

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 14 June 2001

The Council met at Three 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 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 CHEUNG MAN-KWONG

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE BERNARD CHAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

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.

THE HONOURABLE WONG SING-CHI

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

MEMBERS ABSENT:

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE HUI CHEUNG-CHING

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

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

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

THE HONOURABLE YEUNG YIU-CHUNG

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE FREDERICK FUNG KIN-KEE

PUBLIC OFFICERS ATTENDING:

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

THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE ANTONY LEUNG KAM-CHUNG, G.B.S., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE ELSIE LEUNG OI-SIE, J.P.

THE SECRETARY FOR JUSTICE

MR MICHAEL SUEN MING-YEUNG, G.B.S., J.P.

SECRETARY FOR CONSTITUTIONAL AFFAIRS

MR CHAU TAK-HAY, J.P.

SECRETARY FOR COMMERCE AND INDUSTRY

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

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

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

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

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

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

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

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

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

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

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

MS ELAINE CHUNG LAI-KWOK, J.P.
SECRETARY FOR HOUSING

MR KEVIN HO CHI-MING, J.P.
SECRETARY FOR TRANSPORT

MR PATRICK LAU LAI-CHIU, J.P.
HEAD, CENTRAL POLICY UNIT

CLERK IN ATTENDANCE:

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

PURSUANT TO RULE 8 OF THE RULES OF PROCEDURE, THE CHIEF EXECUTIVE, THE HONOURABLE TUNG CHEE-HWA, ATTENDED TO ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT (in Cantonese): Members will please remain standing for the Chief Executive.

PRESIDENT (in Cantonese): The Chief Executive will first address the Council.

CHIEF EXECUTIVE (in Cantonese): Madam President and Honourable Members, I am pleased to have this opportunity to meet with Honourable Members and to exchange views with you on topics of concern to the community. Before answering your questions, I would like to share with you some observations on the recent economic development of Hong Kong and our current economic restructuring.

Over the past three years, Hong Kong has been hard hit by the fallout of the Asian financial turmoil. But with decisive monetary and fiscal measures taken by the SAR Government, the adaptability and innovation of our industrial and business sector, the tenacity and entrepreneurship of the Hong Kong people, as well as the steady growth of the mainland economy, we have managed to overcome the challenges. Our economic recovery is one of the strongest among all Asian economies.

Since the fourth quarter of 2000, the United States economy has softened while the Japanese economy remained weak. Against this background, the economic growth of Hong Kong has experienced a slowdown. At the same time, we are undergoing a period of economic restructuring. My Administration is fully aware of the difficulty and pressure experienced by the low income groups and we are doing all we can to address their concerns.

In the past six months, through my district visits, I have been trying to gain a better understanding of the problems faced by our people, and to identify the work that the Government can do to help them. We will continue to work hard to implement the following measures. Firstly, we will boost our economy, create job opportunities and ease the hardship of our people. To this end, we will speed up our infrastructural development, maintenance and improvement works, in order to provide more job opportunities. Secondly, we will increase our investment in education, environmental protection, cityscape and public health to create more jobs for lower-skilled workers, and strive to improve the

environment and quality of life of Hong Kong, turning it into a more beautiful and comfortable city that we all take pride in. Thirdly, while upholding the principle of fiscal prudence, we will refrain from raising public fees and charges that have direct impact on livelihood so as to avoid adding to the burden of our people and to encourage domestic spending. In considering any proposals on adjustment of public fees and charges, we will take into account the affordability of the people and the impact on the overall economy. Fourthly, we will actively promote our tourism to attract more overseas visitors to Hong Kong. Their consumption here will provide impetus for the labour-intensive businesses such as retailing and catering sectors.

In last year's policy address, I suggested that apart from the job opportunities to be created by the implementation of our public works projects, we should create an additional 7 000 lower-skilled jobs within this year. This goal will be achieved by next month. In the coming few months, the Education and Manpower Bureau, the Health and Welfare Bureau, the Environment and Food Bureau, the Home Affairs Bureau are exploring ways to create more job opportunities for lower-skilled workers within their respective work areas. On top of this, the Government adopted new initiatives in late May, requiring that for the outsourcing of government services, the wage level and maximum working hours of employees should be taken as key considerations in the assessment of tenders. I hope the Government can set a good example so that other public institutions and the private sector will be encouraged to follow suit in safeguarding the rights of the lower-skilled workers. I know that the Housing Department is planning to revise the existing security service contract for public housing estates with a view to changing gradually the shift pattern from double shift to triple shift, and thereby shortening the working hours of security guards in each shift. The proposal will be submitted to the Housing Authority for endorsement as soon as possible. I believe that in the short run, the above measures will make a positive impact on our job market and our economy.

In the long run, Hong Kong has to deal with the economic restructuring brought about by the globalization of the world economy and advances in information technology. Overseas corporations around the world are all our competitors. Our success will hinge upon our ability to develop into an innovative and high value-added economy. In such an economic climate, it is inevitable that lower-skilled workers will bear the brunt of the impact, finding it difficult to earn a living. This is something we do not want to see. To ensure

a smooth economic restructuring, the transformation and upgrading of our workforce is of paramount importance. In the short and medium term, the SAR Government will remain committed to the implementation of retraining programmes, helping the jobless as well as those who are displaced by economic restructuring to acquire new skills. Over the years, our workforce has time and again overcome the challenges brought about by economic restructuring through their intelligence, agility and skills. We should have confidence that your strengths will again be given full play upon retraining. I recognize that there exists the problem of overlapping in our training and retraining institutions and part of the course programmes have failed to meet the needs of the labour market. We have embarked on a review to maximize the effectiveness of our training and retraining services. For the longer term, the SAR Government is investing heavily on education, helping our younger generations to become successful competitors in both Hong Kong and other parts of the world, providing new drives for the future development of our economy. On the part of our enterprises, they need to cultivate innovative ideas and focus on high value-added activities in order to maintain their competitive edge.

