

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 30 May 2002

The Council met at half-past Two o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.S., J.P.

THE HONOURABLE KENNETH TING WOO-SHOU, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

DR 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.

THE HONOURABLE ERIC LI KA-CHEUNG, 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 BERNARD CHAN

THE HONOURABLE CHAN KAM-LAM

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

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

THE HONOURABLE LAU KONG-WAH

THE HONOURABLE LAU WONG-FAT, G.B.S., J.P.

THE HONOURABLE 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 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 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 CHAN YUEN-HAN, J.P.

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE TIMOTHY FOK TSUN-TING, S.B.S., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

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

MS AU KING-CHI, J.P.
SECRETARY FOR FINANCIAL SERVICES

MR RAYMOND YOUNG LAP-MOON, J.P.
SECRETARY FOR COMMERCE AND INDUSTRY

CLERKS IN ATTENDANCE:

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

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

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

MOTION**GOVERNMENT MOTION****Continuation of debate on motion which was moved on 29 May 2002**

PRESIDENT (in Cantonese): We will continue our debate on the Secretary for Constitutional Affairs' motion as well as Mr Martin LEE's amendment.

MR TAM YIU-CHUNG (in Cantonese): Madam President, I always remind myself that I should listen to dissenting voices with patience, as they may contain occasional aphorisms that may be helpful to me. Unfortunately, after listening to Mr Martin LEE's speech on his amendment yesterday, I cannot bear it any more, and I have to speak out. Mr LEE made use of every conspiracy theory to reduce the accountability system for principal officials (the accountability system) as a tool for the Chief Executive to arrogate all powers to himself; to coerce the Civil Service to follow his lead; and to sow discord between the Chief Executive and principal officials. He even associated principal officials under the accountability system with underdone fried chickens served before state leaders. All of his remarks are totally nonsense and not constructive at all. I have also listened to the passionate speech of Mr CHEUNG Man-kwong, who pointed out the so-called 10 major shortcomings of the accountability system. I only feel that he rated the accountability system as worthless, messy, and good for nothing. How his style resembles the tyrannical attitude of a man who considers those submit to him will prosper and those resist him shall perish.

Madam President, when society continues to develop and progress, the expectations and demands of the people will rise ever higher. After the reunification, in particular, the Government should adjust and improve its operation and structure after five years of operation. With my experience in the Executive Council in the past five years, I fully support the accountability system and the new composition of the Executive Council proposed by the Chief Executive. I have neither considered my personal gain and loss, nor the advantages and disadvantages to the Democratic Alliance for Betterment of Hong Kong. I have only thought of the overall public interest and how the efficiency and quality of administration by the Government can be improved.

The introduction of the accountability system may help the Government to meet the urgent needs of the people, to improve the pace of administration and to enhance the tabs on public opinion. Under the new system, principal officials will participate directly in the final decision of each and every policy, and they have to assume the political responsibility for the success or failure of policies in their respective portfolios in order to enhance the efficiency, and to respond timely to the aspirations of society by providing better services to the public.

Certainly, whether the new system will be successful depends on whether there are suitable candidates. They should bear social responsibility, work hard, never complain and should step deep among the grassroots. I believe there are excellent candidates both within and outside the Civil Service. The introduction of the accountability system should get the sufficient co-operation and support of the Civil Service in addition to the wide support of the public. The principal officials must seek to enhance the communication and negotiation with the Civil Service in order to dispel the worries of civil servants about the future allocation of resources within various government departments and matters concerning the pay policy, to increase mutual trust, to pool collective wisdom and to work with concerted efforts for the benefit of improved efficiency and quality of administration in every area.

Some people insisted that the accountability system should only be launched after a system of electing the Chief Executive by universal suffrage is established. They denigrated system which had won popular support on basis of their misgivings about the arrangement for political development. This is pure dogmatism of democracy. The system for selecting the Chief Executive as provided for by the Basic Law is the consensus of the Hong Kong community, and it is also compatible with the reality of Hong Kong. It has an irreplaceable effect on maintaining the stability of Hong Kong. According to the Basic Law, the second term Chief Executive shall be elected by an Election Committee composed of 800 members. The broadly representative Election Committee is composed of members from all sectors, all strata and all industries and covers the entire community; it is society in miniature, therefore it has a sufficient social foundation to represent public opinions. Principal officials are handpicked by the Chief Executive to build a strong and effective executive team that will better manifest the Chief Executive's accountability to the people of Hong Kong.

Ignoring the Basic Law, ignoring the reality of Hong Kong and the aspirations of the people and rejecting the implementation of the accountability system would only do harm to economic recovery and the progress of democratization. For the sake of the prosperous development of Hong Kong, we should have the courage to assume responsibilities and carry out reform.

With these remarks, I support the motion and oppose the amendment.

MISS CYD HO (in Cantonese): Madam President, I feel very sorry for the way in which the Government has tried to push ahead with the so-called accountability system for principal officials (accountability system). Following the Chief Executive's announcement in October 2000 that there must be an accountability system for principal officials, nothing further was released, and details of the system were "sounded out" to the media only by some so-called informed sources who were themselves not subject to any accountability at all. It was not until as late as last month that the relevant proposal was formally released and tabled before the Legislative Council for discussions. Although the Legislative Council Subcommittee on the accountability system has been rushing along, holding one meeting after another, and trying to clarify various doubts and details, we have so far remained unable to get all the answers to many questions. Government officials have just told Members to trust the Government without giving them any detailed information. And even before the Subcommittee on the accountability system can complete its work, a motion debate has been scheduled; and, again, even before the motion is passed, the relevant expenditure proposal has been submitted to the Finance Committee and the Establishment Subcommittee. Such a blatant disregard for established procedures will only make people all the more convinced that the objective of implementing the new system is nothing but achieving a high degree of centralization of powers.

I agree that the Government must be accountable to the people, but I must point out that the accountability system talked about by the Government and the accountability systems found in modern-day democracies are in fact poles apart. Under the so-called accountability system proposed currently, a Chief Executive who is not returned by universal suffrage shall appoint principal officials at his personal will. As a result of this, only people who "sing the same tune" as that of Mr TUNG Chee-hwa will be able to work in the top echelon of the Government, and this will block the expression of divergent opinions. And,

since principal officials need only to hold themselves accountable to their source of authority, that is, the Chief Executive, the people are all barred from any participation. For all these reasons, the new system can only be called a ministerial appointment system, and it must not be mistaken for the accountability systems found in democratic countries, where the people can check the head of the executive through the ballot box.

Some have asked, "Although there is no universal suffrage, an accountability system is still a form of progress, so why object to it anyway?" There is justification for asking such a question. But it must be pointed out that besides the absence of universal suffrage, there is also a lack of measures and statutory regulation to go with the proposal, with the result being that the new system will instead work against democracy. I maintain that before the Basic Law is amended, and before the Chief Executive is returned by democratic elections, if we are to introduce any element of accountability, our only alternative is to empower the Legislative Council to endorse appointments, to veto nominees, and to pass votes of no confidence for the purpose of impeaching government officials, because only this can offset the effects of centralization of powers. But the Administration has rejected all of these proposals. I agree that universal suffrage and a reorganization of the executive team must go hand in hand, for both of them are indispensable. If we seek only to achieve centralization of powers through reorganization without at the same time introducing universal suffrage and statutory regulation, we will become very much like a platform diver who does not know how to swim — the risk coefficient is 100%.

