

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 11 October 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, G.B.S., J.P.

THE HONOURABLE DAVID CHU YU-LIN, 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.

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

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

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

THE HONOURABLE NG LEUNG-SING, J.P.

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, J.P.

THE HONOURABLE CHAN KWOK-KEUNG

THE HONOURABLE CHAN YUEN-HAN, J.P.

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.

THE HONOURABLE YEUNG YIU-CHUNG, B.B.S.

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, G.B.S., 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.

THE HONOURABLE MA FUNG-KWOK

MEMBERS ABSENT:

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

DR THE HONOURABLE YEUNG SUM

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

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

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

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

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

MR STEPHEN IP SHU-KWAN, G.B.S., 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

MR JOHN TSANG CHUN-WAH, J.P.
SECRETARY FOR PLANNING AND LANDS

DR EDGAR CHENG WAI-KIN, 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 RECEIVE QUESTIONS.

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

PRESIDENT (in Cantonese): The Chief Executive will answer questions on the policy address raised by Members. A Member whose question has been answered may, if necessary and for the purpose of elucidation only on the answer given by the Chief Executive, ask a short follow-up question.

PRESIDENT (in Cantonese): Would Members who wish to ask questions please press the "Request-to-Speak" button. Let me now first look at the outcome as shown by the computer. (*Pause*) All Members have now pressed the buttons. If any Member wishes to ask a follow-up, please raise your hands to so indicate. After the Chief Executive has answered a Member's question, I will let the Member ask a short follow-up question.

DR DAVID LI (in Cantonese): *Madam President, the Chief Executive said yesterday that the fact that Hong Kong is a financial centre is to our advantage and I fully agree with his view. However, I would like to know what specific measures has the Hong Kong Government put in place to help the banking sector fight its way into the mainland market?*

CHIEF EXECUTIVE (in Cantonese): The market on the Mainland is indeed a large one. However, since Hong Kong and the Mainland belong to two different customs territories, we have to follow the rules of the World Trade Organization when we strive towards this end. As far as I know, so far only one Chinese bank has managed to secure a place in the mainland market, and I am talking about Dr LI's bank. (*Laughter*) As to what particular means other banks can adopt, I think we have to work out a solution with the sector and work hard on this.

PRESIDENT (in Cantonese): Dr LI, do you have any follow-up?

DR DAVID LI (in Cantonese): *No.*

MR JAMES TO (in Cantonese): *Madam President, during a radio programme this morning, Mr TUNG answered many questions. In particular, I noticed that the public seemed to have made many requests, in the hope that the Government could ease their hardship. I could clearly hear what Mr TUNG said, to the effect that the Government still had some "ammunitions" up its sleeves. However, it was not possible to use them all at once, since the Government may have to take into consideration the circumstances of the coming half year and the Budget for the next year before using them. I would like to ask Mr TUNG a very specific question concerning payment of rates. In the policy address, it is proposed that the rates be waived for one year, but the maximum amount that can be waived is a mere \$2,000. On a rough calculation, each person can only on average save \$100-odd each month. An important issue is that at present, there is a lack of confidence in our society. If the Government indeed has some more "ammunitions" up its sleeves, at a time when the public has high expectations and hopes that the Government can boost their confidence and put their minds at ease, should the Government offer something more than merely a subsidy of \$100-odd each month, which will only be reviewed half a year later? In fact, it is doubtful whether some members of the public could afford to wait for half a year. I believe that it is precisely due to this problem of confidence that during the radio programme this morning, many weekly magazines, as well as many members of public expressed the hope that Mr TUNG would not run for a second term.*

CHIEF EXECUTIVE (in Cantonese): I believe that we have the problem of a huge deficit and I have also stressed that we have made considerable investments in infrastructures. Moreover, I have also said that we were pulling no punches when making investments in education, since all these investments are very important to the long-term development of Hong Kong. If you ask me whether it will be possible to allocate more, and to offer more, of course in my heart I hope that I can do so, since there are indeed a lot of such requests. However, whether a responsible Government should be so is another matter. After deliberation with my colleagues, I think that the existing level is totally appropriate, and I have given the reasons for this just now. In fact, this morning I have also given another very important reason for this, and that is, external factors which are highly uncertain. We do not know what will happen in the next few months. The war has just begun, will the economy deteriorate further? If it will, to what extent? The Government has to constantly keep tabs on the changes in the overall situation in order to make decisions.

Therefore, it is from this viewpoint that I wish to remind you we are constantly paying close attention to the changes in situation. It is only after considering what measures to take should the situation deteriorate further that we arrived at such a decision.

MR JAMES TO (in Cantonese): *Madam President, the follow-up I would like to ask is, should the Chief Executive as a responsible leader, also take into account another issue, that is, if no helping hand is extended to people in dire straits now, can we still save them after half a year? The numbers of people who go bankrupt and subsequently jump off buildings will continue to rise, and since the Government still has some tricks up its sleeves, should it not also take this factor into account? I hope Mr TUNG will give some thoughts to this: if no helping hand is extended now, how many people will be beyond any help after half a year?*

CHIEF EXECUTIVE (in Cantonese): Mr TO, actually Members have made seven suggestions yesterday. First of all, I would like to thank all Members for expressing many excellent and very constructive views in this exercise. Of the seven suggestions proposed by Members, we have in fact adopted six of them — or rather, instead of adopting Members' views, our views in fact happened to coincide. Of course, the criteria we adopt may be different. For example, Members proposed creating 20 000 jobs, whereas we have in fact created 30 000. Another point I would like to raise is that, in addition to carefully considering the proposals and discussing them with Members, we had also discussed them with members of various sectors before we decided to adopt the existing measures. I want to stress that I consider the measures to be very appropriate.

MR CHAN KWOK-KEUNG (in Cantonese): *Madam President, the Hong Kong Federation of Trade Unions would like to thank the Chief Executive for adopting some of our proposals, particularly the creation of 30 000 additional jobs as proposed by the Government in relation to jobs opportunities. I would like to ask the Chief Executive whether, apart from the creation of jobs in the area of infrastructural projects, whether it is possible not to outsource other newly created jobs? What I mean is that the Government should employ people directly on non-civil service contract terms. In addition, when will the employees of these new jobs start working?*

CHIEF EXECUTIVE (in Cantonese): Mr CHAN, of the 32 000 jobs we proposed to create, their distribution is generally as follows: over 6 000 additional jobs to hire health care assistants, nurses, welfare workers, teachers, and so on; over 4 000 additional jobs in the area of security and management services in public housing estates offered by the Housing Department; over 2 500 jobs in street cleaning and environmental improvement offered by the Food and Environmental Hygiene Department; and together with the works projects, which include school improvement works, recreational and cultural facilities and amenities (that is, the facilities endorsed by the two former Municipal Councils), and the new item to expand the capacity of water treatment works, which was originally scheduled for implementation at a later date but has now been put forward, as well as some minor projects, such as the installation of street lamps and the construction of pavements, there will be a total of almost 20 000 jobs. We will create these jobs as soon as possible. Regarding the teaching posts, other arrangements will be adopted. For the jobs in the works projects, after the contracts are awarded to the construction companies, of course these companies will have to hire their own workers. Therefore, these projects will offer a lot of jobs.

