the problem of youth unemployment is very serious. In fact, one of the causes leading to unemployment is the Enhanced Productivity Programme (EPP) carried out by the Government and government-subsidized agencies in recent years.

Ever since the dot.com frenzy early last year, the economy of Hong Kong has been in the process of restructuring, moving from conventional economy to knowledge-based economy. The market still has strong demand for those with computer skills. It seems that there is no employment problem for people equipped with those skills. However, people not yet mastering new skills, such as those fresh from secondary schools, do have great difficulty in getting employment as they are short of work experience and have no professional skills.

According to the newspapers, some young people, in a rush to get employment, are vulnerable to traps set for jobseekers as they are short of social experience. Enrolment in modelling schools, transactions in London Gold and pyramid selling companies are all examples. Some of them even risk danger in desperation, and venture to sell pirated CDs, thus committing criminal offences.

To alleviate the gravity of youth unemployment, the Government launched the Youth Pre-employment Training Programme (YPTP) in 1999 in a bid to provide young people with comprehensive pre-vocational practical training so as to enhance their competitiveness in seeking employment.

However, according to information from the Employees Retraining Board (ERB), out of the 19 000 students applying for enrolment in September of the year 1999-2000, only 10 000 managed to complete the programme, which is indicative of the fact that trainees do worry about their prospect following the completion of the programme and are, therefore, opting for better exits.

Last March, the ERB surveyed 10 000 students freshly completing the programme in question. Only 39% of them replied to the effect that they had found employment, which indicates that the YPTP has not achieved satisfactory results, and that employers have doubt about those trainees' quality of service.

I suggest that the Government should give more publicity to the YPTP and establish more contacts with the industrial and business sectors so as to understand better their expectations of those trainees and then revise the contents of the programme in order to boost their confidence in graduate trainees.

Besides young people, middle-aged people of 40 or above are facing an even more serious problem because of the arrival of the new economy. Most of them know very little about computers or new economic skills. They are the first to bear the brunt amid all talks about downsizing.

According to a report by the University of Hong Kong, though the unemployment rate, labour participation rate and income level of 40 to 49-year-old men with academic qualifications below Secondary Five standard are not worse than those in other age groups, they unfortunately have to face more serious problems; that is, they are more prone to unemployment and likely to remain unemployed longer than others.

Turning now to the functional constituency that I represent — the Health Services, we are concerned about the employment situation of the fresh graduates. According to information supplied by the Education and Manpower Bureau last June, not all of the graduates from the various disciplines were able to find jobs related to their studies, and some of them even went jobless.

According to the data for 1999, out of the 156 Nursing graduates, only 125 managed to find jobs in relevant work; that is, some 20% of the graduates were unable to practise what they studied. Of the 49 Occupational Therapy graduates, some 15% were unable to find jobs in related areas or actually went jobless. In the case of Pharmacy, it was 10%. It was even more serious with Physiotherapy, with some 55% being unable to find jobs in that discipline.

I have been in touch with those about to graduate in the coming year. Many of them are worrying about their employment prospects after graduation. What a big pity! Every year the Government spends a lot of resources to train up graduates of different professions. Yet the Government is unable to offer corresponding recruitment posts by the time they graduate. It wastes taxpayers' money as well as those young students' precious youth.

I call upon the Education and Manpower Bureau to step up communication with various universities and health service organizations so as to safeguard the career prospects of health service graduates. I also call upon the Government to scrap the EPP as soon as possible in order that the organizations concerned can provide more opportunities by creating more jobs.

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

MR AMBROSE LAU (in Cantonese): Madam President, the unemployment rate among youths in Hong Kong runs counter to the trend of economic recovery. That is to say, the more the economy picks up, the higher the rate of youth unemployment grows. According to the results of several surveys, the unemployment rate of those aged between 15 and 19 stands at more than 20% whilst that of those aged between 20 and 29 stands at about 6%. The difficulty faced by jobless young people is the labour market's structural rejection of them. So, youth unemployment should not be simply attributed to such factors as "personal laziness" or "lack of experience". To address the issue, the Government should expeditiously set up a task force to study it and formulate measures and policies accordingly.