I am worried that under the new system founded not on democratic elections, the Directors of Bureaux may become the mouthpiece of obscurantism. In the initial days of his office, the Chief Executive held "putting up a show" in contempt, but it is most unfortunate that he confused "putting up a show" with the need for public accountability and fostering rational public discussions on government policies. When he ran for re-election, he finally realized that he had underestimated the power of public opinions. Mr TUNG now requires principal officials under the new system to try to win over the public to their cause by reaching out to the people at the district level, and he has repeatedly emphasized the overriding principle of "feeling the pulse of the community and understanding community sentiments". So, the Chief Executive has moved from a contempt for "putting up a show" and an evasion of public accountability to the employment of large numbers of people with responsibility for "putting up a show" and marketing government policies, thinking that this will solve all the

problems. But these two approaches are nothing but the two ends on the same continuum of error. All along, the Government has remained executive-led. The Chief Executive's wish to know the people's concerns is just based on a simple strategy of "knowing your enemy and knowing yourself". All along, he has never mentioned how he is going to take public opinions on board and use them as the basis of policy formulation; all along, there has been no mechanism for establishing an equal partnership with the people. The objective of understanding community sentiments is just meant to reduce the resistance to his administration. The officials appointed under the new system will be guided by a tendency to lead and control public opinions. This will become a factor inducing them to release exaggerated and one-sided information, to mislead the people and to resort to obscurantism as a means of gaining instant support for policies that may produce far-reaching, adverse effects.

I am very much worried that the avowed objective of "understanding community sentiments" under the new system may well become "deceiving community sentiments". I am not over-worried, because there have been some obvious examples. In the right of abode issue, the astounding figure of 1.67 million was precisely an example of deliberate exaggeration aimed at misleading the people into supporting the Government's move to seek a re-interpretation of the Basic Law from the National People's Congress. In the dismantling of the two elected Municipal Councils, the same tactic was employed. Following the outbreak of avian flu, there were lots of exaggerated reports, all aimed at laying the blame on these two elected assemblies. But then, two years later, when the two Municipal Councils were long since "slaughtered", the problem still remained unresolved and we were once again faced with an onslaught of avian flu. What is more, in the case of the accountability system, the term "accountability" has been talked about for as long as 18 months, and this has induced the people to think that government officials will be made accountable to them. To the people's surprise, however, after the announcement of the details, they now find that the accountability system referred to is entirely different from what the term should genuinely mean. But the tactic employed by the Government this time around is still exactly the same as that adopted in the past, evident in its move to ask the Legislative Council to pass the proposal within two months, before the people can have a good look at the details.

With all these examples, I am very much worried that the new system is actually devised to rouse the people in the name of public opinions, to induce them to reject one another for the sake of self-protection, so that the opinions of some can be used to support the Government in its attempts to deprive the

minority of their rights. "Much as water can keep a boat afloat, it too can overturn a boat", as the saying goes. If we appeal to popular sentiments just for the sake of expediency and disregard rational discussions, ours will become a society marked by anti-intellectualism, one which is incapable of developing a knowledge-based economy; such a society will also be a divided one, for with the advocacy of the Government, everyone will focus only on instant benefits, and society will thus be split into different groups upholding their own partisan interests. In that case, it will never be possible for us to achieve any solidarity and share any common goals. A divided society will only make governance increasingly difficult.

Madam President, I now wish to discuss the need for statutory regulation. Care must be taken to ensure the legality and legitimacy of any changes to our political system. The best way is to conduct an extensive and comprehensive consultation exercise and then put forward a piece of primary legislation on the constitutional changes concerned, so as to establish the legal base. This legislation should cover a code of conduct for Directors of Bureaux, the political neutrality of the Civil Service, the prevention of abuse of power for personal gains and preventing the ruling body from placing its interests above those of the public at large. The legislation should set down clear control over all these areas before it can give people any confidence. Unfortunately, the Government has instead oversimplified and distorted the nature of such a significant political reform, treating it simply as a change to the terms of employing heads of Policy Bureaux; the whole matter is simplistically regarded as one involving only the employment relationship between principal officials and the Chief Executive. The effects of such a change to the long-term political development of Hong Kong are completely brushed aside, and Hong Kong is looked upon as just another private corporation. Such is precisely the harm of letting businessmen run Hong Kong.

The new system seeks to introduce fundamental changes to the operation of the executive authorities. In the past, civil servants only had to hold themselves accountable to the laws of Hong Kong and the constitutional framework. But in the future, they will have to hold themselves accountable to the Chief Executive. In the past, they only had to comply with the law and uphold procedural justice, but in the future, they will have to curry favour with the Chief Executive, and they will thus be unable to offer any candid and honest views. Since there will neither be any checks by the ballot box nor any procedural regulation, a culture characterized by sycophantic officials, "cronyism", nepotism and even corruption will easily emerge. This kind of

inferior politics will breed not only among the Secretaries, but also in the Civil Service as a whole. In the composite circular issued to civil servants several days, it was categorically stated that civil servants should try to win the trust of the appointed principal officials by their good performance. Such a lack of assessment criteria is something that will likely foster a sycophantic culture.

Given all these, if we do not lay down any comprehensive and sound control measures in primary legislation, we will only give more room to the rule of man. Regrettably, the Government does not have any such intention. The only thing it is going to do is to move a resolution to transfer the powers of the existing Bureau Secretaries to the appointed principal officials, and with respect to all other matters, the forms of control will just be internal codes of conduct, terms of employment and guidelines, which are not legally-binding. These codes and guidelines are not laws; they are therefore not subject to the scrutiny of the Legislative Council, and the people will not have any chance to discuss them either. This means that the executive authorities may well revise them at any time they like — a minor revision every two years and a major one every three years, for example, and they may even be revised several times a year. This is entirely not conducive to good governance, and shows that the political reform is not preceded by deep and thorough thinking.

It has turned out that the partial outline announced in mid-April is in fact unable to withstand Members' questions. It has been discovered that there are in fact no concrete answers to many of the related questions, one example being the acting arrangements to be adopted in case a Director of Bureau takes leave or falls sick. No answer has been given as to who should be acting in the Director's place. Many of the details also seem to be the product of improvisation, as shown by the composite circular, for example. It has been kind of fortunate that the authorities have accepted the solutions to some of the problems; but in other cases, the situation actually gets from bad to worse as a result of the reform. For instance, the four policy areas of the environment, food, health and welfare will be combined under one single super bureau which takes up one third of the Government's manpower expenditure. There had been no consultation before this arrangement was announced. Later, the environment and pollution control were taken out and merged with transport and public works. But again, there has never been any consultation on this arrangement. Has the Government ever thought about the question of accountability? Has it even occurred to the Government that it should consult environmental groups and the people?

Madam President, I oppose the proposal of combining these four policy areas under one single bureau. I oppose the proposal not just because the new bureau will be much too large, but also because, more importantly, environmental conservation, social welfare and health are not directly related to one another and should thus be handled separately. I oppose even more strongly the merging of environmental conservation with public works and transport, because there is actually a checks-and-balances relationship between these two policy areas. We must honestly admit the existence of conflicts between environmental conservation and infrastructure construction. Hong Kong is a tiny place, where economic development will inevitably cause some kind of environmental damage. But we cannot possibly forbid construction projects altogether, which is why we have been looking at sustainable development as a means of striking a balance. The best way to strike a balance is to introduce checks and balances through a mechanism of some kind. I am convinced that the merger of environmental conservation with public works and transport will only result in an imbalance.

Last year, on the basis of the decision reached by the Advisory Council on the Environment, the Director of Environmental Protection accepted the relevant environmental impact assessment report and vetoed the Long Valley railway construction project. But I suspect this will never occur again under the new system. The composite circular requires all civil servants not to attempt to hinder policy implementation by disclosing the divergent views expressed in the policy-formulation process at a premature or inappropriate time. And, it also requires civil servants not to express any divergent views to the public after a policy has been passed. Under the proposal announced yesterday, environmental conservation, public works and transport will be merged under one single principal official to be appointed. According to the composite circular, will the Director of Environmental Protection still be able to stick to the perspective of environmental protection and comment on the environmental and ecological impacts of works projects? If he chooses to exercise his power of veto, will he violate clause 12 of the composite circular? In other words, is it true that he will definitely fail to command the trust of the relevant appointed principal official?