At present, the greater part of the world is coping with the same challenge of economic restructuring. Its impact might last for a few years. In the past, Hong Kong has undergone several cycles of economic restructuring. Every time, we rose to the challenges and emerged with more rapid economic growth upon successful restructuring. We should capitalize on the advantages of Hong Kong, consolidating our position as a centre of financial services, tourism, information technology, innovation and technology, logistic services and international trade. We are actively looking into our collaboration with the Pearl River Delta, hoping to find concrete ways to broaden our economic base, to open up more investment and job opportunities for local businesses and job seekers, and to contribute to the economic development of the Mainland. Compared with many other economies, Hong Kong, by virtue of its unique position, is privileged to have the strong backup of the Mainland, an enormous economy that is developing steadily. Given these advantages, I am fully confident that with our concerted efforts, as well as the diligence, determination and entrepreneurship that have contributed to our past success, we will come through this economic restructuring with renewed strength and take the economy of Hong Kong to new heights.

Thank you.

PRESIDENT (in Cantonese): Thank you, Mr Chief Executive. Members may now put questions to the Chief Executive. A Member whose question has been answered may, for the purpose of elucidation only on the answer given by the Chief Executive, ask a short follow-up question.

When the Chief Executive started his speech, many Members pressed the button to indicate their wish to ask questions. Other Members could have mistaken that they were allowed to press the button only after the Chief Executive had finished his speech. So, some Members have been slow in pressing the button and they may stand less chance of asking their questions. However, I will try to allow, as far as I could, those Members who have never asked questions before to speak first.

The first Member to ask a question, Mr Tommy CHEUNG.

MR TOMMY CHEUNG (in Cantonese): *Madam President, I am very much grateful to the Chief Executive for having mentioned that impetus would be provided to the catering sector. I think other than the tourism industry,*

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, please stand up to ask your question.

MR TOMMY CHEUNG (in Cantonese): *Madam President, I am sorry.*

PRESIDENT (in Cantonese): It is all right.

MR TOMMY CHEUNG (in Cantonese): *Madam President, I am very much grateful to the Chief Executive for having mentioned that impetus would be provided to the catering sector. Since 1998, the catering industry has been slowing down as the economy weakens. Though the economy started recovering last year, we still do not see any pick-up in the catering industry. The Mandatory Provident Fund (MPF) System was implemented in 2000 and consumers spent less. On top of that, people go north to spend money and this affects the catering industry adversely. Recently there have been suggestions to*

implement central slaughtering and the industry is worried that fresh chickens would not be supplied for consumption by the people in future. However, Mr Chief Executive, all these are not as worrying as the imminent total ban on smoking in restaurants.

Mr Chief Executive, you said you wanted to provide impetus to the catering sector and to open up more job opportunities for lower-skilled workers. The catering industry is precisely engaging in lower-skilled work. If smoking is totally banned, the catering industry will be dealt a heavy blow. More restaurants will be closed and the jobs and income of employees jeopardized. Mr Chief Executive, we are facing great difficulties. Can you provide assistance to employees and employers in the industry to boost our morale so that we could continue to endure this? Mr TUNG asked us to come through with our concerted efforts, and we agree. However, many government measures cropping up one after another have made things very difficult for us. Will the Chief Executive say something to boost our morale?

CHIEF EXECUTIVE (in Cantonese): Mr CHEUNG, like many other industries in Hong Kong, the catering industry is undergoing a restructuring. Therefore, we must come up with creative ideas for attracting more clients. Indeed, competitors of the industry are found not only in Hong Kong, Kowloon or the New Territories, but also in Shenzhen, the Pearl River Delta and other cities. Thus, we have to think of new solutions indeed.

As regards the ban on smoking, the Government thinks it is difficult to enforce the designation of smoking or non-smoking zones. However, we can learn from the experience of overseas countries where the catering industry performs well or even better than before after a total ban on smoking has been imposed. So, the reality is that business may not worsen after a ban. Certainly, at this moment, we do not know, or we are not sure what will happen in Hong Kong. At present, the Government is only conducting a public consultation and we hope to gather more views from various sectors before making a better decision.

MR TOMMY CHEUNG (in Cantonese): *Madam President, I would like to ask a follow-up question. If the result of the consultation is that the public thinks that business of the catering industry will be adversely affected, and the industry*

particularly thinks that its business and income will be significantly affected, or an assessment by the industry itself also indicates the same, but not a growth in business as suggested by Mr TUNG (if there is a growth, the industry will certainly not raise any objection), will the Government reconsider the issue?

CHIEF EXECUTIVE (in Cantonese): Mr CHEUNG, by posing the question, the Government certainly wants the public to express their views and we will make a decision afterwards. In the decision-making process, the Government will certainly consider the views of the trade.

PRESIDENT (in Cantonese): Honourable Members, I would like to make two points. Firstly, I would like to apologize to Mr CHEUNG because I am duty-bound to remind Members to stand up to ask questions. Perhaps we do not frequently hold Question and Answer Sessions, so Members may not remember this well.

Secondly, I would like Members to know that 24 Members are already in the queue to ask questions. Therefore, Members who have the chance to ask questions should try their best to put their questions concisely so that more Members would have the opportunity to ask questions.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, Mr TUNG always restates his stress on education. However, the government under Mr TUNG's leadership has not only failed to enable 18% of students in the right age group to enter universities in accordance with the relevant government policy, but also maintained the number of university students at 14 500 since 1994. Over the past few years, the Government also cut the funding of local universities. May I ask if this policy has contravened the objective of the Chief Executive? Has the Chief Executive considered increasing university funding and places again in the next few years?*

CHIEF EXECUTIVE (in Cantonese): Mr SIN, I have said many times that in the face of the globalization and restructuring of the world economy, to maintain the competitiveness of Hong Kong and sustain its economic growth, we must upgrade the quality of talents, improve education, provide more opportunities of

lifelong learning, and provide more opportunities for students to study in tertiary institutions. I have also said that the enrolment of local tertiary institutions will be increased to 60% in 10 years. I think this objective is very important to Hong Kong as a whole. Therefore, the Government will definitely work towards this objective.