The essence of the problem of youth unemployment is that the Government has long not treated youth employment as their basic right. Their unemployment can be attributed to the mismatch of policies on education, production and human resources on the part of the Government. The Government is duty-bound to make young people's right to employment the guiding principle in working out action plans, co-ordinating measures, and support services.

The Youth Pre-employment Training Programme now being run by the Government should be further developed and improved so as to turn it into a complete development plan of youth employment. Such a plan should include the following:

Firstly, training contracts should be worked out to cater for young people with emphasis on job skills to enable them to meet the requirements of the new economy and be recognized by society; secondly, co-operation among the Government, industrial and business sectors, labour unions and social service agencies should be promoted in order that concerted efforts can be made to address and solve the problem of youth unemployment.

Madam President, even though the Government cannot single-handedly provide a lot of job opportunities, its role is not just confined to serving as a go-between in the employment market. The Government must draw up holistic policies on the protection of youth employment, providing opportunities for young people's vocational training and continuing education that are suited to the new economic development and recognized by society, promoting co-operation among government departments, industrial and business sectors, labour unions and social service agencies, and reversing the situation in which jobless young people are subject to structural rejection by the labour market so as to create a good employment environment for jobless young people.

In my speeches at related motion debates previously, I repeatedly called upon the Government to place the emphasis of retraining on fresh school-leavers and jobless young workers in order that they can work further on for years, and not be eliminated by the rapidly changing new economy and the drastic adjustments in industries and be swept into the long-standing unemployed ranks. This concerns the future of numerous fresh school-leavers and jobless young workers as well as social stability and the Government's affordability in respect of unemployment relief. The problem of youth unemployment can brook no further delay. The sooner that an overall plan is drawn up and hard efforts put in to solve it, the more will be savings from the enormous cost of solving this thorny issue. Madam President, I so submit.

MR LAW CHI-KWONG (in Cantonese): Madam President, we have had detailed discussions on the problem of youth unemployment, especially that concerning those aged between 15 and 19. Quite a few Members have spoken on the effect of unemployment on young people and on the ways to help young people find employment. I shall speak mainly on some concepts behind the overall policy on youth employment.

Because of economic development, knowledge becomes the main component of productivity and work experience is one form of important knowledge. Given nine years of basic education, young people step into the labour market ill-prepared. This is, I believe, a clear consensus in society today. The economic growth of society and the demand for knowledge move on like a train that is picking up speed. It is becoming more and more difficult for fresh school-leavers to board the train. This happens to Secondary Three and Secondary Five school-leavers. It is also becoming more serious even in the

case of university graduates. To provide them with reasonable assistance in smoothly boarding the train of employment is a mission calling for greater efforts on our part.

According to many people, it is necessary to introduce education reforms. Surely, a target of education is simply not just to serve employers and help them train workers. However, one of the targets of education is to help young people grow up and prepare for future independence. To help young people grow up for them to step into the labour market is, of course, also a target of education. As it is something involving education reform, I am not going to dwell on it in detail here. I just want to highlight the rubric: education is a form of investment in human resources and there can naturally be no satisfactory returns if the investment is bad. The Government deploys a lot of resources for the promotion of education. It can be said to be a major item of social investment. However, at the same time, we should also treat the offer of employment assistance to young people as a form of education, which is also an important social investment.

Besides society, families and the individuals, employers of course also constitute quite an important part in the investment in human resources. It is commonly alleged that Hong Kong employers discriminate against young people. I am of the view that to use the word "discriminatory" to describe employers' reluctance to hire young people is to divert our attention, and might lead to the belief that employers can be rendered more willing to accept more young people and the problem solved by just making more appeals. I believe most of the employers who are unwilling to hire inexperienced young people make their decision not to invest in human resources because of economic considerations. This is a vicious circle. Employers' reluctance to invest in human resources contributes to higher mobility among young people in the labour market, which only makes employers even more unwilling to invest in human resources. As a result, fewer and fewer employers are prepared to hire inexperienced young people. To put an end to such a vicious circle, it is necessary for the Government to intervene.