MR CHAN KWOK-KEUNG (in Cantonese): *Is it possible for the Chief Executive to undertake not to outsource these jobs as far as possible?*

CHIEF EXECUTIVE (in Cantonese): Different approaches will be adopted for different jobs. For example, as far as the projects to construct minor recreational areas are concerned, we certainly will not outsource them, rather we will commission construction companies to undertake them. Therefore, I do not quite understand how it would be possible to say for sure whether or not the jobs will be outsourced.

MR MA FUNG-KWOK (in Cantonese): *Madam President, from the themes of "Building Hong Kong for a new Era" as proposed in the first policy address, "From Adversity to Opportunity" in the second policy address, "Quality People, Quality Home" in the third policy address, "Serving the Community, Sharing Common Goals" in the fourth policy address and "Building on Our Strengths, Investing in our Future" in the fifth policy address, it can be seen that throughout this process, the Hong Kong economy, given its conditions, has practically failed to free itself from the financial dilemma that confronts the rest of the world.*

Will Mr TUNG inform this Council of how does he evaluate the effectiveness of the several policy addresses in the past? Furthermore, is he of the opinion that even if the economic conditions in the rest of the world have not yet improved, Hong Kong may still possess certain conditions that will help it tide over the difficulties?

CHIEF EXECUTIVE (in Cantonese): The Hong Kong economy, being a very externally-oriented one, is greatly affected by external economic developments. Since the beginning of this year, we could see an economic downturn in the major markets of Hong Kong and so we began issuing warnings for we anticipated problems to arise. On the other hand, we could see some extremely promising economic developments in the Mainland which should create many opportunities for Hong Kong in the next few years. However, as the Hong Kong economy is very externally-oriented, it will inevitably be affected by external economic developments. This time, the situation is unique due to the rather heavy impact of the "September 11 incident". It is still not yet clear as to the extent of the impact and the time needed for a recovery. We only know this quite a serious problem. I do not think it is possible for Hong Kong to detach itself permanently from external factors.

Nevertheless, we are undergoing a process, which is economic restructuring. Faced with a globalized economy, a knowledge-based economy resulting from information technology and a rapid pick-up in China, our Motherland, we must undergo restructuring to move to the high value-added activities I mentioned yesterday. Thus, we may better protect ourselves from external factors with their influence that will more or less be haunting Hong Kong. Just think. If external factors were favourable and Hong Kong could maintain a 3% or 4% growth, we would not have been caught in this predicament. Indeed, we are experiencing greater hardships now because of unfavourable factors affecting our economy and the additional burden of an economic restructuring. I do not have a magic wand to solve external problems. This is an issue that is here to stay.

MR MA FUNG-KWOK (in Cantonese): *Mr TUNG mentioned that in the Mainland, economic developments are extremely rapid and suggested we should co-operate with them. In this connection, I would like to ask whether we feel the need to do so now or whether Mr TUNG had made the suggestion before but it was never implemented.*

CHIEF EXECUTIVE (in Cantonese): Mr MA, if you have read my first policy address, you would realize that I had already mentioned then that we had to capitalize on the reunification to bring the co-operation between Hong Kong and the Mainland to new heights. But you must appreciate that we are a separate customs territory and our Motherland will soon join the World Trade Organization; therefore, it would not be easy to effect such co-operation. Nevertheless, we have been working hard in the past few years as this is a long-term effort. Recently, we have announced a series of agreements reached with the Mainland after negotiations. The mainland authorities have responded positively to our request. In fact, we have been working hard in this respect all these years. If you ask me about the prospects in the future, I can say we are conducting many studies and, when the time is right, we would certainly disclose the details for public discussion.

MR AMBROSE LAU (in Cantonese): *Madam President, in his 1998 policy address, the Chief Executive suggested to develop Hong Kong into an international centre of Chinese medicine and to develop health food and pharmaceuticals based on Chinese medicine. The policy gained wide support from across the community then and the press even said the idea was to develop Hong Kong into a "Chinese medicine port". Now several years have passed, will the Chief Executive inform this Council of the latest position in respect of developing Hong Kong into an international centre of Chinese medicine?*

CHIEF EXECUTIVE (in Cantonese): Mr LAU, I would like to take this opportunity to talk about this issue as well. Many people say the Government and I wanted to make Hong Kong a "Chinese medicine port". In fact, when we looked back on the last several years, the Government and I have never mentioned the term "Chinese medicine port". Our objective was to make use of the edge of Hong Kong in Chinese medicine to develop Hong Kong into a centre of Chinese medicine and Chinese medicine practice. In fact, the relevant work of the Government has been divided into three areas. Firstly, we will formulate a set of standards for the regulation of Chinese medicine practitioners and Chinese medicine. Last June, the Legislative Council passed an ordinance to provide for the regulation and discipline of Chinese medicine. And the Chinese Medicine Council of Hong Kong is currently making regulations on the registration of Chinese medicine and the licensing of Chinese medicine traders. In addition, the Department of Health will also research and develop a set of

internationally recognized standards for Chinese medicine to help Chinese medicine break into the international market so that Hong Kong can be developed into a world centre of Chinese medicine.

Secondly, we encourage research on Chinese medicine. We have set up an Institute of Chinese Medicine under the Applied Science and Technology Research Institute to promote and co-ordinate research on Chinese medicine. The Institute, with \$5 million support by the Hong Kong Jockey Club, was set up in May and has since been in operation.

Thirdly, in respect of the manufacture of Chinese medicine, we are discussing with interested parties and enterprises to examine how we may encourage enterprises to manufacture, through investment, Chinese medicine and such products in Hong Kong. So, the Government has a set of plans to move towards the objective step by step. Time is certainly required but I believe we will achieve results in two, three or five years because we have an edge in this regard.