In fact, the respective perspectives of the officials responsible for these two policy areas are totally different. In the past, when the Legislative Council

discussed Route 10 in the Northwestern New Territories and Route 7 in the Southern District with transport officials, we asked the Government to adhere to the railway development strategy and assess the differences between railways and roads from overall social perspectives covering health care expenditure, air quality, road repairs and maintenance, and so on. But transport policy officials appeared rather resistant to such a request, and they simply did not care about environmental protection. If these three policy areas are merged, and if statutory and advisory bodies are also grouped under one single auspices, I am afraid that the power of veto vested with the Director of Environmental Protection may be engulfed by the mega-trend of logistics development; that the Advisory Council on the Environment may become even more "window-dressing" in role; and that the bureau responsible for environmental protection may become the "Environmental Destruction Bureau". Regarding the issue of the re-grouping of portfolios, the authorities have listened selectively to the views in support of construction projects and totally ignored the request for setting up a separate bureau on environmental conservation and sustainable development. This is even worse than putting the environment, food, health and welfare "all in one dish".

Madam President, I can remember that in 2000 when we discussed the legislation on Legislative Council elections, Secretary Michael SUEN, in an attempt to explain why he could not give us an answer at that time, once referred to the Schrödinger's Cat Paradox, saying that as long as the black box was not opened, people would never know whether the black cat was dead or alive. Very unfortunately, we already have had several such black boxes in the political history of Hong Kong. This time around, we also have many questions, and the Government have failed to offer us any answers. But I am sure about one point — once the box is opened, we will most likely find a dead cat inside.

Madam President, one may say that from the very beginning, the new system is very much like someone groping for stones in crossing a river. But if we put a foot wrong, we may well be washed away by the currents of no return, instead of just getting our feet wet. I fail to see why we must implement the new system before 1 July. Is that because of any wish to get the blessing of State leaders? Or, is that because of any intention of making the second term of the Chief Executive more like a new era? Madam President, if these are the intentions, I would say that the price is really too high.

MR LEE CHEUK-YAN (in Cantonese): Madam President, in his column in yesterday's *Hong Kong Economic Journal*, Prof LUI Tai-lok of the Sociology Department of The Chinese University of Hong Kong writes: "The society of Hong Kong now seems to be in the mood of expecting a handover. I have heard not only once various comments similar to this: The question of what kind of policy changes or reforms there may be will have to depend on who will become the Directors of Bureau." A handover is usually associated with joyful expectation of a new era, of many different initiatives. But I am sure that only Mr TUNG Chee-hwa and his favoured apologists will hold such joyful expectation, and the whole society, especially the existing Bureau Secretaries, will have the feeling that they are at the mercy of Mr TUNG Chee-hwa. But in any case, I must admit that the existing Bureau Secretaries are really very professional, because in the meantime, they still manage to look so dedicated to the defence of a new scheme that will have enormous impact on themselves and on a civil official system they have been serving for years. I really "appreciate" this ability of the Bureau Secretaries.

To clear the way for the accountability system for principal officials (accountability system), the Government has conducted an opinion poll. In the local press, there is this headline about the poll: Sixty-five Percent of People Expected to Back Accountability System. I think the whole questionnaire is actually designed to consult the people in a very specific way. A typically misleading tactic has been employed, I mean. Honestly, if a person is asked in the street on whether or not he supports an accountability system, he will most definitely answer in the affirmative. Can there be anyone who thinks otherwise? Even all those who are present in the Chamber today will say that they support an accountability system for principal officials. No one will ever say they do not. We have conducted hearings on the short-piling incident connected with public housing blocks, and we have also held many debates, arguing that Mr Andrew LO must be held responsible, and that the Government should dismiss him. All this is related to the accountability system of principal officials. We have handled so many incidents, so no one here will ever say no to accountability of principal officials. Therefore, when questions like "Do you support the introduction of accountability for principal officials?" are used to consult the people, they will definitely say "yes".

But the greatest problem is this: When a man is consulted, does he know the meaning of the accountability system being referred to? We should not just let him interpret the term as what it usually, literally, means. Instead, we

should require him to understand what kind of accountability system is being considered. Unfortunately, to be very frank, the Government has never consulted the people in such a way, nor has it ever publicized the accountability system it has in mind. The only thing it has tried to do is to push ahead with the system in the two-month period available. How many people, the men in the street, really know the exact details of the accountability system now tabled before the Legislative Council for scrutiny? How many people really know such details? Actually, what I find very interesting is that the people's lack of understanding can be reflected by one single sentence: When asked about their reasons for supporting the system, 53% of the respondents said that "principal officials should be held responsible for what they have done." This is a very simple point. The respondents all interpreted "an accountability system for principal officials" in its most literal sense. I mean, if one just asks people whether they support an accountability system for principal officials, their responses will most certainly be in the affirmative. It is only logical that principal officials should be held responsible for what they have done. It is just as simple as that. Very obviously, a questionnaire survey based only on the mere literal meanings of terms and words are really unable to reflect the true views of the people, because they may not necessarily know all the details of the accountability system being referred to.

I may perhaps make a proposal here. Let me just challenge the Government to conduct another opinion poll. How is the questionnaire to be set? One of my suggested questions is: Do you believe that Mr TUNG will really dismiss the principal officials who have made mistakes? Just ask this question, and I guess we will see that some 60% or 80% of the people will answer in the negative. The second question may be this: Should the implementation of an accountability system be preceded by a comprehensive and in-depth consultation exercise? The people will definitely answer in the affirmative, right? The third question may be this: Should the Legislative Council be empowered to pass a vote of no confidence to impeach a principal official involved in a major blunder, instead of having the system now put before the Legislative Council, under which the Government only agrees to seriously consider the views of the Legislative Council? The Government is requested to conduct consultation with these three questions to see what the people's answers will be and what they really think.

Unfortunately, in the opinion poll conducted by the Government, the Government simply picked the issue that it thought would work for its objective,

and simply asked a question on whether principal officials should be accountable. I wish to challenge the Government on this point, and I hope that it can accept the challenge and conduct a consultation exercise based on the three questions suggested by me. And, if the Government wants to set more questions, I am more than happy to set more questions to enable it to conduct further consultation.

I think there is still one more ridiculous thing about this opinion poll — according to the findings, more than 80% of the people agree that the Chief Executive should devolve his powers. This finding can actually lead us to quite an opposite observation, and that is, the people do not want the Chief Executive to be vested with too many powers. That explains why they hope that the Chief Executive can devolve his powers as soon as possible. But this in turn can be rather misleading. Does the implementation of the accountability system really involve devolution of powers by the Chief Executive? Or, is it instead a step to centralize powers? Therefore, as far as this is concerned, the truth is that the people do wish to see a devolution of powers by the Chief Executive. But if a questionnaire survey is conducted to ask whether the people will support the centralization of powers in the Chief Executive, I am sure that most people will answer in the negative. Of course, some may well say that there is not going to be any centralization of powers in the Chief Executive, and only Mr LEE Cheuk-yan or his colleagues think so.

In that case, then let me say a few words on the nature of the new system. I think that the nature of the new system is not quite like what the Chief Executive has described: "..... to enable principal officials to assume responsibility for their policy portfolios, to share a common agenda and to have clear directions". Actually, if we are to talk about the new system's true nature, we will have to talk about a little bit of history. The Chief Executive and his court advisors have all along maintained that the lack of resolution, the wavering policies and the lack of enterprise characterizing the leadership of the Government since the establishment of the Hong Kong Special Administrative Region some five years ago are mainly caused by the fact that the civil service bureaucracy has so far failed to assist the Chief Executive wholeheartedly. Put simply, the "old batteries" left behind by the British Hong Kong Government have posted various hindrances. The accountability system is thus just a political purge. These obstacles must be removed, but this is not meant to say that these top officials are to be dismissed. The objective is just to remove those who refuse to say "yes" all the time. These officials must be kicked out of the

decision-making circle or core. And, in their place, some political upstarts, political stars, trusted by the Chief Executive are to be appointed. These are either foolhardy people with blind loyalty to their master or fops rich enough to take up public service posts. Can the public have any confidence in these people, who have nothing but blind loyalty, foolhardiness and wealth?