Small and medium enterprises make up the bulk of our economic structure, which is another factor affecting Hong Kong employers' investment inclination. Limited by scales of economy, small and medium enterprises bear far higher risks than large enterprises in making investment in human resources. In other words, there will be considerable losses to the small and medium enterprises

which hire only a few workers each in the event that their employees quit after they have made the decision to invest in human resources. It is, therefore, totally against economic principles to encourage small and medium enterprises to hire inexperienced young people. Thus it is necessary for the Government to adopt appropriate measures to lower the costs of small and medium enterprises in investing in human resources. This is the basic strategic consideration.

So, when discussing youth employment, we should not just consider what is good or what is bad for the overall economy. We should also consider issues concerning the overall economic structure of our society, which include what I just said about young people' mobility in the labour market, employers' investment inclination with regard to human resources, and small and medium enterprises making up the bulk of our economic structure. In view of this, we should regard youth unemployment as a dislocation of investment in human resources. The Government's role is to see how to make giving due attention to youth employment a basic government policy. At the same time, we should see employment assistance as part of education, conduct a positive, dynamic and comprehensive review, and draw up relevant policies.

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

(No Member responded)

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, high unemployment among young people is a common problem for advanced economies. This is mainly because young people lack working experience, change jobs frequently and possess relatively low skills. At a time when the economy is still in the doldrums and the demand for labour is declining, young people naturally find it harder to get a job. According to the consolidated statistics published by members states of the Organization for Economic Co-operation and Development (OECD), the unemployment rate among young people aged between 15 and 24 is approximately double the overall unemployment rate. A study conducted by the OECD also pointed out that young school-leavers face a particularly high unemployment risk in their first year of employment. The situation is even worse for those who are poorly educated.

Under the influence of the Asian financial turmoil, the youth unemployment rate has risen sharply over the past few years, from 4.8% in the fourth quarter of 1997 to 13.6% in the same period of 1999. Moving into 2000, there has been improvement in the employment situation following the economic recovery, with the overall unemployment rate dropping from 6.3% in the fourth quarter of 1999 to 4.4% in the same period of 2000. In the corresponding period, the unemployment rate of young people aged between 15 and 24 has also dropped markedly from 13.6% to 9.4%. The ratio between the youth unemployment rate and the overall unemployment rate has also slightly dropped from 2.2 to 2.1. All these figures point to the fact that there is a corresponding improvement in youth employment and the overall economic and employment situation.

As our economic structure becomes increasingly knowledge-based, youth with lower education standard and less working experience will face a higher unemployment risk. We must begin with education and training in order to radically solve the youth unemployment problem.

Improving education in terms of quality and quantity provides a long-term solution to the youth unemployment problem. Last year, the Chief Executive undertook in the policy address that, starting from the 2002-03 school year, the Government would provide sufficient subsidized places to enable young people with appropriate abilities and the desire to further their studies to continue to do so upon the completion of Secondary Three education. As a result of this, the unemployment rate of young people aged between 15 and 19 is expected to drop dramatically in two years. The Chief Executive has also set a target to allow 60% of people of the appropriate age to receive tertiary education in 10 years. The expansion of tertiary places will further help reduce the unemployment rate of people in the 17 to 19 age group. Nevertheless, we should note that these policies are aimed at enhancing the knowledge and skills of young people to enable them to cope with the need of knowledge-based economy, rather than reducing the youth unemployment rate.

We are actively launching education reforms in the hope that every student can enjoy all-round development in the domains of ethics, intellect, physique, social skills and aesthetics. Insofar as curriculums are concerned, we will put emphasis on nurturing the students' general abilities. We will also provide them with five different learning experiences, including pre-vocational working experiences, to make it easier for them to adapt to social changes. At the same

time, a number of practical subjects, such as information technology (IT), accounting, English word processing and business communications are offered in the Hong Kong Certificate of Education Examination curriculum. In September 2000, the Education Department (ED) launched a new technical curriculum covering IT, commerce, image literacy, desktop publication, and so on. These practical courses will greatly help students in their future employment.