MR AMBROSE LAU (in Cantonese): *Madam President, the Chief Executive mentioned in his answer a short while ago that the Department of Health was planning to develop a set of internationally recognized standards for Chinese medicine. This is a very important point because we can thus promote Chinese medicine and make more money. Will the Chief Executive inform this Council when the standards will be released?*

CHIEF EXECUTIVE (in Cantonese): It is not a simple task to gain international recognition. Come to imagine this. Once international recognition is gained, Chinese medicines developed and manufactured in Hong Kong can successfully be marketed overseas. Therefore, we must make careful consideration and be meticulous in preparing a set of really good standards that can catch the international limelight. The Government is working hard on this.

MR FREDERICK FUNG (in Cantonese): *Madam President, I would like to cite two statistics released by the Census and Statistics Department for the Chief Executive's reference, and he might have known the relevant figures. As shown by the results of a survey conducted before the occurrence of the "September 11*

incident", the number of wage earners with a median monthly household income below \$5,000 has increased by 40 000 compared to last year. In other words, a total of 420 000 people are earning less than \$5,000. I would also like to draw the Chief Executive's attention to the second figure. According to the statistics of the second quarter of this year, the monthly income of each family is \$6,000 calculated at one third of the median household income. The average household in Hong Kong is 3.5 persons. In other words, the monthly family income of 850 000 people is \$6,000 only, that is, each person has an average income of \$1,700 only. My question is: 800 000 people or so are currently earning such a meagre income, however, the whole policy address has mentioned not a single word on the ways to help these poor and unemployed people who are living in dire straits. Does the Chief Executive have any ways to help them?

CHIEF EXECUTIVE (in Cantonese): Mr FUNG, let me tell you. I read the relevant information every week and I will request Mr TANG to provide me with the latest information at the first instance, so that I can understand what is happening because my colleagues and I are very concerned about the situation in this respect.

In fact, after the outbreak of the financial crisis, it can be seen that the median income of 30% of the lowest income families has been dropping and it was until the second quarter of this year that it became stabilized. We take this problem very close to our heart. However, we must understand the characteristics of knowledge-based economy. If you can grasp the knowledge and skills, you will stand a very good chance of making wealth; if you fail to grasp the knowledge and skills, you will be facing grave difficulties. People of all countries are facing this situation. So, what can we do about it? Many people have raised this question to me. They have even said we had better stop ushering in the knowledge-based economy. In fact, we simply cannot resist this trend. A knowledge-based economy is bound to develop and I believe it is good for society as a whole. The problem we have now is that we are not ready yet, we are not prepared to face it. It is because we still have inadequacies in many aspects, such as education. Therefore, I propose that we should strengthen the education for our next generation and allow people in difficulties to undergo retraining, so as to enable them to have a chance to acquire new knowledge as far as possible.

(Someone in the public gallery clamoured)

PRESIDENT (in Cantonese): People in the public gallery are not allowed to clamour. *(Two men in the public gallery continued to clamour)*

PRESIDENT (in Cantonese): Security staff, please take them away. *(Several security assistants advanced and tried to stop the two men from clamouring, but they held their positions and continued to clamour)*

PRESIDENT (in Cantonese): If you refuse to leave the Chamber, we will be forced to suspend the meeting. *(The two men continued to stand there and clamoured)*

PRESIDENT (in Cantonese): Honourable Members, since we cannot continue with the meeting quietly, I now declare the meeting suspended. *(The two men were then taken away from the public gallery by security assistants)*

3.25 pm

Meeting suspended.

3.27 pm

Council then resumed.

PRESIDENT (in Cantonese): Mr Chief Executive, you may continue to answer Mr Frederick FUNG's question.

CHIEF EXECUTIVE (in Cantonese): I was talking about the long-term solution just now, which is to raise the education standard of the public and popularize education whereas the public should also make an effort to pursue lifelong learning. Insofar as the present situation is concerned, to strengthen training and retraining is another way out. I know that some people in Hong Kong have yet been able to catch the train of new economy and we are gravely concerned

about this. Fortunately, the safety net in Hong Kong can protect them. However, it is not the ultimate solution to resolve the problem. The ultimate solution to the social problem is to improve education and retraining. Furthermore, if our economy can resume growth at the earliest time possible, it will be helpful to improving the overall employment situation. Although the external factors are so unfavourable, we must still try our best to do it.

MR FREDERICK FUNG (in Cantonese): *Madam President, I would like to supplement. The Chief Executive mentioned earlier that education, the acquisition of knowledge and retraining were also very important. No one will deny these but the problem with education is that "it takes ten years to grow trees". Within 10 years, the 840 000 people who have an average monthly income of \$1,700 each will have probably become "heaps of bones". In the policy address of this year, the Chief Executive has proposed a generous reduction in rates payment, that is, \$2,000 can be waived for each rateable tenement. However, these people have not purchased their own homes, so they will not be able to enjoy a single cent of benefit from this relief measure. Can the Chief Executive provide us with a proposal or a method that can help them immediately in the short term? Only by doing so will the needs of the low income group be met. We are worried that the Hong Kong Government will be considered by others as very hard-hearted because it can waive \$2,000 in rates payment for the people concerned instead of offering assistance to the low-income group earning \$1,700 monthly.*

CHIEF EXECUTIVE (in Cantonese): I believe the safety net of Hong Kong can help this group of people.

MR FREDERICK FUNG (in Cantonese): *Madam President, I would like to remind the Chief Executive that an average family of 3.5 persons earning a monthly income of \$6,000 is not eligible to apply for Comprehensive Social Security Assistance.*

CHIEF EXECUTIVE (in Cantonese): If this is the situation, we will study further and follow it up.

MR JASPER TSANG (in Cantonese): *Madam President, I would like to ask Mr TUNG in what areas that the accountability system for principal officials being conceived by him is actually better than the existing system? In particular, what advantages the new concept has in improving the transparency of decision making, public consultation and improving the relationship between the executive and the legislature?*

CHIEF EXECUTIVE (in Cantonese): Mr TSANG, the accountability system for principal officials has been proposed in response to social aspirations for greater and improved accountability of the Government as a whole. In the course of consideration, the initial thinking is that the establishment of an accountability system for senior officials is a very important step. I believe that we can keep tabs on the pulse of society even better with the accountability system for senior officials. It is because principal officials can take a proactive role in the work of the Executive Council in respect of prioritizing the formulation and enforcement of policies, resource allocation, and so on. Therefore, I believe that we can do a better job.