As far as universities are concerned, our long-term objective is to allow 18% of students to pursue their studies in universities. This is our objective now and what happens in future depends. I would also like to take this opportunity to talk about matters relating to the education reform, and the relevant work on education we have carried out recently. Mr SIN, I would like to speak a little bit more. In fact, the Government has kept increasing the investment in education. In this fiscal year, the estimate expenditure on education is \$5.3 billion, an increase of about 50% as compared with that of the year 1996-97.

In respect of improving the quality of education and school environment, we have actually begun to see the effects. Last year, we abolished the Academic Aptitude Test for primary schools, freeing pupils from unnecessary drills, giving them more time and room which helps their whole-man development, learning and exercise.

As regards implementing whole-day schooling in primary schools, 355 schools accounting for 40% of primary schools in Hong Kong have already begun to operate on a whole-day basis in this school year. In respect of school improvement works, the relevant works in 341 schools have already been completed, and such progress is pretty remarkable.

As concluded by the Education Commission, we are making great efforts to promote the education reform. The whole society, I think, also agrees that the education reform should be conducted. However, if the pace of the education reform is too fast, it will arouse much unease and anxiety. There have been a lot of criticisms on the education reform lately. We know that it is not easy to make the education reform a success. We also know that if we want the education reform to succeed, the Government must enhance its communication with the school sponsoring bodies, principals, teachers and parents, bring the spirit of partnership into full play and build up mutual trust. In addition, as teachers are at the front line, the pressure faced by them is the greatest. Therefore, we must give teachers the maximum support, co-operation

and care; improve their teaching environment and lighten their workload, so that they can give full play to their abilities and increase their sense of satisfaction at work. With respect to the education reform, the whole society would make special efforts in this respect in future.

MR SIN CHUNG-KAI (in Cantonese): *Mr TUNG, thank you for such a detailed answer. But my question is only about the difference between 16.5% and 18%. Has the Government considered increasing the number of university students from the existing 16.5% to 18% in future, or in how many years, that is, roughly equivalent to 1 300 to 1 400 university places. From 1994 until now, university places have not increased while the population has grown. My specific question is, will the Government maintain its original policy (leave alone the increase) and maintain the enrolment to universities at 18% within three years?*

CHIEF EXECUTIVE (in Cantonese): *Mr SIN, regarding your question, I have just said that we will fight to increase the number of students admitted to universities to 18% as far as possible in the short term. I have also said that there might be a further increase in the long run.*

MR LEUNG FU-WAH (in Cantonese): *Madam President, what Mr TUNG said earlier was totally about the pressure suffered by low-income families in livelihood and employment, I think it is very good. In fact, according to the results of telephone surveys conducted by the Government in the last few months, the public were most worried about employment and labour problems.*

We can see that Hong Kong is implementing a rather contradictory policy. On one hand, posts are cut, causing difficulties in employment; on the other hand, many jobs, such as domestic helpers, are suitable for workers who are now out of a job. In 1998, there were 170 000 foreign domestic helpers in Hong Kong and it has currently increased to more than 220 000. This policy has been implemented for 32 years but I find it very strange that it appears that the relevant policy has never been changed. Therefore, may I ask the Chief Executive when the Government will review this policy which has been implemented for 32 years appeared immutable and run in the opposite direction with the policy to alleviate the employment problem in Hong Kong?

CHIEF EXECUTIVE (in Cantonese): I have also noted these figures. There are really 220 000 foreign domestic helpers in Hong Kong to meet the needs of the market and there is really such a great demand in the market, thus so many foreign domestic helpers have come to work in Hong Kong. In the long run, do we need to review this problem? I feel that we need to do so and we will conduct a review when the time is right.

MR LEUNG FU-WAH (in Cantonese): *Madam President, I hope that the Chief Executive can put forward a more specific schedule. After all, this policy has been implemented for more than 30 years and such vacancies are suitable for the lower-skilled local workers at the grass-roots level who are looking for a job. May I ask how these posts can be used to solve the employment problem of local workers?*

CHIEF EXECUTIVE (in Cantonese): Mr LEUNG, according to my understanding, until now, local workers may not want to take up these jobs. I have also mentioned earlier that we need to study the increase in the number of foreign domestic helpers in Hong Kong. Therefore, we will conduct a study at a right time.

MR BERNARD CHAN (in Cantonese): *Madam President, on the basis of the data in the pay trend survey report, it is suggested that senior civil servants will have a 4.99% pay increase, and the middle- and lower-level civil servants will have a 2.38% pay increase. I am not opposing a pay increase for civil servants but may I know if Mr TUNG would worry that the contradiction between lower- and higher-level civil servants would be aggravated? In particular, many people from the business sector have reservations about the data of this pay trend survey. Recently, I have consulted more than 80 large-scale multi-national insurance companies which have employed more than 10 000 employees in Hong Kong altogether. However, their pay increase situation is just the opposite and the rate of pay increase for lower-level staff is higher than that of the higher-level staff, and the overall rate of increase is also lower than the data in the relevant survey report. According to the Government's proposal on pay increase, will Mr TUNG worry that it will hit the employees' morale, and will he review the existing method of pay trend survey?*

CHIEF EXECUTIVE (in Cantonese): I wish to say your profession is really great.

Mr CHAN, I think the pay survey and pay increase mechanisms adopted by the Government have been well-tested for years.

Can a better mechanism be adopted as a substitute? This is in fact a very complicated issue and we are pleased to hear your views. If you can think of a better method, we will be very pleased to study whether this method should be adopted.

As for the pay increase by the Government this time, the conclusion is actually made after a pay trend survey under the mechanism which has been in place for years. We have worked in full compliance with this mechanism.

I also came from the business sector, so I know the position of the business sector is often different. This is simply due to the difference in our standpoints and points of view. But we welcome your views. If Members have better suggestions for improving this mechanism, we would be pleased to hear them.