Some may say that there is nothing wrong for the Chief Executive to have a team that shares a common agenda and works with solidarity. It may also be argued that there is no reason why the Chief Executive should allow some civil servants with no popular mandate to check his work. Some even wonder why we should trust civil servants at all. I frequently criticize the civil official system to which these civil servants belong, saying that they are too obstinate to heed any public opinions. But frankly, if I were to choose between the accountability system and the existing Civil Service, I would definitely choose the latter as the lesser of the two evils. This is not to say that I like the existing civil officials very much, but I must admit that the officials in the existing system still have merits. At least, they consider matters more cautiously and carefully. When they have to "bake a cake", they will definitely do so, albeit very slowly sometimes, much to our dissatisfaction. But it is true that they always consider things very thoroughly and in very great detail before they conclude their work. I may not like their ideas and proposals, but I at least know that they have given very serious thoughts to all relevant issues. Finally, we are certainly dissatisfied with the existing civil official system, but do we really think that it is really better to have a new system not subject to checks and balances by civil servants? Is it really better to give the governance of Hong Kong to some fops, some people with blind loyalty, in brief, all those favoured by Mr TUNG Chee-hwa? That is why I have to choose the lesser of the two evils. I think it is after all better to have some checks and balances by the Civil Service. The tide of democracy is irresistible, and all this will be washed away sooner or later. But before that, the Civil Service has to be tolerated, and we must not flush it down the toilet. We must retain it for the moment. So, with such an analysis, the whole thing will become very simple.

Next, I wish to extend a serious apology to Mr SUEN, Secretary Michael SUEN. I once criticized Secretary Michael SUEN, saying that he wanted to force his way through, and calling him Conqueror SUEN. Later, having thought about the matter more carefully, I decided that it was really unfair to him. In fact, it is not him who wants to force the way through. He was simply given the instruction to introduce a system that had to be forced through. Therefore, I can say that Mr SUEN does not want so much to become Conqueror SUEN.

There is only one conqueror — Conqueror TUNG. What I am most unhappy about the whole thing is that the Government has never conducted any public consultation on the system. I have repeatedly stated my dissatisfaction with 1 July as the only date to launch the system. An accountability system was first mooted in the policy address of 2000, but then the matter simply dragged on until April 2002, when the Government said that it wanted to put it into practice; then, all a sudden, it said it wanted to implement the system on 1 July. Is this not a forcible approach? Then, the countdown to 1 July started. A discussion in the Establishment Subcommittee is scheduled on 6 June; the proposal is to be submitted to the Finance Committee on 16 June (or another date); and, on 19 June, the relevant resolution will have to be passed. Besides, the system has to be implemented by way of a resolution, not any legislation, and there are still many arguments. Another point is that whenever we asked the Secretary any question, he would invariably say that there would be a written reply next time. Actually, it might well be that the Secretary had never before thought about the questions asked.

From all this, we can all see the hurry and haste. There is only one reason for all the haste and hurry — to enable principal officials to swear in on 1 July. The point is so very simple. Well, perhaps, the following question can be added to the questionnaire to consult all the people in Hong Kong: "Do you think that there is an absolute necessity for principal officials to swear in on 1 July?" Why the haste anyway. I think that even Members of the legislature may not necessarily understand why the system has to be implemented on 1 July. Except the wish to swear in before President JIANG Zemin, can there be any other reason? So, I can only say that this is a forcible approach. I really have to apologize to Mr SUEN (Secretary Michael SUEN), because he is not the conqueror, but Mr TUNG is. Obviously, the entire accountability system is purely the directive of the one on the top. The Chief Executive wants to implement the system on 1 July, and since this is the wish of the Chief Executive, everyone under him has to fight a fierce battle for him.

Next, I wish to discuss another point reflecting the wish of the Chief Executive — the setting up of "Three Departments and Eleven Bureaux". The scheme of "Three Departments and Eleven Bureaux" first put forward by the Government was haphazard, a messy regrouping of policy areas. Having been criticized, the Government tried to regroup the policy areas again, and yesterday, there were some more adjustments, some more regrouping. The commentary of the *Oriental Daily News* yesterday aptly compared the Government's approach to children building sand castles or playing with building blocks — in brief, all

being far too haphazard. The approach of the Government is really very disappointing. Building blocks can be assembled and then torn down very easily. But the new system is no building blocks; it involves Policy Bureaux. They have tried to handle the matter like playing with building blocks. Do they want to turn Hong Kong into a laughing stock before the international community?

What anger people most were the remark made by Mr LEUNG Chun-ying earlier today. He said that he had thought about the issue carefully and thoroughly. Who have actually done so? Have anyone here done so? How many top officials have done so? The Legislative Council has certainly no part in this process. The DAB once put forward a proposal, but all the Members belonging to the DAB do not come from the economic and manpower fields. This is also the case with the Democratic Party. No one has ever taken part in the formulation process. God knows how the arrangements have been worked out.

Actually, I can guess how they worked out the arrangements. First, the Chief Executive thought that education was very important, and so he must kick away all those who were not suitable. This was the wish of the Chief Executive, and he always thinks that education is very important. Second, to where should these people be kicked? The commerce and industry area seemed to be a good choice, because there could be a balance. Such an arrangement would also sound appealing, because commerce and industry would also involve commercial development that might hopefully create employment opportunities. So, the people were kicked to this policy area. Unexpectedly, following this, we still criticized the Government, asking "on which side of the seat will his buttocks rest?" (Madam President, I am sorry, I mean, we are just querying the stance of the person concerned). If a man with commercial background is put in charge of commerce, industry and manpower, will an imbalance result? And, will this lead to businessmen ruling Hong Kong? We will definitely challenge that point. Following further consideration, the Government realized what was wrong, because it knew that it would be challenged by many people. So, it decided to conduct further studies. It thinks that commerce and industry must be put under the charge of people with business background, but it also realizes that the Industry and Commerce Bureau cannot possibly handle labour matters as well. So, people are once again kicked away, this time to the economics field. I do not know what Members think. I do not know whether it is alright to kick people to the economics field just because the bureau is to be headed by a civil servant. But it is still "nonsensical" to kick people to the economics field.

Yesterday, when the Secretary offered an explanation, his answer was muddled. He only said, "The policy area of economics will involve the economic and the economic infrastructure, and will thus create many jobs." Employment opportunities and labour policies are not related. Then, for reasons unknown, environmental protection is merged with transport. Now, many environmental groups are afraid that the Long Valley incident may repeat itself, and they do not know what they should do in the future. Let me perhaps make a proposal here. Labour affairs are very much like an "orphan" whom no one wants to adopt, which is why the labour policy area has been pushed around so much. I think that since the Government does not want to pay so much attention to labour affairs, it may perhaps put the two orphans together. That means it may merge environmental protection and labour affairs. This can create checks and balances between the two. On the one hand, there will be a check on large-scale construction projects in which environmental protection is often neglected. On the other hand, there can be a check on the commercial sector. These two policy areas may even be merged. But now, these two orphans are so miserable, both facing death and in need of protection (I have actually heard from many people in the labour sector that they are also facing the very grim question of survival). Why does the Government not merge the two? This can create some kind of love, perhaps. Well, the Government may say, "This is a good idea. Let us consider it and discuss it next week."

But the Government is not holding such discussions now, and I do not know whether it will conduct any consultation. It may not conduct a large-scale one, or it may not conduct any consultation at all and simply put everything together in a haphazard fashion. May I ask the Secretary (I hope he will give an answer) whether he will consider the conduct of consultation on such a drastic change? For how long is he prepared to discuss with us? But I do know that his answer will definitely be that 1 July is the deadline for everything, and that by that time everything must be settled. That being the case, there cannot be any consultation.

Madam President, finally, I wish to express support for Mr Martin LEE's amendment on behalf of the Hong Kong Confederation of Trade Unions. What we support is accountability under a democratic system. Thank you, Madam President.