In addition, the duties, responsibilities and authorities between principal officials and civil servants will be distinguished clearly with the implementation of the accountability system. The officials will then have the responsibility and time to communicate with the public and Members of the Legislative Council, thereby gauging public opinions and feeling the social pulse more aptly. This will definitely be very helpful to improving the relationship between the executive and the legislature. By and large, after the discussions we have had in the last few months, my colleagues and I also feel that it would be a good thing for the whole society to implement the accountability system for senior officials. However, we also know that this is a very big and new project. We cannot make any mistake and we must consider everything carefully. Therefore, we will consider all the details and the relevant aspects thoroughly in the next few months. As I said yesterday, I believe this is what the second Chief Executive should do — if he wishes to.

MR JASPER TSANG (in Cantonese): *Madam President, senior officials of this new breed are required to keep tabs on the public pulse on the one hand and to have political commitment on the other, so Mr TUNG, what places other than political parties can you find talents to fill these posts? (Laughter)*

CHIEF EXECUTIVE (in Cantonese): Let me take a look here first. *(Laughter)* I think that the legislative and executive responsibilities have been clearly defined in the Basic Law. There are many elites in society, some of whom are willing to work for the Government (we also have several here) while some are not, and there are many highly competent colleagues in the Government. In fact, talents do exist. As long as we have established a proper system, we can then move forward.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, I believe the Chief Executive also finds the unemployment problem a "hot potato". Nevertheless, this is also an issue of enormous concern to members of the public. Last week, the Hong Kong Confederation of Trade Unions and some trade unions went on a demonstration procession to strike home the message of "Down with layoffs, down with unemployment".*

Certainly, the Chief Executive has mentioned creating job opportunities in his policy address; but then, he has made no mention of whether the Government would cause people to lose their jobs. Why do I say this? It is because if the Government should continue claiming that it has to lay off staff and slim down — involving not only civil servants but also non-civil service contract staff working in public organizations and government departments — the overall employment situation would become very unstable. Yet a stable job is the biggest wish of the people. May I ask the Chief Executive whether he will make an undertaking in public that the Government, including all public organizations, will end all those "slimming down" exercises, and that it will at the same time appeal to employers across the territory to stop laying off their employees? Given that the Chief Executive has made many appeals before, will he make just one more?

CHIEF EXECUTIVE (in Cantonese): Members have expressed many views on the economic difficulties faced by Hong Kong currently. The Government has spent considerable time and gone to great lengths to explore job opportunities, and to ensure that they will certainly be helpful to Hong Kong not only today and tomorrow, but also for a month, three months, six months, a year, two years, as well as three years. We are delighted to have found over 30 000 job opportunities, because there is a genuine need for all this work to be done in society. Our efforts to expedite works projects, or to implement programmes

of public sanitation and greening, are certainly helpful to the future of Hong Kong. Hong Kong is now in a relatively hard time. At the policy level, we will give particular attention to certain issues. For instance, when formulating initiatives, we will consider whether the implementation of certain policies will cause the employees in a certain trade to lose their jobs. We will take into account factors of this kind. If we have failed to give enough consideration to certain aspects in the past, we will pay more regard to them from now on.

As regards the Government, I believe its development is dependent upon the trend of the times. We can see the current trend, but what is the trend in the long run? How should the structure of the Government develop? We have mentioned the importance of small government before, but is now the right time to put this into practice? What is the best action we can take to deal with the budget deficit? The Government must have the consensus of the public before taking actions.

MR LEE CHEUK-YAN (in Cantonese): *Madam President, just now was the first time I ever heard the Chief Executive say that at the policy level the Government will conduct some assessments in relation to impact on the employment situation, and that in the long run it will develop in the direction of small government. Concerning matters in the long run, I will discuss them with the Chief Executive later on. In the meantime, I just hope the Chief Executive will immediately tell the people of Hong Kong that in the midst of the present hard time, the Government, including public organizations, definitely will not launch any "slimming down" exercises within these two years. Could the Chief Executive tell us that there would be no more "slimming down" exercises and layoffs? I believe the public will feel more relieved this way, and I just hope the Chief Executive can say that to us.*

CHIEF EXECUTIVE (in Cantonese): Mr LEE, we are busy creating jobs. We are currently creating over 30 000 job opportunities.

MR LEE CHEUK-YAN (in Cantonese): *I just hope the Government will not cause more people to lose their jobs*

PRESIDENT (in Cantonese): Mr LEE, this is the Chief Executive's Question and Answer Session, not any time for debate.

MR JAMES TIEN (in Cantonese): *Madam President, the Chief Executive went to considerable length in his policy address yesterday describing the amelioration of problems with the Hong Kong economy. In this connection, particular mention was made of the importance of small and medium enterprises (SMEs). We could not agree more on this. Unlike multinational companies that can relocate elsewhere for development, SMEs employ many people in Hong Kong. Paragraph 64 of the policy address was on the business environment, and the Chief Executive mentioned that the Government "will also ensure that prior to formulating new policies and legislation, the impact on the business environment will be fully assessed". While I am aware that the Chief Executive was talking about new policies and legislation, I should like to ask about the existing policies and legislation, including the labour legislation which is of great concern to the two Honourable Members who raised their questions earlier on. Will the Government assess the impact of existing policies and legislation on the business environment as well?*

CHIEF EXECUTIVE (in Cantonese): The policy address was indeed talking about new policies and legislation. Mr TIEN, we focus our attention on only new legislation, existing laws are not within our scope of consideration. Nevertheless, if you have found any problems with the existing laws, please do raise them to us. We will certainly look into them.

MR JAMES TIEN (in Cantonese): *Madam President, may I ask the Chief Executive whether the Government will conduct the relevant studies and assessments on its own, or it will follow the practice of the Advisory Council on the Environment in drafting environmental assessment reports, and thus set up an advisory committee on the business environment to assess the impact on the business environment before formulating new legislation and policies?*

CHIEF EXECUTIVE (in Cantonese): I will ask the Chief Secretary for Administration to discuss the implementation issues with Mr TIEN in detail. Nevertheless, I am sure we will definitely solicit opinions from the trades concerned.

MR FRED LI (in Cantonese): *Madam President, in his policy address last year, Mr TUNG promised that — let me quote what he said — "We will complete within one year a review of the Old Age Allowance Scheme to see if we can further improve the livelihood of the elderly". I listened to his policy address for a long time yesterday but it seemed that Mr TUNG had not touched upon this aspect at all. I have held meetings with the elderly at many elderly centres and they longed for Mr TUNG to talk about them on 10 October, but they were very disappointed. Has Mr TUNG issued a cheque that has turned out not honoured?*

CHIEF EXECUTIVE (in Cantonese): Mr LI, concerning Old Age Allowance, the Government is now conducting a detailed and far-reaching review which is expected to complete within the next few months. We will make an announcement in due course.