MR CHAN KAM-LAM (in Cantonese): *Madam President, earlier Mr TUNG mentioned that we will concentrate on pushing forward measures on economic development and I also fully agree with him. However, I think the development of Hong Kong and the stability of our society can actually co-exist. I absolutely believe that the SAR Government has the determination to maintain the stability of Hong Kong. However, we frequently talked about evil sects sometime earlier and the Government said that it would consider or make reference to legislation on evil sects in other countries. May I know whether Mr TUNG has any new idea on this issue?*

CHIEF EXECUTIVE (in Cantonese): Mr CHAN, I have expressed many times my views and position on Falungong. Undoubtedly, Falungong is a well-organized evil sect rich in financial resources and also a political organization. Falungong has hurt many families in the Mainland, so we really need to keep a close eye on it in Hong Kong to prevent it from jeopardizing the stability of Hong Kong. We cannot allow it to jeopardize peace in the mainland society.

As regards the evil sect itself, we are studying how different countries around the world tackle the evil sect problem. In fact, different countries around the world including many big countries are facing evil sect problems and are gravely haunted by them.

However, I do not think time is right to legislate and I think we have not yet reached the stage for legislating. But we will pay close attention to its every move in Hong Kong.

MR CHAN KAM-LAM (in Cantonese): *Madam President, Mr TUNG said that Falungong was "a little bit evil" last time but he says affirmatively that Falungong is an evil sect today. In that case, may I ask Mr TUNG besides being concerned, are other measures in place to ensure the prosperity and stability of Hong Kong?*

CHIEF EXECUTIVE (in Cantonese): We all know the damage done by Falungong in the Mainland, which could also be seen on television. The Falungong in Hong Kong and the Mainland have the same leader and the same doctrines; everything is from the same source. Therefore, we must pay close attention.

I would like to emphasize that Falungong is in fact not a religious group and this is how it describes itself. Therefore, it does not involve issues such as freedom of religion. However, I would like to emphasize again that we are watching closely its every move.

MR AMBROSE LAU (in Cantonese): *Madam President, I would like to ask Mr TUNG a question in relation to the associate programme. Recently, the Government has planned to spend \$20 billion to offer associate-degree programmes in the coming 12 years. In this connection, I would like to ask Mr TUNG a few questions: firstly, if such programmes are offered, will that have an impact on the development of higher diploma programmes that have been well-tested in the past? Secondly, does the Government have any feasible plans to dovetail associate-degree programmes with university degree programmes, so as to boost students' confidence in associate-degree programmes? Thirdly, will the promotion of associate-degree programmes have any impact on the allocation*

of resources for basic education? And, what plans does the Government have to ensure that the quality of basic education can be improved as soon as possible?

CHIEF EXECUTIVE (in Cantonese): Mr LAU, according to the information we have, the employment rate of secondary school leavers is about 40% and that of those with associate-degrees will increase to 70% while that of university graduates will increase to 90% or above. That is why I think that the Government does have a responsibility to provide more opportunities for the youth in Hong Kong to receive education, so that tertiary education will become more popularized. We are now moving towards this direction, and I hope that in 10 years' time, 60% of our students will attain tertiary or university education level. Moreover, I do not believe that our current practice will have any impact on the allocation of education resources as a whole. Furthermore, the advantage of taking associate-degree courses is that students will have two opportunities: one of these opportunities is that they can proceed to universities after completing the associate-degree programme; the second opportunity is that it would assist them in getting a job. I believe that many associate-degree graduates will consider getting a job, but the qualification will also give them a chance to proceed to universities. Mr SIN Chung-kai just asked whether the Government would increase university places. From this angle, we can see that the percentage of university places will not remain at 16% but conversely increase to 18% or above in the future.

MR AMBROSE LAU (in Cantonese): *Madam President, does the authority concerned have any plans for dovetailing associate-degree and university degree programmes?*

CHIEF EXECUTIVE (in Cantonese): The current trend is, most associate-degree programmes are operated by the eight universities in Hong Kong, therefore, there should be a feasible dovetailing method. However, I would like to emphasize that though some people attend associate-degree programmes in the hope of proceeding to universities by an alternative means, many people will also take this opportunity to better-equip themselves for employment in the future.

MR LAU WONG-FAT (in Cantonese): *Mr TUNG, a number of floods has occurred in the New Territories in recent years. With their lives and properties under constant and serious threats, New Territories residents have experienced untold sufferings. According to the explanation of the Drainage Services Department, flood prevention works have to be conducted in stages because the works will be separately carried out at the upper, middle and lower reaches of the river, and such works can only be completed by 2009. As such, will the Government consider increasing its funding to speed up the project, so that all outstanding works can commence at the same time and the duration of the project can be shortened, in order to relieve New Territories residents from the threat of floods at an earlier date?*

CHIEF EXECUTIVE (in Cantonese): Mr LAU, as regards the flood this time, like Honourable Members, my colleagues in various government departments and I are also greatly concerned. In fact, the Government has already started to tackle the flooding problem since 1993, and it was then anticipated that the whole project would take 10 years. The works would take place from 1993 to 2003 and about \$7 billion would be spent on tackling the flooding problem in all parts of the New Territories. As far as I know, all works should be completed by 2003, and though there may a few months' delay, the project should still be completed on time. Upon the completion of the flood prevention works, the flooding problem should have been largely resolved. We can see from the recent flood, that the situation in Yuen Long has been significantly improved because the flooding problem of Yuen Long has already been resolved and most of the flood prevention works has been completed. However, the flooding problem in other districts is still very serious. Therefore, I would like to take this opportunity to point out that we have actually started to tackle the flooding problem in the Kowloon district since 1993. This massive project costs us \$5 billion in total and is expected to be completed by 2004. Furthermore, we can also see that the situation in Mong Kok has been significantly improved; while the situation in Yau Ma Tei and Shum Shui Po has to be improved. However, I am confident that by 2004, the situation in these districts will also be improved.

I would also like to make another point. In tackling the recent flooding problem, the Government could have done a better job in various aspects, especially in enhancing the sense of precaution and crisis. By doing so, we might have been able to do better. I emphasize that this is a 10-year project and we are already in the eighth year. Flood prevention works in the New Territories would be completed in two years' time.