MR SIN CHUNG-KAI (in Cantonese): Madam President, the first question of the public opinion poll questionnaire mentioned by Mr LEE Cheuk-yan is "Do you support the Government's implementation of the accountability system for principal officials?" It should actually be changed into "Do you support the Chief Executive's implementation of the accountability system for principal officials and increase the Chief Executive's accountability to the public?" If the public is consulted on the basis of this question, the figures reported by Secretary Michael SUEN can be inflated greater. Under the present circumstances, I believe not only 65% of the people would support it, even 80% to 85% or even 90% would support it. If the public is asked whether they support an accountability system for the Chief Executive, I think all of them would indicate their support by raising their hand or leg.

Madam President, I made a draft speech yesterday and I intended to express my views on the merger of the Information Technology and Broadcasting Bureau. However, the Chief Secretary for Administration made another proposal yesterday under which the Information Technology and Broadcasting Bureau, that would originally be merged with the Economic Services Bureau, would be merged with the Commerce and Industry Bureau. Specifically, the merger is not satisfactory but better than the original proposal of merging with the Economic Services Bureau. In other words, oranges are now merged with mandarins, which is better than the merger of oranges and apples. This arrangement is better and more acceptable than the original proposal of merging with the Economic Services Bureau. Yet, an independent Information Technology and Broadcasting Bureau is still better.

I find the proposal acceptable only as opposed to the proposal of merging with the Economic Services Bureau. Earlier on, I discussed the accountability system with some people from the information technology (IT) sector and we found the proposal of merging the Information Technology and Broadcasting Bureau and the Economic Services Bureau incomprehensible and we did not understand the working relation between the two. Relatively speaking, the work in respect of IT is more closely related to the Commerce and Industry Bureau.

However, there are hidden worries about such a merger. Firstly, it is related to the future orientation of the Information Technology and Broadcasting Bureau. Madam President, the major policy objectives of the Commerce and Industry Bureau are: first, consolidating the status of Hong Kong as an

international business and trade centre; second, enhancing the competitiveness of Hong Kong and promoting a knowledge-based economy. These two objectives involve the application of IT. It is anticipated that the merger of the two bureaus would facilitate and promote the application of IT by the commercial and industrial sectors. The Information Technology Services Department (ITSD) under the Commerce and Industry Bureau manages several funds and organizations including the Innovation and Technology Fund and the Science and Technology Parks Corporation, so it is important to the application of innovative IT. Therefore, it seems that the merger is not too bad after all.

Yet, there would be other problems after the merger. For instance, would the Government only encourage the industrial and commercial application of IT? Would the application in other aspects such as care of the disadvantaged and students as well as the development in schools, the Government and other organizations be neglected? Certainly, we support the extensive application of IT by industrial and commercial undertakings to enhance our competitiveness, but we must also cater for the development in other areas.

The merger would not facilitate the promotion of individual policies. Let us take the e-government being implemented as an example. The Information Technology and Broadcasting Bureau may have introduced to the Health and Welfare Bureau and the Transport Bureau how to establish an e-government, but if a bureau known as the Commerce, Industry and Technology Bureau is going to introduce how to establish an e-government in the future, it would be difficult indeed. Others may think that a bureau has intervened in the portfolio of another bureau rather than supplementing the development of another bureau.

Secondly, the blueprint for IT development. We need a visionary blueprint for IT development that would have far-reaching effects on the overall social development. For instance, in 1998, the Information Technology and Broadcasting Bureau launched the "Digital 21" Information Technology Strategy programme. With a framework of development, progress could be made in an orderly manner and we would get twice the results with half the efforts. The most important task of the Information Technology and Broadcasting Bureau now is to formulate and promote the local IT strategies. Would the new Commerce, Industry and Technology Bureau perform similar tasks after the merger? Does the Bureau have a similar determination? We question all these. Would the new bureau have a similar department to independently formulate plans for the development of IT? Would the absence of such a blueprint have adverse effects on the development of IT?

For the above reasons, I think that the entity of the Information Technology and Broadcasting Bureau should be retained and we have to consider the issue of image. According to the new arrangement, the Bureau would certainly be scrapped. The Information Technology and Broadcasting Bureau was established by Mr TUNG Chee-hwa on the basis of the first policy address of the Chief Executive. It was warmly welcomed by the IT sector because there would be a new bureau to promote policies. After four to five years, the Bureau is going to be scrapped by Mr TUNG Chee-hwa. We certainly would not welcome the scrapping of the Bureau. We have recently conducted a survey and more than 50% of the respondents were very worried about the merger of the original Information Technology and Broadcasting Bureau with another bureau, and quite a few of them were a bit worried. Would overseas countries have a negative impression of the future development of IT in Hong Kong as a result of this merger? In 1997 and 1998, Mr TUNG Chee-hwa promoted IT and established the Innovation and Technology Commission. He also invited Mr TIEN Changlin, Vice Chancellor of the University of Berkeley, California to be the Chairman. It appeared Mr TUNG was very keen on IT promotion. Yet, a lot of thunder was heard at that time, but the Government is going to scrap the Bureau now. It was very impressive at the very beginning but it was in low spirits at the end.

Madam President, the existing proposal of the Government is similar to mine. I originally proposed that the departments related to technology under the Commerce and Industry Bureau should be merged with the Information Technology and Broadcasting Bureau. However, the Government is doing the opposite, marrying the Information Technology and Broadcasting Bureau and the Commerce and Industry Bureau. The merger would achieve some savings in resources but it would produce some adverse effects. I can only say that the current arrangement is a choice out of reluctance.

An independent Information Technology and Broadcasting Bureau would be conducive to the development of IT. Quite a few Honourable colleagues such as those present today use notebook computers to maintain contact with the outside world via the Internet during meetings for enhanced work efficiency. In fact, efficiency has been enhanced after the use of IT in many industries, thanks to the vigorous promotion of IT development by the Information Technology and Broadcasting Bureau in the last four years. The Bureau has quite a lot of outstanding achievements really. For example, the "Digital 21" Information Technology Strategy Programme, opening up the telecommunications market,

addressing the Y2K problem, promoting e-government and overcoming the digital divide. For Hong Kong to become a leading city in all aspects as the Chief Executive has said, we must maintain perseverance in certain work. We cannot make very impressive efforts at the very beginning but slump into low spirits at the end. Madam President, many countries have set up an independent department to take charge of the co-ordination of strategies for the long-term development of IT work or related policies. Hong Kong should not move in the opposite direction and scrap the existing Information Technology and Broadcasting Bureau.

In the long run, we hope the Government would reconsider the proposal. But, Madam President, what I have just said reflects the views of the IT sector on the scrapping and merger, but I think I am also obliged to express my views on the accountability system as a whole.

Mr TUNG Chee-wah has been in power for five years and he has created a culture of "passing the buck". Whenever things are not done properly, those in charge would pass the buck onto others. For instance, during the financial turmoil in 1997 and 1998, somebody shirked responsibility by blaming the British Hong Kong administration for leaving behind the shambles. In 2000, Mrs Anson CHAN resigned from her office of the Chief Secretary for Administration. We all know the reasons, but some said that Mrs CHAN was obstructing the "rotation of the earth" (the progress of administration). During the past two days, the organization like a chorus that expressed its views in this Council also reflected such sentiments. The third example is that when the Government was not running the administration well, it put the blame on the policies and proposed the implementation of an accountability system.

Actually, I think that the officials who are sitting opposite me are under very "miserable" circumstances. Provided that we listen to the views expressed by the public on the accountability system, we would find that they are scolding the principal officials instead of us. After the implementation of the accountability system, would this culture of "passing the buck" be preserved? There should not be any more reasons for the officials to "pass the buck". It is because, firstly, the British Hong Kong Administration ruled Hong Kong five years ago and all the residual influence should be gone; secondly, those who have to go have already gone; and thirdly, the Chief Executive has personally selected the principal officials. Nevertheless, somebody has recently reminded me that the officials could still "pass the buck" and put the blame on the poor

enforcement of good policies. The future Chief Executive could say that the policies are good and he has personally selected the principal officials and decided the implementation of policies, yet, the civil servants have not performed well. At that time, I do not know whether a "middle official accountability system" or a "junior official accountability system" would be implemented or how many people would be dismissed.