MR FRED LI (in Cantonese): *Madam President, I have read the section of the Policy Objectives on care for elders, which has given a clear account of the current situation, that is, the Government "has reviewed the Old Age Allowance Scheme", and it is indicated as a "completed project". Mr TUNG said a review is in progress but the Policy Objectives indicated that it is a completed project. Which should I believe?*

CHIEF EXECUTIVE (in Cantonese): Sometimes, we must conduct a further study on more complicated issues. We are still studying the issue and we would make a response as soon as possible.

MR NG LEUNG-SING (in Cantonese): *Madam President, in paragraph 102 of the policy address, Mr TUNG stated that in the course of economic transformation, the Government provides approximately \$2.6 billion to training and retraining organizations. I think it is good to do so because it will be helpful to the continuous employment of employees under the economic transformation. However, it is also stated in this same paragraph that an assessment will be made or a review of the effectiveness will be conducted. Will indicators or data that will aid or improve employment, especially those related to the employment situation of lower-skilled workers, be used as the basis for assessment of the effectiveness or effects in future?*

CHIEF EXECUTIVE (in Cantonese): Mr NG, I believe the review by the Government should have included these factors of consideration. If not, it would not be right. I believe we would certainly include these factors, if not, we would include them from today onwards. (*Laughter*)

MR NG LEUNG-SING (in Cantonese): *Mr TUNG, this point has induced me to further consider another issue. As approximately over \$2 billion is continuously injected for training and retraining annually to attain the said effectiveness and to help solve the employment problem, in view of the 4.8% unemployment rate which tends to rise even higher, there may be dissatisfaction or unstable factors between the Government and the public, and this makes us very worried. Now that resources have to be injected, would the Government consider directly giving partial subsidies, for instance, for the employment of domestic helpers or some categories of workers with lower skill requirements? While employers may hire such employees, they can also cut some expenditure; thus, the problems of both parties can be solved. For example, families in Hong Kong employ many foreign domestic helpers, if employers can be given subsidies, their expenditure would remain more or less the same and would not particularly increase, thus, they could be encouraged to employ local domestic helpers. Employment would increase and these domestic helpers would spend their income on the local economy, for instance, in various consumer markets such as the retail market. Can such an arrangement be further considered?*

CHIEF EXECUTIVE (in Cantonese): Mr NG has expressed his views in great detail and I have carefully gone over his proposal comprising two to three pages. I believe the Government would encounter some difficulties in this respect but we are studying the matter and considering if we can act according to your proposal. I would like to say in passing that when I visited one training programme sponsored by the Employees Retraining Board on the last occasion, mention was made of enhancing the competitiveness of domestic helpers. It is most satisfactory for them to master cookery because foreign domestic helpers do not know how to prepare Chinese dishes. In that case, their competitiveness would be enhanced. Therefore, I believe we have to start with work in this respect so that local domestic helpers would have more skills which would enable them to compete for the relevant jobs. We are now examining the suggestions made by Mr NG.

MISS EMILY LAU (in Cantonese): *Madam President, the Chief Executive presented the last policy address during his term of office yesterday. Many people including me found it strange why the Chief Executive had not tried to sum up his work in these few years in this policy address. Madam President, may I ask the Chief Executive his estimation of, as compared with 1997 when he assumed office, how much worse the life of Hong Kong people has become? Are many people unhappy? Why are they so unhappy? To what extent is he responsible?*

CHIEF EXECUTIVE (in Cantonese): It has been four and a half years since the reunification and Hong Kong people has really met a lot of challenges, challenges that were not at all simple, during these four and a half years. However, I believe, if we sit down and look at what happened, we would find that, firstly, during an economic downturn, people would certainly feel more discontented. Unfortunately, Hong Kong is very much an export-oriented economy subject to influence by external economic factors. The recent outbreak of terrorist attacks has even greater effects on Hong Kong.

Truly, people would certainly feel more discontented during an economic downturn but we find meanwhile that Hong Kong has actually done a lot in these four-odd years. The implementation of "one country, two systems" is not a simple task — all of us can see that we have upheld freedom and the previous way of life. So far, Hong Kong is still a very dynamic city and it can be seen that we have successfully resisted the financial turmoil. Order in the financial markets has stabilized, thereby giving us a base to meet the new challenge of an economic transformation. It will still be very difficult in the future, but like you, Miss LAU, I often talk to people on the street and a lot of people I met had indicated to me that though life is very difficult, the Government and the public have to make joint efforts to overcome future difficulties. I am very confident that we can do so and can overcome future difficulties.

MISS EMILY LAU (in Cantonese): *Madam President, I would like to clarify with the Chief Executive whether he accepts, as many Hong Kong people think, that the situation of Hong Kong people is worse than that a few years ago and that he and his government should be responsible. Having listened to the views expressed by people on the street, would he consider the request made by a lot of people, that Mr TUNG should not seek a second term of office?*

CHIEF EXECUTIVE (in Cantonese): Miss LAU, the more difficult the current situation is, the more the leader has to pluck up his courage and make efforts to confront difficulties. I would serve Hong Kong with unflinching resolve.

MR HUI CHEUNG-CHING (in Cantonese): *Madam President, the Chief Executive mentioned in paragraphs 62, 63 and 73 of the policy address that the Government will actively improve both soft and hard facilities for boundary cargo transport to enable Hong Kong to develop into a logistics hub to link the Mainland with the world. May I ask the Chief Executive whether performance targets will be set to solve the long-standing congestion problem at the boundary by, for instance, ensuring that a truck will complete the necessary procedure within a specified period of time under normal circumstances?*

CHIEF EXECUTIVE (in Cantonese): Mr HUI, we are disturbed by the congestion at the Lo Wu and Huanggang crossings too. Frequent negotiations are being held between various government organs in Hong Kong and the Mainland to examine short-, medium- and long-term solutions. We hope to resolve all problems once and for all or, failing that, as soon as possible. Insofar as Hong Kong is concerned, the Chief Secretary for Administration will personally oversee it. I believe results can be seen in the near future. I also believe the relevant targets will be taken into consideration.