MR LAU WONG-FAT (in Cantonese): *Mr TUNG, according to my understanding, the delay in flood prevention works was related to insufficient monitoring on the part of the relevant departments. May I ask the Chief Executive, what can he do to remind the relevant departments of their responsibilities, so that New Territories residents will no longer have to live under the threat of floods?*

CHIEF EXECUTIVE (in Cantonese): *Mr LAU, the Government is now conducting an internal review on this issue, to find out how we can better tackle this problem. Members will be given a report once a conclusion is reached.*

DR YEUNG SUM (in Cantonese): *Madam President, Mr TUNG, I would like to ask the question about associate degree programmes. As far as I know, the Government will increase the age participation rate of tertiary education to 60% within 10 years. When he answered the question of the Honourable SIN Chung-kai and the Honourable Ambrose LAU earlier, the Chief Executive said that the Government planned to increase university places, in order to give associate degree holders who are qualified to take up university courses a chance to enter universities. For example, 40% of associate degree holders in the United States are able to proceed to universities. Since the Government has the intention to absorb them, then, will the Government set a percentage of associate degree holders who may proceed to universities when it makes the plan, for example, to set the initial percentage at 10%? By doing so, the Government will have a clearer direction in the allocation of resources.*

CHIEF EXECUTIVE (in Cantonese): *As to the education reform, the Government mainly concentrates in two areas: primary and secondary education reform, and the promotion of tertiary and university education, so as to increase the age participation rate of tertiary education to 60%. As to the future development of universities, the Government will conduct further studies including opening up resources and finding ways to increase the matriculation percentage.*

DR YEUNG SUM (in Cantonese): *Madam President, I have a short follow-up. The public is quite concerned about the quality of education. In this respect,*

what policy or measure does the Government have to maintain the good quality of education? Furthermore, being the largest employer in Hong Kong, will the Government take the lead to recognize the academic qualification of associate degree holders?

CHIEF EXECUTIVE (in Cantonese): As to whether associate degree programmes will be successful, I think the crux of the matter lies in the quality of teaching. At present, over half of the associate degree programmes are run by eight local universities. As a result, I think the quality of teaching is guaranteed and the Government attaches great importance to this.

MISS CYD HO (in Cantonese): *Madam President, when Mr TUNG attended the World Association of Newspapers' Congress on 4 June this year, he urged the media to visit cities and towns in China to listen to the voices of the people. In fact, not only journalists all over the world should do so but the local media should also do so. However, I do not know whether Mr TUNG knows that the Hong Kong and Macao Affairs Office has promulgated "seven points to note for Hong Kong and Macao journalists who wish to cover news in mainland China" (seven points to note), requiring journalists to apply for approvals before they go to mainland China to cover news, and the application process is very long and tedious. Journalists may have to make the application two weeks in advance and they have to report their activities every hour. Besides, they are not allowed to stay behind for a few days more, and they have to be escorted by officials during visits that the authority is willing to permit them to pay.*

I would like to ask Mr TUNG, in order to let the media get a better understanding of the actual situation in the Mainland, would Mr TUNG agree that those seven points should be abolished? Will Mr TUNG discuss the matter with the Central People's Government, so as to allow journalists to inspect China in person, and report the actual situation in China?

CHIEF EXECUTIVE (in Cantonese): Miss HO, I am sure that you have never visited the Mainland with the press. According to my experience, once they have arrived in China, they will enjoy a very high degree of freedom, in fact, they will go everywhere. *(Laughter)*

MISS CYD HO (in Cantonese): *Madam President, has Mr TUNG finished replying?*

PRESIDENT (in Cantonese): Miss HO, you may go on with your question.

MISS CYD HO (in Cantonese): *Madam President, I would like to ask Mr TUNG, does he encourage journalists to adopt civil disobedience by not complying with the seven points to note and going everywhere as they please?*

CHIEF EXECUTIVE (in Cantonese): The control in the Mainland is a matter for the mainland authority to handle. Under "one country, two systems", the Mainland and Hong Kong should have their own matters to handle. I am just telling you the fact, that is, when they arrive in the Mainland, they actually enjoy a fairly high degree of freedom. Perhaps you do not know that, but I really wish to emphasize that, for example, in Chief Secretary for Administration Donald TSANG's recent visit to the western region, a group of journalists also joined the delegation and they were deeply touched by the scenes they had seen.

MISS LI FUNG-YING (in Cantonese): *Mr TUNG, the lack of co-ordination among various Policy Bureaux had led to unnecessary government expenses and affliction to the public. Let us take the development plan for Area 54 in Tuen Mun for example. After the Government had granted its approval, two small house estates were built. People moved in one after another two and five years ago. Recently, some owners received government notice of demolition as the Government was about to construct public housing there. Another example was the Lok Ma Chau Spur Line of the Kowloon-Canton Railway. The capricious policies of the department in charge of the environmental impact assessment led to legal proceedings.*

I would like to ask Mr TUNG, how can the co-ordination among all Policy Bureaux be enhanced, to avoid unpredictable changes in policy and unnecessary government expenses?

CHIEF EXECUTIVE (in Cantonese): Miss LI, this is the first time I learn about the incident in Tuen Mun that you have just mentioned, I will definitely follow up the case and try to find out what had happened before I can give you an account.

Government organizations are large and all our colleagues make great efforts. Certainly, mistakes are sometimes inevitable but I can tell Honourable Members that all our colleagues have a strong sense of mission and they adopt an attitude of completing every task in a better way. So, we welcome all of your suggestions in various aspects and we will examine and follow up those issues.

MISS LI FUNG-YING (in Cantonese): *Mr TUNG, do you think the powers and responsibilities of the existing Policy Bureaux are clear-cut? If certain bureaux were found upon investigation to have committed serious mistakes, do you think the head of that bureau should be held accountable?*

CHIEF EXECUTIVE (in Cantonese): I have told Honourable Members in this Council last October that we were studying the issue of the accountability of principal government officials. I am personally leading a team to review the future direction of the system of accountability of principal government officials. I hope that I can give Honourable Members an account in the policy address in October.