Would the accountability system give rise to the contradictions below? In the past, civil servants shielded one another but the principal officials in future who are not civil servants would not shield one another. Would the principal officials at that time fight amongst themselves for resources or performance? Since they know that they would have to leave office if they fail to perform well, they may fight one another fiercely. They would not shirk responsibilities but they may blame one another and put the responsibility for poor performance on other officials, claiming that it is none of their business. These are the risks that may be found. Madam President, as many colleagues said yesterday, the accountability system require hardware and software for implementation as a whole. The appointment system under which the Chief Executive selects officials to his liking or suitable to assume various offices is hardware in itself, but the matching software is more important. The software is a democratic basis without which the accountability system could actually not be implemented well.

Two systems have been adopted by countries in the world, namely the cabinet system such as that in the United Kingdom and the President ministerial system such as that in the United States. Mrs Margaret THATCHER was once a most influential figure in global politics, but she lost the support of party members between 1992 to 1993 and was finally forced to step down by the Tories. Under the so-called ministerial system, cabinet system or accountability system to be implemented, the officials could not force the Chief Executive to step down. According to the officials, the "85 000" policy was decided by the Chief Executive, but it was not true that the policy was not implemented well and the civil servants had even attained "91 000" and exceeded the target. Yet, it is still said that the policy was not implemented well. Such problems would still exist in future.

The same applies to the presidential system. Under the system of the United States, a framework is set and the appointment of principal officials has to be endorsed by the Senate. The accountability system proposed by the Chief

Executive currently does not comprise such a procedure or the constitutional restraint of motion of no confidence. An accountability system should have two legs, but the proposed system has one leg only. It only has the leg of appointment but not accountability such as the passage of a motion of no confidence by the legislature or a legislative assembly as is the case with a cabinet system. The accountability system we are discussing today only comprises a half, but not the other half.

Madam President, the new arrangement has already produced some adverse effects indeed. I anticipate that in the future political arena, the Chief Executive may have greater powers to implement policies that he considers necessary but there would be a new culture. In other words, there would be a not too happy arrangement among principal officials and civil servants.

During the hearing sessions conducted within this couple of months, we feel that organizations that expressed their views in this Council imprecated the Civil Service, even in an excessive manner. I am not sure about the reasons but I only think that those officials sitting opposite me would be self-contradictory. On the one hand, they would hear others scolding their colleagues while they have to hard sell the accountability system on the other. I feel sorry for them indeed.

Madam President, I support an accountability system that carries the soul of democracy. Thank you, Madam President.

MR KENNETH TING (in Cantonese): Madam President, since its establishment, the Liberal Party has been promoting the Government's political appointment of principal officials to improve governance. After almost one and a half years' brewing, the Government finally decided to implement an accountability system for principal officials (accountability system) and the Liberal Party warmly welcomes the Government's decision.

Concerning the essence of the accountability system, firstly, we have to clearly define the powers and responsibilities so those principal officials with powers have to bear political responsibilities for the policies under their charge. Secondly, we have to make a clear distinction between political and executive levels in order to ensure that the Civil Service that enforces policies would remain apolitical. Finally, we have to extensively absorb elites from various sectors of society to assume office as principal officials on their merits.

Why do we have to define powers and responsibilities clearly? During the colonial era, all civil servants in principle implemented the instructions of the Governor and the British Government. Civil servants were appointed on pensionable terms with excellent pay and conditions to ensure the stability of the political system.

However, the other side to stability was rigidity and, institutionally, Secretaries had more powers than responsibilities and it was almost impossible for the Government to remove incompetent officials and some officials simply worked perfunctorily because the less they worked, the less mistakes they would make, and their office would be secure. The Government even had to pay incompetent officials considerable compensations in exchange for their departure. Ultimately, the people's discontents would have to be borne by the Government as a whole or the Chief Executive alone. The implementation of the accountability system precisely intends to turn round the mismatch between the powers and responsibilities of principal officials and clearly define the powers and responsibilities of principal officials.

Some commentators have criticized that the Chief Executive has proposed the implementation of the accountability system only because he wishes to arrogate all powers to himself and damage the neutrality of civil servants. This argument based on the conspiracy theory is questionable.

Under the new system, the principal officials would be employed on political appointment. In terms of responsibility, the principal officials will still be accountable to the Chief Executive. However, as they no longer have a secure iron rice bowl, they would naturally be more proactive and more hardworking. Actually, Article 48 of the Basic Law has explicitly stated that the power of the Chief Executive includes recommending to the Central People's Government the removal of principal officials. Yet, the principal officials would step down only as a result of significant policy blunders or serious personal integrity problems. Without sufficient reasons, the Chief Executive cannot arbitrarily dismiss them. Evidently, the accountability system would not increase the Chief Executive's powers or enable him to arrogate all powers to himself.

Actually, a distinction between the political and executive levels can more effectively maintain the stability of the Civil Service. Any significant policy made must involve the re-allocation of social interests. Before the

implementation of the policy, there must be protracted arguments, lobbying and comprises. These are indispensable procedures in politics. In the past, many officials could not do their utmost because of their capacity as civil servants. After the implementation of the accountability system, civil servants and accountability Secretaries would have respective powers and responsibilities. In case there are serious policy blunders, civil servants who are only in charge of the implementation of policies would not be affected. The accountability system makes the rules of the game clearer and more specific and enables the stable operation of the Civil Service.

Lastly, we can say that the accountability system would rectify the disadvantages of the existing system of civil officials. In the past, all principal officials were Administrative Officers and they were posted by the senior officials to individual departments as leaders. Although these Administrative Officers had good language abilities and power of expression, they might not have professional knowledge or skills, hence giving rise to the phenomena of non-professionals leading experts. In recent years, though quite a few non-civil servants have joined the Government as Secretaries of Departments and Directors of Bureaux, under the accountability system, the Chief Executive can pull talents from all walks of life to be ministers in a more legitimate and justified manner.

Of course, the accountability system currently proposed by the Government fails to fully meet the demands of all and many people in the community still have worries about the particulars of the accountability system. Is the arrangement for integrating 11 Policy Bureaux appropriate? Would there be a change in form but not in essence in respect of the candidates for the offices of Bureau Directors? Would the system for absorbing outside elites allow easy entry and exit? Yet, it is most crucial for the accountability system to make an important step in the right direction of improving governance.

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

DR TANG SIU-TONG (in Cantonese): Madam President, generally speaking, the Civil Service in Hong Kong is a loyal and dedicated team. However, it cannot be denied that there are still quite a number of unreasonable rules and regulations inherited from the colonial era in the existing civil service structure. In addition, some officers are merely following old ruts and getting by under the

bloated structure and rigid system. This has not only prevented the high efficiency in some areas of the civil service system from spreading further afield but also renders the Civil Service incapable of dealing with sudden crises effectively, still less meeting the public's expectation that the Government should be committed and accountable.

For this reason, the Hong Kong Progressive Alliance (HKPA) supports the introduction of the accountability system for principal officials (the accountability system) by the Chief Executive. With this, the Chief Executive will have greater flexibility in recruiting talents committed to Hong Kong from outside the Government according to the principle of meritocracy, so as to enhance the professionalism of administration by the Government, sensitivity to public opinions and the ability to deal with political issues, as well as focusing on explaining the policies clearly to the Legislative Council and the public on the one hand. Then on the other, administrative officers and other civil servants, who are better versed in non-political work, should remain behind the scenes and be mainly responsible for planning and implementing practical work. Not only will such an arrangement serve to absorb more elites from society as talents for the governance of Hong Kong, it will also help preserve the image of neutrality of civil servants.