MR HUI CHEUNG-CHING (in Cantonese): *My follow-up question is: As no performance targets have been set, will the Government consider allowing freight traffic to clear the boundary round the clock as a remedial measure, and is it feasible?*

CHIEF EXECUTIVE (in Cantonese): Concerning the round-the-clock operation of freight traffic across the boundary, as far as I understand it, empty container trucks are allowed to cross the boundary round the clock at the moment. I believe the next step we should take is to allow loaded container trucks to follow suit in the near future. Efforts are now being made in this direction and we are examining the related issue with the central and local authorities. We will surely pursue the matter proactively.

DR RAYMOND HO (in Cantonese): *Madam President, Mr TUNG mentioned in his policy address that the Government is committed to speeding up infrastructure projects, shorten vetting and administrative procedures, carry out more maintenance projects and commence projects previously undertaken by the two former Municipal Councils. All this echoes the proposals made by me in the past and commands the consensus and support of various political parties. Apparently, we should be pleased with it. But actually, I am extremely worried for the Government's track record is not very good. Mr TUNG mentioned in the policy addresses of 1998 and 1999 that works projects worth \$240 billion would be carried out over five years. But what we have seen eventually is a constant drop in the amount of work, with the industry grumbling incessantly. In addition, there are no tenders for the companies and no work for the workers. It is mentioned in the latest policy address that works projects worth \$600 billion will be carried out within 15 years, that is, at an average rate of \$200 billion for every five years. The money to be spent is even smaller than the past. Does it imply that there will be less work and the industry will suffer even harder?*

CHIEF EXECUTIVE (in Cantonese): I think Dr HO was talking about two different issues. First, I once mentioned that \$240 billion worth of construction works would be carried out, but the works had turned out to be progressing very slowly. Another issue is that \$200 billion worth of construction works will be carried out every five years on average. In order to do this, we will need to speed up the procedures, vetting process and pace of construction. This issue has been raised by both you and your colleagues to me repeatedly. I wish to tell you that the Chief Secretary for Administration and the Secretary for Justice have personally supervised the progress of this matter. I am also aware that several Bureau Secretaries have been working very hard to ensure that the construction works are carried out as early and as quickly as possible. We will surely try our best.

DR RAYMOND HO (in Cantonese): *Madam President, will Mr TUNG boost our confidence by promising us that he will furnish us with some information on what projects will be carried out, how much will be done and how much money will be spent each year in such areas as infrastructure projects, new and old projects, project items committed by the two former Municipal Councils and maintenance works?*

CHIEF EXECUTIVE (in Cantonese): We should be able to do so. In the meantime, Dr HO, I hope you can place more confidence in the Government. We can definitely do it.

MR TOMMY CHEUNG (in Cantonese): *Mr TUNG, you mentioned the improvement to be done in terms of business environment in paragraph 64, the abolition of the quota system for the Hong Kong Group Tour Scheme in 2002 to boost the number of mainland tourists in paragraph 80, and the creation of 30 000 jobs in paragraph 96. The catering industry welcomes these measures. Apart from clapping our hands to show our support, we would also like to express our gratitude to you. Nevertheless, concerning the problem of imposing a total ban on smoking in restaurants, an international consultancy has recently completed a survey and it is found that the imposition of the ban will reduce our earning by \$7.9 billion and slash 21 000 or so jobs. The financial impact thus produced might offset the efforts made by the Government as mentioned by Mr TUNG in the policy address for the purpose of stimulating the economy and creating job opportunities. What is more, the loss might even outweigh the gain.*

In face of our current economic difficulties, will Mr TUNG bring good news to owners and employees of the catering industry by telling them the Government will not impose a total ban on smoking in restaurants so as to remove this uncertain factor and encourage investors to continue their business to enable both owners and employees to "..... maintain our composure, walk the extra mile, strive for excellence..... overcome all difficulties", as stated in paragraph 158 of the policy address, to continue the operation of their restaurants with better-quality products, brighter smiles, and services of a higher level of excellence?

CHIEF EXECUTIVE (in Cantonese): Mr CHEUNG, the community has reached a consensus of imposing a ban on smoking. This is a fundamental social health issue. I believe a total ban on smoking will eventually be imposed. As to the pace of implementation, I believe the Government will consider a number of factors, including the one mentioned by you earlier. The relevant Bureau Secretary is still examining the issue, and the outcome is yet to be known.

Furthermore, I have previously raised the point here that the data collected in overseas countries have shown that restaurants will fare even better after the imposition of a smoking ban. The United States is one of these examples. I understand that these are overseas data. I am also aware that Secretary YEOH is examining the pace of implementation.

MR TOMMY CHEUNG (in Cantonese): *Mr TUNG, you were right in saying that these are overseas data. Perhaps this outcome can be attributed to some other factors. The assessment company has taken into account Hong Kong's realistic factors in calculating the losses to be incurred by local restaurants. I know a government study is now underway. But the fact is restaurants are now struggling hard to survive. Many owners do not know whether they should "hold on" by continuing injecting capital. Therefore, I hope Mr TUNG or the Secretary can expeditiously give the industry good news to remove this uncertain factor, thereby encouraging them to struggle or "hold on" with more vigour.*

PRESIDENT (in Cantonese): Mr CHEUNG, you were expressing your own opinion rather than raising a question.

CHIEF EXECUTIVE (in Cantonese): I can answer Mr CHEUNG's question. We will try to expedite it.

DR LUI MING-WAH (in Cantonese): *Madam President, in losing the manufacturing industry, Hong Kong has lost a handsome fortune and 600 000 jobs. It can be seen that the manufacturing industry is an important sector of the domestic economy because countries in the world are trying very hard to develop their manufacturing industries. However, in his fifth policy address, Mr TUNG has mentioned nothing about the manufacturing industry. Will Mr TUNG inform this Council whether the Government has forsaken it entirely? If not, how does the Government plan to revive the local manufacturing industry to boost the overall economic development?*

CHIEF EXECUTIVE (in Cantonese): Dr LUI, in the policy address, I mentioned that a number of traditional industries such as clothing, watch-making and toys have long enjoyed great successes in Hong Kong. Some of the processes in manufacturing these products have been relocated to the Mainland or elsewhere, but some still remain in Hong Kong and are doing very well. In the policy address, I mentioned that the Government would try to help these industries as far as possible in terms of providing the necessary structure and infrastructure, so that they can do even better in future. Regarding new industries, you know that there are industrial estates in Hong Kong. I trust my colleagues and I will be very happy to examine together with the commercial and industrial sectors what new initiatives can be made. We will be pleased to study any good proposals.