MS AUDREY EU (in Cantonese): *Madam President, Mr TUNG, I would like to raise a question about racial discrimination. Does Mr TUNG agree that racial discrimination exist in Hong Kong? Since racial discrimination is a matter of the majority discriminating the minority, therefore, even if such policies cannot win the support of the majority, will Mr TUNG consider legislating against racial discrimination, so that the Government can set a good example?*

CHIEF EXECUTIVE (in Cantonese): I believe racial discrimination exists everywhere in the world, including cosmopolitans, as a result, racial discrimination actually exists in Hong Kong. However, is legislation the best solution? I lived in the United Kingdom for six years and the United States for nine and a half years, I feel that their racial discrimination problem is far more

serious than ours. They have enacted a number of laws, but their situation has not changed.

I find it most important for us to make more efforts in education so that an absolute majority of people would know that discrimination is wrong. I think we can get a better result if we head in this direction, which is also better than legislating. If we legislate for everything, perhaps the result will not be satisfactory. This is my personal opinion.

MS AUDREY EU (in Cantonese): *Madam President, does the reply of Mr TUNG suggest that our past efforts in educating the public were not adequate, thus we have to exert more efforts in this aspect? Then, if the efforts in educating the public over the years are ineffective, should we consider the drawing up of legislation? If the answer is yes, when should that take place?*

CHIEF EXECUTIVE (in Cantonese): I believe we can do better in the aspect of education. I wish that we can make efforts together. *(Laughter)*

MR TAM YIU-CHUNG (in Cantonese): *Madam President, at the beginning of this meeting, Mr TUNG made, inter alia, four points related to boosting our economy and creating job opportunities, which we very much endorse. In fact, Members of this Council expressed similar views before. I do agree that retraining should be strengthened and there should be new policies and measures for upgrading the skills of workers. Will Mr TUNG inform this Council what new measures there are for strengthening the co-operation with the Mainland, especially the Pearl River Delta and for attracting people from the Mainland to invest in Hong Kong and visit Hong Kong? Recently, I learned from the newspapers that Mr TUNG, the Chief Secretary for Administration and the Financial Secretary would be working very hard in this respect. Will Mr TUNG inform this Council some of the details at this stage? If not, will Mr TUNG elaborate this in his next policy address?*

CHIEF EXECUTIVE (in Cantonese): Mr TAM has in fact raised two questions. On the issue of the co-operation between Hong Kong and the Pearl River Delta, I think if, under the principle of "one country, two systems", Hong Kong can be

united with the Pearl River Delta into an economic region, it will become the most energetic economic region in the world. This is going to be very important to the development of Hong Kong. We will be doing our utmost in this respect in the years to come and our achievements will be seen gradually. We hope to be able to make achievements with respect to the boundary, infrastructure, environmental protection, tourism and economic co-operation.

As far as tourism is concerned, Mr TAM, it is the most effective tool to boost our economy during our economic restructuring. So, we will do everything we can to attract more visitors. Indeed, we have been all along working very hard on this. In relaxing restrictions on Taiwanese visitors to Hong Kong, we hope that there will be good news soon. We will also work hard to bring more mainland visitors to Hong Kong. We are trying very hard and there should be some news soon.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, will Mr TUNG provide this Council with a timetable?*

CHIEF EXECUTIVE (in Cantonese): We will work as fast as we can. *(Laughter)*

PROF NG CHING-FAI (in Cantonese): *Madam President, Mr TUNG, after the reunification, we are glad to see the rapid development of Chinese medicine in many areas. However, one area of urgency is obviously lagging behind, that is, to make arrangements for Chinese medicine students to conduct clinical practices and researches in hospitals, and to set up an entry grade for Chinese medicine graduates. Could Mr TUNG discuss this matter with the Government, so that the above measures can be implemented at an earlier date? In fact, the Chinese medicine students of an institution are now in their third year, and they will attend a practice session in Guangzhou this summer. Theoretically speaking, it will be more satisfactory if these students can attend practice sessions in Hong Kong in their fifth year. Even if the Government cannot make such arrangements for these graduates, we hope it can do so for the next batch of graduates? Could Mr TUNG answer my question on this matter?*

CHIEF EXECUTIVE (in Cantonese): In his capacity as a Legislative Council Member, Prof NG has worked very hard in this area, and he has discussed this matter with me in person. I understand he has also talked to my colleagues in the Government, but we have not been able to give him a satisfactory reply yet. If he keeps up his efforts in this area after he has become the President and Vice-Chancellor (of the Hong Kong Baptist University), we may be able to achieve better results. *(Laughter)*

PROF NG CHING-FAI (in Cantonese): *Madam President,*

PRESIDENT (in Cantonese): Prof NG, the Chief Executive has not finished with his reply.

CHIEF EXECUTIVE (in Cantonese): I would only like to tell Prof NG that we will continue to follow up this matter. *(Laughter)*

PRESIDENT (in Cantonese): Prof NG, do you wish to follow up?

PROF NG CHING-FAI (in Cantonese): *Madam President, the last sentence in Mr TUNG's reply is very useful. (Laughter)*

MR ALBERT HO (in Cantonese): *Madam President, Mr TUNG, I would like to follow up the question on evil sect raised by the Honourable CHAN Kam-lam.*

Mr TUNG told us last time that the nature of Falungong somewhat resembles that of an evil sect, this time he has officially identified Falungong as an evil sect. Mr TUNG has mentioned that he has no intention to legislate on this for the time being, and Hong Kong does not have any legislation on evil sect. However, Mr TUNG has taken the lead to identify Falungong as an evil sect, would this be a bit too much? It seemed that he has expressed his will and demonstrated, that his authoritative order has priority over the law. In addition, if Falungong is to be identified as an evil sect, what grounds are there to support the decision? Is it based on its name, thoughts, words, behaviour, or is it simply because the Central Authorities have already identified Falungong, so, it

is regarded as the best proof? Is it necessary to follow the instructions of the Central Authorities?

CHIEF EXECUTIVE (in Cantonese): If Mr HO has watched the self-ignition incident at Tiananmen Square, and knew that the mother had eventually died while the daughter had been saved; if Mr HO has read about the doctrines of Falungong, I believe Mr HO would also come up with such a conclusion. This is not my personal will.