Nevertheless, it will take a considerable period of time for the Government to put its education reforms into full implementation. Therefore, we need to take a number of short-term remedial measures to help young school-leavers who are not fully equipped for employment. In the long run, we aim to incorporate training offered by the Youth Pre-employment Training Programme and Project Springboard into the school curriculum rather than providing such training under a separate arrangement upon the students' graduation if the desired result of the reforms can be achieved. Of course, we do not expect these two short-term programmes to completely solve the youth employment problem. Indeed, constant improvement has been made to the contents and specific arrangements of the programmes. This year, the Youth Pre-employment Training Programme introduced on-the-job training as well. Participants generally believe the courses can help and add value to their personal development.

At present, there are a number of poorly educated, low-skilled people trying to seek jobs in the labour market. The Education and Manpower Bureau, relevant government departments and training institutions are actively devising appropriate training courses for employees, including young workers, of individual trades and industries with a view to enhancing their competitiveness in employment. At the same time, the ED is reviewing the mode and effectiveness of adult education with a view to benefiting more young people who were deprived of opportunities of education in their early years. The review is expected to conclude in mid-2001.

Madam President, the youth unemployment problem is a matter of social concern. Prolonged unemployment will have negative impact on the development of young people and undermine their confidence. As young people are the future masters of society, the Government attaches great importance to their healthy development and has made substantial investment in educating and training young people. We believe that only through a forward-looking manpower policy integrating education with training can we effectively

solve the youth unemployment problem. I am very grateful to Mr WONG Sing-Chi for moving this motion today. I would also like to thank a number of Members for their valuable opinions. I will carefully examine their proposals with the relevant departments.

As Secretary for Education and Manpower, I am obliged to formulate comprehensive youth employment and training policies and co-ordinate the work of the relevant government departments. Insofar as individual issues are concerned, the Education and Manpower Bureau has set up task forces together with relevant institutions to plan and implement various measures. Projects such as Project Springboard and skills improvement programmes are now managed by different task forces comprising inter-departmental staff. As youth employment and training issues cover numerous areas, we cannot treat young people with generalizations and deal with them with a standard method, as Miss CHAN Yuen-han commented earlier. There is actually nothing wrong for different government departments to serve youngsters coming from different backgrounds and with different needs. While I very much agree that there should be steering and co-ordination among government departments, the setting up of a standing interdepartmental task force is not necessarily the most effective way of handling the matter. The Education and Manpower Bureau is responsible for co-ordinating education and training matters. Should there be a divergence of views among Policy Bureaux or government departments with respect to their work, we may submit the problem to the policy committee headed by the Chief Secretary for Administration for discussion. Moreover, a Task Force on Employment comprising members of the academic circle, and representatives of employers and employees, was set up by the Financial Secretary in mid-1998 to discuss measures to solve the youth unemployment problem. In handling youth problems, we must give consideration to the realistic community as a whole for young people are a member of society. On the other hand, if we overly concentrate our energy and resources on solving the youth unemployment problem, the employment opportunities of people of other age groups will be affected.

The steering and co-ordination mechanism suggested by Mr WONG Sing-Chi does actually exist, though it may not entirely tally with the mechanism proposed by Mr WONG in form. Moreover, its scope is not necessarily confined to young people aged between 19 and 24. Yet I believe they are in conformity with each other in spirit, and I see no contradiction in their principles.

Madam President, I so submit.

PRESIDENT (in Cantonese): Mr WONG Sing-chi, you may now reply and you have up to four minutes 30 seconds.

MR WONG SING-CHI (in Cantonese): Madam President, I once met a parent, who asked me what to do as his son was unable to find a job after completing Secondary Three. I told him to let his son join the Youth Pre-employment Training Programme (YPTP). He asked me whether or not his son would be able to find a job after completing the YPTP. I told him that there appeared to be a trial placement scheme offering a monthly allowance of \$1,000 after the completion of the YPTP. He went on to ask if a job could be landed after trial placement. I said that he could try enrolment in Project Springboard. He then asked if it was necessary to pay a tuition fee under Project Springboard. I answered in the affirmative, saying that it would cost tens of thousand dollars a year. He then sought to know how to make the enrolment decision. I had no way out but to hire his son as a temporary worker. (*Laughter*) In this way, I have hired three temporary workers. In the event that some more Secondary Three youngsters are unable to find employment, would Members please offer your helping hands and see if you can hire them as temporary workers.