DR LUI MING-WAH (in Cantonese): *Madam President, all countries will draw up their industrial policies first and then attract foreign capital to invest in their industries. Will the Government inform this Council whether it has any plans to draw up the relevant policies, such as policies on tax concession, to attract investors from other countries? Whether it is a chicken or an egg, there must be either one that exists first. Will Mr TUNG inform this Council whether he has such plans?*

CHIEF EXECUTIVE (in Cantonese): Compared to Shenzhen, Hong Kong is much weaker in its competitive edge on the industrial front for Hong Kong has a much more expensive labour cost and cost of land, which is scarce. Therefore, it is not a simple matter to formulate a series of policies to attract industrial investors because there must be a goal for such policies. For instance, what kind of industries roughly should we target? Without a goal, it would be useless to formulate policies. If the business sector has any good proposals on what kind of industries do have value to Hong Kong and with potential to develop further, for example, the Government will actively consider them.

MR LAW CHI-KWONG (in Cantonese): *Madam President, the Honourable Fred LI has raised a similar question earlier, however, as half a million of elderly people are waiting for the answer, I therefore have to pursue further in order to get a clearer picture of the issue. I do not know whether the Chief Executive noticed on his way to this Chamber that necks of grandfathers and*

grandmothers outside this building appear to be a bit longer. In fact, I believe the Chief Executive will still remember that he said in 1998 he would review the issue of Old Age Allowance. Last year, he said that the review would be completed within a year's time. I do not know whether the Chief Executive wishes to put off the matter as Teresa TANG once sang, "three years now and three years then", and to tell us it is better to wait for three more years. Although the Government has yet to honour its promise made last year, we would give the Chief Executive yet another chance today. Can the Chief Executive make a more definite pledge that when he will give those grandmothers and grandfathers an answer?

CHIEF EXECUTIVE (in Cantonese): Since the reunification, the Government has launched a series of initiatives in respect of elderly policy, I believe Mr LAW will also agree that. We have allocated a lot of resources to elderly care and home nursing services, the results are obvious to all, and I have reported on them one by one in my policy address yesterday. With regard to the issue of Old Age Allowance, I have said earlier that we are actively studying the issue and will give everybody an answer as soon as possible.

MR LAW CHI-KWONG (in Cantonese): *Madam President, I just wish to ask once again if the Chief Executive can give a definite time of giving the answer?*

CHIEF EXECUTIVE (in Cantonese): I am unable to tell the exact time, but I will have it accomplished as soon as possible.

PRESIDENT (in Cantonese): Mr Chief Executive, it is now 4.03 pm, but 40 Members are still waiting for their turn as only 17 Members have raised questions so far.

Would you be kind enough to give us 15 minutes more so that more Members can raise their questions?

CHIEF EXECUTIVE (in Cantonese): Fine.

PRESIDENT (in Cantonese): Thank you, Mr Chief Executive. Mr LEUNG Yiu-chung.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, a while ago when Mr TUNG answered the question raised by the Honourable Frederick FUNG, he mentioned that with knowledge and skills, wealth could be created. May I ask if Mr TUNG knows that recently many people with knowledge were sacked and academics were fired as they were giving lectures in class? They have lost their jobs. There were also people with skills, for example, those who were in the IT business, who also lost their jobs as they were laid off in the "fat-trimming" exercise of the organizations in which they worked. I do not know what is there to support the remarks which he has made earlier. Many people, having heard Mr TUNG deliver his policy address yesterday, have come up with another view of his remarks on "building our strengths, investing in our future". They think that the remarks are about "building without strengths and indulging in empty talk". There is also an impression of making empty talk on figures and manipulating figures. It is because some of the additional 30 000 jobs mentioned by Mr TUNG are recurrent increases and they are not new jobs. In addition, given the 170 000 or so unemployed at present, how can the unemployment problem be resolved when there will only be about 40 000 to 50 000 vacancies around, when one adds up the 30 000 jobs mentioned by Mr TUNG and the 10 000 to 20 000 jobs advertised in the Labour Department?*

In these few days, Mr TUNG must have heard quite a lot of complaints and grumbles, so will he propose more measures in the near future to alleviate the hardship of the people and help them tide over their difficulties? Will he propose measures like a freeze on government fees and charges, call on public utilities to stop increasing their fees and charges, freeze the rentals of public housing or even slash the rentals? Or will he do what the Honourable LEE Cheuk-yan has suggested, that is, apart from refraining from taking the lead in laying off its staff, also call upon other large-scale organizations not to make any more layoffs, in a bid to ease the hardships of the people?

CHIEF EXECUTIVE (in Cantonese): Mr LEUNG, when our economy was having a better time, there used to be around 100 000 people unemployed. An

unemployment rate of 2.5% to 3% had always been there. Now we have about 170 000 unemployed. So if we can manage to create about 30 000 jobs, and that is something we are sure we can do, that will mean a big step forward already. As Mr LEUNG has mentioned, it is true that some IT companies have laid off some of their staff. But on the other hand, some IT companies are expanding and they have a demand for IT personnel. I believe this demand will continue for quite some time into the future.

As for the other issues raised by Mr LEUNG earlier, most of them are related to the restructuring of our economy. What we are facing is the employment problem caused by such a restructuring. I have pointed to a major direction in my policy address and that is we should invest in our future by enhancing our education, raise our educational attainment and ensure that our economy will sustain long-term growth. In the short run, as I have said earlier, temporary relief measures have been devised by the two Principal Secretaries, my colleagues in the Government and me after carefully considering the many opinions we have heard. It remains of course that we cannot expect everyone to be happy about these measures, but I believe these are what we can do, the right things to do.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, I believe Mr TUNG must have heard many complaints made by the public, that many of the problems have not been dealt with in the policy address released yesterday. And even if some problems are dealt with, they are not thoroughly tackled. Are we totally powerless in solving these problems? We have a surplus which amounts to more than \$300 billion and many members of the public have pointed out that the money does not belong to Mr TUNG or the officials, but to all the people of Hong Kong. Why does Mr TUNG not consider using the money to relieve the people of their plight even when a consensus on this has been reached in society? When he answered questions raised by Honourable colleagues, he said that this was not the right time, but what is the right time for when things are so bad already? The problem is that the unemployment rate is surging all the time and this trend is expected to continue and our economy is sustained only by internal consumption. But that is temporary and will not last long. If the people do not have any money, how can the economy be sustained? How can the hardship of the people be eased?*