MR ALBERT HO (in Cantonese): *Madam President, Mr TUNG, Hong Kong people are definitely clear about the incident and we have read the reports. However, would we be able to draw a conclusion on the basis of the reports that Falungong in Hong Kong is an evil sect? I wish to point out that the most important point is that we, including government officials, believe that Falungong in Hong Kong has not committed any act that violates the law. Has Mr TUNG seen some movies or information provided by the Central Authorities, and therefore thinks that a conclusion can be reached? I wish to emphasize one point, Mr TUNG certainly understands his identity and status today, therefore, his words carry a lot of weight. He has identified the organization that way. If he can identify this organization today, he can also identify another organization some other day. It would do great harm to others. If the action is not supported by adequate proof, it can constitute a very serious act of defamation. Is Mr TUNG taking advantage of the statutory immunity conferred on him by the Legislative Council today to protect himself and recklessly accuse others so seriously? Is Mr TUNG willing to take back what he has just said?*

CHIEF EXECUTIVE (in Cantonese): Mr HO, I have taken serious consideration before I say anything.

MR MICHAEL MAK (in Cantonese): *Mr TUNG, every opening address you made is full of ideal, earnest and far-sighted, and I am deeply moved. However, very often, in the face of the policies implemented by the Government or its performance, I would feel quite sad. For instance, the floods that occurred recently. But I am not going to talk about this issue today but I would discuss the health problem. Recently, avian flu and cholera have broken out in Hong Kong. Cases of drug abuse and suicide have also incessantly increased, and they can be heard every day. Besides, with the growth and ageing of the*

population, people's demand for health service has substantially increased. However, despite the fact that there have been an increase in resources for the overall health services, they failed to keep pace with the time. In public hospitals, the number of staff in some grades has decreased instead of increased, which makes me very disappointed.

May I ask the Government how it can balance the resources in this aspect and upgrade other relevant services, so as to give us more confidence?

CHIEF EXECUTIVE (in Cantonese): The Government always hopes to upgrade services with the least resources, so that we can allocate resources to other areas. We have always worked hard in this direction. However, it is actually very difficult to strike a balance. Some people like this practice while some others dislike it. However, we have been making efforts. Insofar as medical services and health are concerned, we actually increase resources in this aspect every year, and the same will happen in the future.

MR MICHAEL MAK (in Cantonese): *I have just mentioned that there have been increases in resources but they are not increased in proportion. Recently, the Government intends to introduce the Health Protection Accounts. May I ask if the Government intends to "cap" the resources or funding in this aspect? I know that the Government has to balance the resources for various aspects but will the Government ignore the quality of health care professionals and the pressure borne by these people when providing services for the sake of "capping"?*

CHIEF EXECUTIVE (in Cantonese): In fact, the Government does not have this conception. We have published a consultation paper on the further implementation of the health care reform, and the public has made a hearty response. As many as 700 submissions were received and there were a lot of brilliant views. We are analysing these views which will be made public later. At the preliminary stage, we find that many views on the health care reform are positive. As the public supports the reform, I believe we all agree that the reform should be carried out. As regards the more controversial reform such as the financing problem you mentioned earlier, we will consider it again carefully and we will consult the Legislative Council and the public before we make a decision. At the present stage, we have not reached a conclusion.

MR HENRY WU (in Cantonese): *Mr Chief Executive, you have just mentioned and also stated in your policy address that under your leadership, the SAR Government aim at promoting and upgrading Hong Kong to be a world-class cosmopolitan city, therefore, the Government has been actively providing a favourable business environment for all businesses and industries including the finance, technology, communication, shipping and trade sectors. The Government even spends over \$20 million each year to promote Hong Kong overseas. However, the relevant reports and articles often lift local issues to an international level, affecting the confidence of overseas investors in Hong Kong. Before the reunification, the Fortune Magazine published an article entitled "The death of Hong Kong". It received global attention that was strong enough to scare away investors. Although we can witness today that the viewpoints in the article were wrong, it has somehow scared away investors at an early stage, upsetting the economic development of Hong Kong.*

Mr TUNG, I wonder if you know that the cover story of an English newspaper today reported that the nine-year-old daughter of a professor of the City University of Hong Kong has written to the President of the United States, requesting the President to help his father who has been detained in China? It seems that the report has also stated that other people are under similar circumstances. The professor is an American and his daughter naturally requested the President of the United States to help. However, he is working in Hong Kong and is a member of our society. Is it possible that for us to do something to help him as soon as possible, to avoid lifting this issue to an international level which would give foreign investors an erroneous message that the Government of the Hong Kong Special Administrative Region (SAR) is unsympathetic, inactive or timorous? May I ask the Chief Executive to explain what the SAR Government can do in similar cases, or in this case?

CHIEF EXECUTIVE (in Cantonese): During the period in the past, a total of three Hong Kong residents have got into trouble in the Mainland. I believe one of them is the person mentioned by Mr WU. As for the other two persons, we know that one of them has already died in Shenzhen.

I have got some preliminary information on these three Hong Kong residents. One of them was engaged in espionage activity, another one has committed an offence of unauthorized publishing, the other one has died in Shenzhen. The first and second Hong Kong residents above are currently on

trial, as for the Hong Kong resident who has died, the public security officers in Shenzhen are investigating into the case and have liaised with the police in Hong Kong.

We have not directly received any request for assistance but apart from Mr WU, many of my friends around the world have also touched upon the case and they have asked me what had happened, and whether it would affect the development of local academics in the Mainland.

I am very concerned about the case and have gathered some information which I would like to share with Members. Over the past 10 years, 330 000 mainland students have studied abroad at their own expense, among which 110 000 have returned to the Mainland. Every year, an increasing number of students go abroad for study and the number of students who have returned to the Mainland has also increased. 370 000 students are sent by the Central People's Government or the governments of provinces and cities to pursue advanced studies overseas and they have returned to the Mainland afterwards. Approximately 400 000 students from all over the world are studying in China. These are the figures for the past 10 years. We can imagine that, academic exchange, as well as returning to the Mainland after studying abroad to work and build the country is very popular and common, and it would not be affected by any isolated incidents, especially those which involve espionage activity.