One day, my son told me that life was depressingly boring. He is just a small kid of nine. I asked him why he said so. He said life was depressingly boring every day with such routine events as going to school, coming back from school, doing homework, and watching TV in free time. I told him it was not like that and that if he could make it, he could go to university after completing, in sequence, primary school and secondary school, adding that there would be a lot to be learned at university and that he could find employment after graduation, make contribution to society and serve people, just like his father.

Another day, I was watching TV with him. It so happened that there was a report on a young man who jumped to his death from a building. My son asked me why that young man had to jump from a building. I told him that it was because he had been jobless for several years since graduation from university. He then asked me what he should do. I could only sigh as I did not know the answer. At present, there are indeed many young people who are unable to find employment after graduation. Hopelessness has driven some of them to suicidal acts of burning charcoal or jumping down from buildings. Fortunately, I, being a Legislative Council Member, can move a motion in the Legislative Council to urge the Government to pay more attention to the problem

of youth employment. Today, at long last, I have moved the motion. After listening to Members' speeches, I believe that the motion stands a good chance of passage. I am in a position to tell my son that his father has honoured his promise.

The Secretary for Education and Manpower has just made mention of some wonderful and brilliant follow-up work. I implore the Secretary for Education and Manpower and the Government to honour promises made to children and young people, just as I have done. Care for their employment and future. I call upon the Government to undertake the mission diligently, unceasingly and meticulously so as to let young people have a bright vision and good future to look forward to.

Quite a number of Members have spoken today. Nobody, I believe, is going to object to this motion, which means that basically the problem of youth unemployment is a matter of concern among Members, parents, and kind-hearted citizens. It is hoped that we are not just making empty talk, and that in the future we can work hand in hand with the Government to improve youth employment for the betterment of society.

May I thank Members for their support. I hope that this motion can get a smooth passage. It is also hoped that our proposals can later be put into effect. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr WONG Sing-chi 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 respectively of each of the two groups of Members, that is, those returned by

functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 3 pm tomorrow.

Adjourned accordingly at twenty-seven minutes to Eleven o'clock.

Annex I

WRITTEN ANSWER

Written answer by the Secretary for Economic Services to Mr Fred LI's supplementary question to Question 5

As regards the visitor attendance for each of the events supported by the International Events Fund (IEF), the Hong Kong Tourist Association (HKTA) has reviewed relevant data and liaised with some of the event organizers, and has now provided us with information on the visitor attendance. I attach the statistics provided by the HKTA for Members' information.

Appendix

Visitor Attendance in
Each of the Events Supported by the International Events Fund

Eight of the 12 events supported by the Fund had been held. Information on visitor attendance at these events has been gathered partly by the HKTA through their assessments and partly by individual event organizers through other channels:

<i>Proposals</i>	<i>Visitor Attendance</i>
1. Samsung Action Asia Challenge	500
2. Celine DION in Hong Kong Concert	2 700
3. A Sentimental Journey	5 000
4. The Manulife Cup South China (HK) vs Manchester United (UK)	380
5. HK Action EXPO — Asia '99	560
6. Air Supply Valentine Concert 2000	300
7. Hong Kong's EuroChristmas	33 000
8. Interactive Digital and Electronic Entertainment Expo 2001	Statistics not available yet

Annex II**INTELLECTUAL PROPERTY (MISCELLANEOUS AMENDMENTS)
(NO. 2) BILL 2000****COMMITTEE STAGE**Amendments to be moved by the Secretary for Commerce and IndustryClauseAmendment Proposed

New

By adding -

"5A. Publication of request to record

Section 20(1)(c) is amended by adding "and" at the end."

New

By adding -

"8A. Costs and expenses in proceedings before court

Section 136(1) is amended by repealing everything between "reasonable" and the full stop."

New

By adding -

"19A. Costs and expenses in proceedings before court

Section 62(1) is amended by repealing everything between "reasonable" and the full stop."