CHIEF EXECUTIVE (in Cantonese): Mr LEUNG, this package of relief measures has been devised after careful consideration and examination of public opinions. I would like to stress, and Mr LEUNG is certainly right, that the \$300 billion is the money of the people of Hong Kong. It goes without saying that the Government, Honourable Members and indeed everyone of us, have the responsibility of using this sum of money well to the best of our abilities. I will certainly not hesitate to use the reserves in areas which deserve our investment, such as in education.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, in his policy address last year, Mr TUNG encouraged people to pursue continuing education, but only \$50 million was set aside last year to subsidize civil servants to pursue continuing education and training programmes. In his policy address this year, Mr TUNG has proposed to set aside \$5 billion to subsidize those who want to pursue continuing education and training programmes. I think that is a very good thing indeed. However, in a knowledge-based economy, as Mr TUNG says, all of us need to receive retraining to prepare ourselves. May I ask Mr TUNG if the Government will undertake some long-term and comprehensive planning in this regard so as to meet the needs of the development of a knowledge-based economy more effectively?*

CHIEF EXECUTIVE (in Cantonese): Yesterday, I mentioned three tasks that we needed to undertake to meet the needs of a knowledge-based economy. These are: first, to raise the general standards in primary and secondary schools; second, to increase the number of post-secondary places and to popularize post-secondary education; and third, to promote lifelong learning. As for the detailed arrangement in respect of this \$5 billion fund for lifelong learning, I think the relevant Bureau Secretary would consult the sector and the interested parties and come up with some ways to further lifelong learning. I am confident that we can devise some effective ways on this.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, we know that apart from spending this sum of money effectively, continuing education is not something done on the spur of the moment, it is a long-term effort. So would the Government undertake comprehensive and long-term planning on this? And will any further study be made?*

CHIEF EXECUTIVE (in Cantonese): When we study into how the fund should be used, we will certainly look into what post-secondary institutions can do in continuing education and what other arrangements can be put in place to facilitate the growth of continuing education in Hong Kong. This is something we will study.

MRS SOPHIE LEUNG (in Cantonese): *Madam President, I am very glad to see that the policy address has attached great importance to the education of our young people. I would like to raise a question related to the young people. We have been saying that our economy is an outward-looking economy and we have been promoting biliteracy and trilingualism and the fostering of an international outlook among our young people. Although some non-profit-making organizations are offering some scholarships to local students to study overseas, the number of such scholarships is very small and many of these are intended for postgraduates. As we plan to train more post-secondary students and as we have to face competition worldwide, may I ask Mr TUNG if consideration can be made to set up scholarships which will enable local students to study in prestigious universities overseas so that students who have been offered a place in these universities and have financial difficulties will get financial assistance covering part or all of their expenses instead of the meagre assistance they used to get? For this will enable them to study overseas and in the course they will not only be able to know the subject matter of their respective fields of study but that they will also be able to come into contact with the culture of other countries, thereby bringing foreign culture back to Hong Kong and consolidating our position as an international city.*

CHIEF EXECUTIVE (in Cantonese): Mrs Sophie LEUNG, I would think that we can look at the issue from the following aspects. First, in my opinion, our universities do compare favourably with other universities in world. In fact, three of our universities enjoy a prestigious position in Asia and in the world. So we should focus on how these universities can be made even better, or how more places can be added or how the private sector can help provide more resources. I think we must make post-secondary education available to more students. This is the first point.

Second, I would say that the popularization of post-secondary education is crucial to the success of a knowledge-based economy in Hong Kong. We are giving serious thoughts to this. I hope Honourable Members can tell us what they think so that we can do even better.

Third, I think it would be a good thing if students can go abroad to study where they can pick up foreign culture and hence make our city more cosmopolitan. That would be a good thing and we will look into it. However, I would like to point out that if we wish to expedite the popularization process, consideration may be given to some universities on the Mainland, such as Tsinghua University, Peking University, Fudan University and Jiao Tong University, and so on. These are world-class universities and there may be other universities which are equally good as well. That is why we need to make an overall assessment and especially on the popularization of post-secondary education.

MRS SOPHIE LEUNG (in Cantonese): *Mr TUNG, I agree very much with what you have said. I am not trying to criticize the universities in Hong Kong or compare them with those in foreign countries. I have no such intention at all. However, as the ancient saying goes, "Reading ten thousand books does not give one as much benefit as travelling ten thousand miles". I think besides learning, students should also try to pick up the culture of other countries or places. Universities abroad would permit students to enrol in courses in other places for one year during their four-year programmes. May I ask if local universities would be encouraged to do the same and would this idea be considered?*

CHIEF EXECUTIVE (in Cantonese): *Mrs Sophie LEUNG, I understand what you are trying to get at and that is a good suggestion and we will follow it up.*

MR WONG SING-CHI (in Cantonese): *Madam President, the Chief Executive has made much effort concerning housing policy in his past policy addresses, yet the public still criticized that there were scores of interventions, such as making 70% of the public to become home-owners, the target of "85 000", and the recent moratorium on the sale of Home Ownership Scheme (HOS) flats. All this has made the majority of the public become owners of negative assets. May I ask*

Mr TUNG whether he has considered the difficulties faced by owners of negative assets are attributable to his unstable housing policy? Should the Government assume the responsibility?

CHIEF EXECUTIVE (in Cantonese): Before 1997, there were bubbles in the property price. In October 1997, the Asian financial turmoil hit Hong Kong. On 13 October, the overnight rate was pushed to as high as 300%, and the interest rate was staying at the two-digit level for a long period of time. Subsequently, the property prices nosedived and there were adjustments within a very short period of time; prices of office premises also adjusted. The situation remains until this very day.

As to owners of negative assets, I sympathize with them as they are facing such difficulties. What can the Government do? Yesterday, I proposed raising the tax-deduction ceiling for housing loan interest, and the Hong Kong Monetary Authority has also announced certain measures the same day in order to try to provide assistance in the submortgage arrangement. The Government will try its best to find a solution, but we should also be cautious about the moral hazard. These hard-to-make decisions are made after the Government has taken the overall opinion of the public into account. Nevertheless, the Government has tried its best to find a solution.

MR WONG SING-CHI (in Cantonese): *Madam President, Mr TUNG has only made some superficial efforts in this policy address. Can this be taken to mean that he declines to admit that the Government should assume more responsibility concerning the difficulties faced by owners of negative assets?*

CHIEF EXECUTIVE (in Cantonese): The Government sympathizes deeply with the owners of negative assets for their difficulties. We are doing what we can do now.

PRESIDENT (in Cantonese): Mr Chief Executive, thank you for answering the questions raised by 21 Members today.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 17 October 2001. The Chief Executive will now leave the Chamber. Will Members please stand?

Adjourned accordingly at twenty minutes past Four o'clock.