MR HENRY WU (in Cantonese): *Mr TUNG, I would like to bring the question back to the level of Hong Kong. You have mentioned that no one had approached the SAR Government in the past as a result of such incidents. If a similar incident takes place in the future, do you think they can approach the SAR Government direct?*

CHIEF EXECUTIVE (in Cantonese): I have also looked into this aspect of the issue.

MR LAW CHI-KWONG (in Cantonese): *Madam President, I believe the Chief Executive is also aware that, after the Government has tightened up the application procedures and qualifications for the Comprehensive Social Security Assistance (CSSA) Scheme in 1999, many elderly who are living with their*

families are not eligible for CSSA, even those who are receiving CSSA payments have been disqualified. Their children have scanty means and they cannot support them. Since the Government has been reviewing the Old Age Allowance for some time, may I ask if the Government has considered providing the elderly with more reasonable financial support through the Old Age Allowance? Would the Chief Executive take this opportunity today to give good news to over 700 000 elderly aged over 65?

CHIEF EXECUTIVE (in Cantonese): Mr LAW, the Government has done a lot over the past few years with respect to the objectives of "sense of security, sense of belonging and sense of worthiness". However, I also know that the efforts are never enough. I have mentioned in the policy address last year that we have to further study the Old Age Allowance. As for the poorer elderly, if they are not supported by their children and only live on the Old Age Allowance, it is really inadequate. Secretary YEOH is working on this and I hope that we would be able to give you an account and give good news within the next few months.

MR LAW CHI-KWONG (in Cantonese): *Mr Chief Executive, as Dr YEOH is working on this, do you personally also want to do more to help the elderly?*

CHIEF EXECUTIVE (in Cantonese): Mr LAW, you should know that I always have such an idea but sometimes I have to work together with government officials to work out the best arrangements.

PRESIDENT (in Cantonese): Mr Chief Executive, this Question and Answer Session is originally scheduled to conclude at 4 pm, but it is already four minutes past four o'clock. To allow Members who have not got a chance to ask questions, and as Chairman of the House Committee has to ask questions on behalf of the House, would you allow two Honourable Members to ask the last two questions.

CHIEF EXECUTIVE (in Cantonese): Fine.

PRESIDENT (in Cantonese): Thank you, Mr Chief Executive. Mr Abraham SHEK.

MR ABRAHAM SHEK (in Cantonese): *Madam President, may I ask the Chief Executive, before the property market achieves the objective of the tendency of a steady increase as set out in the policy address, what "tricky move" or new measures does the Government have to stimulate the property market? This would also constitute an economic growth.*

CHIEF EXECUTIVE (in Cantonese): Madam President, a number of my colleagues and I also agreed that a stable property market is conducive to steady economic growth, but we do not have any "tricky move". If Mr SHEK does have any, perhaps he can tell me so! *(Laughter)* The government policy is very clear, firstly, the policy on stabilizing property prices is very clear; secondly, for those who need to live in public housing, we will provide them with a home as soon as possible. Our work is based on these two major principles.

MR ABRAHAM SHEK (in Cantonese): *Mr Chief Executive, our industry also supports this and we hope that more people can be accommodated in public housing faster, and that the Government will not sell too many Home Ownership Scheme (HOS) flats and compete with private housing. We also hope that a lot of land allocated to the Hong Kong Housing Authority for the construction of HOS housing could be allocated for private housing. The Government could also utilize the money from land sale to build more public housing for those in need.*

CHIEF EXECUTIVE (in Cantonese): Madam President, as regards land disposal, we would consider more carefully the utilization of land to generate more resources for the Government and the people of Hong Kong. If the sale of a piece of land to private developers could bring the Government more financial resources, we should move in this direction. With regard to HOS housing, I have already stated in 1998 that we would build less HOS flats and we would instead offer housing loans to eligible HOS applicants for the purchase of flats in the private market. We will follow this direction.

PRESIDENT (in Cantonese): I now call upon Mrs Selina CHOW, Chairman of the House Committee to put questions to the Chief Executive on behalf of the House.

MRS SELINA CHOW (in Cantonese): *Madam President, in my capacity as Chairman of the House Committee, I will ask a question on behalf of the House.*

Members should have noticed that, after 1 July 1997, there were major changes in the Precedence List of the Hong Kong Special Administrative Region (SAR). One of them is that, before 1 July, apart from the Chief Secretary, Financial Secretary and Attorney General, the precedence of all other government officials came after Legislative Council Members. However, after the reunification, according to the Precedence List of the SAR, the precedence of Legislative Council Members comes after principal officials and Policy Secretaries. The Legislative Council Panel on Constitutional Affairs has discussed this issue and has reflected their views to the Chief Executive through the Director of Administration. The main concern of Members is why there are such changes in the Precedence List. Members believe that the relative precedence of Legislative Council Members has a constitutional significance. According to Article 64 of the Basic Law, the SAR Government is accountable to the Legislative Council, therefore, the precedence of Legislative Council Members should not follow that of Policy Secretaries. Members believe that Legislative Council Members have the mandate of the public, and they therefore should have a higher status. However, the current precedence would easily make people feel that the executive authorities and government officials do not have as much respect for the Legislative Council as before. Members hope that the Chief Executive would reconsider the precedence of Legislative Council Members on the Precedence List. Would the Chief Executive give us a positive response?

CHIEF EXECUTIVE (in Cantonese): Mrs CHOW, I would first emphasize that, my colleagues and I definitely respect the Legislative Council and Legislative Council Members. As an institution, the Legislative Council and Legislative Council Members would not be affected by the precedence on the Precedence List. Secondly, I recalled that at the time we discussed the precedence issue, we made a decision after careful consideration. However, since you have raised this question, I promise that I will study it again carefully and I will then give you an answer.

MRS SELINA CHOW (in Cantonese): *Thank you.*

PRESIDENT (in Cantonese): The Question and Answer Session today has taken one hour and 10 minutes and the Chief Executive has answered 19 questions. I would like to thank the Chief Executive for his answers to the questions asked by Members.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 20 June 2001. The Chief Executive will now leave the Chamber. Will Members please stand.

Adjourned accordingly at ten minutes past Four o'clock.