Of course, whether the accountability system can really improve the Government's administration also depends on whether the policies formulated by accountable officials can meet the needs of society. A reorganization of Policy Bureaux has been proposed by the Government under the accountability system. I agree with the direction of the reorganization, however, some of the proposals appear to be rather crude and there is room for improvement.

Since the Government intends to reorganize the Policy Bureaux to tie in with the implementation of the accountability system, I believe it should take this opportunity to conduct an overall examination of the appropriate functions of each Policy Bureau and whether there is room for improvement in division of work. If the bureaux are split or merged merely to reduce their number without any scientific data to prove the merits of splitting or merging them, I am afraid this measure will impede rather than facilitate the smooth implementation of the accountability system.

In fact, the Chief Secretary for Administration, in deciding to take away environmental policy from the Health and Welfare Bureau, is being amenable to public opinion. No matter what the final proposal on reorganization is, it is

necessary for the Government to ensure that the Policy Bureaux after reorganization and merger will remain streamlined in establishment and administrative procedures. In particular, there has to be a clear, simple and expeditious mechanism for communication and co-ordination between the accountability Bureau Directors and permanent secretaries, as well as between the permanent secretaries and the civil servants under them, to facilitate the making of swift responses to multifarious public affairs. At the same time, when the Government implements the reorganization proposal, it has to closely monitor the actual operation, maintain an open attitude and review the effectiveness of operation of the new framework at an appropriate time. If any problem is detected, it should be amenable to good advice and make adjustments and improvements resolutely.

As to how to avoid key initiatives of administration from being diluted after reorganization and merger, I hope that the Government can formulate a set of fair and clear criteria for resource allocation to ensure that all major policy areas can be allocated reasonable funding and the necessary manpower to tie in with the policy objectives of the Chief Executive and to meet the expectations of society effectively.

Although the accountability system can enhance the responsiveness to the aspirations of the public, however, in the final analysis, how to win support for the proposals put forward by accountability Bureau Directors in the Legislative Council remains a difficult issue. Even if they can come up with good proposals, the proposals may be scaled back and mutilated beyond recognition or delayed until they are past their prime after they are submitted to the Legislative Council. Under these circumstances, although the Bureau Directors may have a fervent desire to serve the public, the time will be out of joint for them. As the saying goes, "Although my heart is drawn to the moon, the moon shines on the ditches." I believe that unless the Government controls 31 of the 60 seats in the Legislative Council, the success of the accountability system will remain doubtful.

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

DR LO WING-LOK (in Cantonese): Madam President, senior officials of the Government are often derided as "having powers but not responsibilities", "having no clear delineation of powers and responsibilities", and bearing "collective responsibility that is tantamount to nobody taking responsibility",

because even if there is any mistake in administration, it is never directly related to any incumbent official, so that when a major crisis arises, nobody has to assume political responsibility, still less to resign on account of their mistakes.

The public is becoming increasingly fed up with this type of outdated bureaucratic culture because it is removed from the realistic circumstances and needs. As a result, the calls for reform of the administrative and organizational framework, the power structure and even the grades and establishment of the Government are increasingly strong. The introduction of and discussions on the accountability system for principal officials (the accountability system) can be described as an answer to the needs of the times.

The accountability system being conceived aims to offer political appointment to a group of people who have the same aspirations, ideas, directions and goals as the Chief Executive's and who will act in concert with him. They are directly responsible to him and will be the leadership at the highest echelon of the Government. Under the principles of division of labour and collective responsibility, not only do all officials have power, they also have to assume responsibility, so that their power is more commensurate with their responsibility and they will share political responsibility together with the Chief Executive for decisions on governance. A stronger leadership will be formed and outdated rules and practices, such as policies coming from many quarters, each department having its own way, in-fighting, discussions without making decisions and making decisions without taking action can be avoided. I hope that in the end, with a strong executive-led Government, the governance of Hong Kong can be improved and administrative efficiency enhanced to answer the aspirations of society.

Even though the proposed accountability system is a more advanced mode of administration and governance than the existing one, the proposed system is merely hardware development. The key to the successful and effective implementation of this system lies in software development. Whether we can successfully develop the software hinges on whether the Chief Executive can successfully recruit mature and capable political talents to bring this system into full play. Otherwise the accountability system will only be a change in form but not essence.

According to the original conception, accountability officials will be promoted or recruited from within and outside the Civil Service, and will include the cream of the commercial, political and professional sectors. The Chief

Executive, in his initial briefing to the Legislative Council on the accountability system, mentioned that these accountability officials had to be inspired by ideals, have commitment, seeking neither fame, personal gains nor power. However, how many people like this are there in society? If a chief executive in a big corporation who issues commands from the boardroom or a professional elite commanding great respect meets the above requirements, will he be willing to accept the appointment? Even if he is willing, will he be competent?

Unlike some new independent nations that broke away from their colonial sovereign, Hong Kong is a Special Administrative Region (SAR). Most of the incumbent officials, paragons of the commercial sector, professional elites and even political figures in Hong Kong had no experience of engaging in the liberation of the colony from British rule, nor had they any opportunity to represent Hong Kong people and take part in negotiations on the future of Hong Kong, still less paying any substantive political price for striving to attain anything. With a total lack in political training and culture, is it enough for people just to have ideals, seek neither fame nor personal gains and to have commitment to assume the posts of the proposed Bureau Directors with success, to become the political leaders of our time and work for the well-being of Hong Kong people?

I agree with these basic requirements proposed by the Chief Executive in choosing people on merits, since people with such outstanding virtues will certainly command respect from others. However, people with this type of character may not necessarily have a good grasp of public sentiments or a thorough understanding of public opinion, nor will they necessarily have a sound judgement of the situation and do the right thing at the right time.

So society progresses, the public will demand a higher quality of administration by officials and the Government and the monitoring by the public will be increasingly stringent. The work of the SAR Government and its officials must be monitored and supervised by the Legislative Council, the District Councils, the mass media and public opinion. Therefore, after implementing the accountability system, it is not enough for the officials concerned just to issue orders from high above and let the permanent secretaries enforce them. They must be at the forefront of society and from time to time get into close touch with the lower class, the general public and the representative councils to gauge public opinions and keep tabs on the public

pulse, as well as answering queries from the public, Council Members and even the mass media, in order to formulate and implement policies effectively. At the same time, accountability officials should be answerable to the Chief Executive for the success or otherwise of matters within their portfolio and take full responsibility for the effectiveness of the policies implemented, and should even step down on account of the serious mistakes committed in the areas under their charge. These include major mistakes in decision-making and in the implementation of policies, and I believe that the official concerned should step down for these major mistakes. It is precisely for this reason that I suggest the Government should choose people with sufficient political training and experience to serve as accountability officials.

Just like the general public, I hope that after implementing the accountability system, the administrative framework can be rationalized and the power and responsibility for issuing and implementing orders can be more clearly defined, so that Mr TUNG Chee-hwa will be able to flex his muscles and make some achievements during his new term of office in the next five years, lead Hong Kong out of the economic doldrums and enable everyone to live and work in Hong Kong happily. This should be the ultimate goal and achievement of the accountability system.

Madam President, I so submit.

MS MIRIAM LAU (in Cantonese): Madam President, the accountability system for principal officials (accountability system) currently proposed by the Government may not be the most satisfactory system, but it is a start for improvement. At least, after the establishment of the new system, the old phenomenon in which principal officials only made policies and were not responsible when there were problems with such policies would cease to exist.

How work should be divided among 11 Policy Bureaux and is the arrangement for them to be responsible for respective functions reasonable are important links to the new accountability system. In the past, there was disharmony among Policy Bureaux, especially in respect of transport and transport infrastructure. There was disharmony among the policies of the Transport Bureau and the Environment and Food Bureau. Not only the transportation industry was at a loss, there was also delay in the completion of a lot of transport infrastructure.

For instance, prohibiting the use of certain road sections by vehicles can reduce the effects of vehicle noise on residents along the road sections but it would reduce vehicle flow, increase vehicle mileage as a result of detour, and increase the effects of noise on the residents of other road sections. The transportation industry is at a loss because noises would be produced and residents would complain regardless of whether vehicles use the original or other road sections. The transportation industry always think that it is a "crab" hard-pressed by the "huge rock" of environmental protection. Once the environmental protection banner is waved, the transportation industry can only resist or express their views to a very small extent.

The lack of co-ordination in policies between the Transport Bureau and the Environment and Food Bureau has delayed the completion of several transport infrastructural projects, including the KCR Extension from Sheung Shui to Lok Ma Chau, the North-South Road Link on the Lantau Island and Route No. 7 on the Hong Kong Island. The highest price comes from the controversy over the Lok Ma Chau Extension. HK\$2 billion more and valuable time has to be spent on the protection of the Long Valley wetland and as a result of this, the Lok Ma Chau Extension originally scheduled to be completed by 2004 would be commissioned only by 2007.

In the next decade, the Government would spend more than \$100 billion on building and improving 100-km long trunk roads. The Government also plans to invest another \$300 billion in the construction of six more railways before 2016. Can we tolerate the fact that these railways or trunk roads are scrapped or started all over again at the very beginning or in the course of construction because of environmental protection reasons? Should we continuously deliberate over the matter without making any decisions?

Hong Kong is small but has a large population; thus, conflicts in respect of the environment and transport are inevitable. However, they are not unavoidable and the problem lies in whether there is proper co-ordination in advance. In the past, the Secretary for the Environment and Food and the Secretary for Transport were respectively in charge of environmental protection and transport policies. Under that arrangement, the Secretaries did what they should and they naturally worked in their own perspectives and promoted only policies that were most beneficial to their policy areas. It gave no cause for much criticism. Yet, it would inevitably give rise to disharmony between environmental protection and transport policies. The Government has now

proposed to take environment policies out of the proposed functions of the Secretary for the Environment, Health and Welfare, and merging it with the functions of the Secretary for Transport and Works. All along, the Liberal Party has opined that this arrangement is more satisfactory and we have also made such a proposal at the meetings of the Subcommittee to Study the Proposed Accountability System for Principal Officials and Related Issues. The Liberal Party thinks that one Bureau Director should take charge of environmental protection and transport policies and the Director must balance the environmental protection and transport needs before introducing new policies, to avoid disputes arising from disharmony. The Director also has to establish a triangular partnership with environmentalists and the transportation industry so that the policies he implements would have the support of environmentalists and the transportation industry. I hope that the accountability system would be a new culture of genuine partnership and a good beginning. Mr LEE Cheuk-yan has just said that he does not agree at all with the existing practice because he is worried that environmental protection in future would not be able to check and balance infrastructure construction. Nevertheless, we should never hold the concept that environmental protection would check and balance infrastructure construction since it would signify an antagonistic relationship and that environmental protection and transport infrastructure would be antagonistic to each other forever.

Actually, promoting environmental protection with antagonistic policies or measures have met with rebuff in other countries. Some Western countries that advocate environmental protection and democracy think that promoting environmental protection by antagonistic means should be given up. The Netherlands is a very good example. They promoted environmental protection by antagonistic means but ultimately met with rebuff; many projects came to a standstill and could never be completed.

In recent years, they have developed a new policy of promoting environmental protection through partnership, and they have joined hands with the sector. I know that they have achieved very satisfactory results. While they have achieved the objective of development, they have achieved satisfactory results in respect of environmental protection.

I believe such results are the genuine foundation for sustainable development. If Honourable Members are interested in the promotion of partnership in the Netherlands for the development of environmental protection,

I would like to introduce a book to them. It is written by a former official of the environmental protection department of the Netherlands and is entitled *Our Common Journey*. It records the incidents in which they met with rebuff and the objectives that they achieved through partnership. The book is worth reading. After reading the book, we would understand the operation and mode of the Netherlands and the results they have obtained. I believe Members would then be less wary of the Government than they are now.

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

DR DAVID LI: Madam President, I originally was not intending to speak on this motion. However, the announcement by the Government yesterday that it would restructure a number of the proposed portfolios has prompted me to come forward.

May I say at the outset that I support the broad aims of the Government's initiative. Our political system must evolve. The accountability system is a step in the right direction.

The current system of our Government has been cobbled together. It is an unhappy mix of old and new. It is widely recognized that the system is inefficient. It promotes discord. It leaves no one satisfied — not this Council, not the executive, not the Civil Service.

The Administration deserves credit for promoting changes, as changes are needed.

I welcome the reform of the Executive Council. The current consultative body is outmoded. Moves to transform the Council into a cabinet of principal officials, each responsible for a key policy area, are long overdue.

I welcome the introduction of a system in which principal officials will be held responsible for the performance of their portfolios. I look forward to a more active dialogue between officials and the community, and bolder pursuit of policy initiatives. I also welcome efforts to recruit principal officials from outside the Civil Service. New blood will bring new ideas and new perspectives to the Government's work.

But, as was so clearly demonstrated yesterday, the system is not ready. This new system is a fundamental reform of the way that our Government works. Yet, it is being railroaded through to meet an arbitrary deadline.

It took one and a half years for the Administration to put together its blueprint for the accountability system. Crafted behind closed doors, the blueprint was introduced to this Council only some six weeks ago. The public and this Council have been asked to review and approve the new system in a few short weeks, so that it may be implemented on 1 July.

The accountability system is a step forward in creating a new political system for Hong Kong. Our focus in implementing the accountability system should be on creating a system that is viable and enjoys the support of the whole community. Instead, our focus is on the clock.

Will the Government be able to attract talented individuals to act as principal officials, if the system is seen to be created in haste? Will these officials be effective, if their attention is on how well the system is working, rather than what work is being done?

We owe it to the public, to the Civil Service, and to the future principal officials themselves, to ensure that the new system has been properly reviewed before it is put into force. Ten weeks from announcement to implementation is simply not enough to effect that review.

The Subcommittee to Study the Proposed Accountability System for Principal Officials and Related Issues should be allowed to complete its work without an arbitrary deadline hanging over it. Only then can the Government rightly claim that the system enjoys the support of the whole community. Only if it enjoys widespread support will the system deliver upon its promise.

Thank you.

MISS CHOY SO-YUK (in Cantonese): Madam President, the people's demand for the transparency of government policies and accountability for such policies has become increasingly higher in recent years. However, rather than rising to this challenge by perfecting promptly its administrative structure, the

Government has remained absorbed in the past mode of administration by the elites, establishing only a token process for soliciting opinions from the public. Hence, it is commonplace for the Government to consult the public but take no heed of their opinions. As time passes, the Government's direction of administration and the people's expectation are running farther and farther apart. With incidents like the new airport fiasco, avian flu, short piling scandal, and so on, taking place one after another, and the failure of the existing system to ensure that the opinions of the public will be catered to sufficiently, the image that senior government officials have only the power but not the responsibility has become even stronger among members of the public. As a result, not only the prestige of the SAR Government in governing Hong Kong has suffered, the popularity of the Government among the public has also remained low all along. In the end, as it has become increasingly difficult for the Government to implement its policies, the Government's governance of Hong Kong is being adversely affected.

In order to break away from the present unfavourable situation, the Government has recently announced the particulars of the proposed accountability system for principal officials (accountability system). In my view, the proposed system can help to specify clearly the powers and responsibilities of government officials and alleviate the impact of bureaucratic practices on administrative efficiency. Besides, this proposed system also requires principal officials to give full consideration to different views and put emphasis on good communication, with a view to facilitating co-ordination within the government structure, thereby contributing specifically to the Government's efforts to enhance its administrative capability and to pacify the public when mistakes are made. For these reasons, I do support in principle the expeditious implementation of the accountability system.

But then, the accountability system is new to us after all. Moreover, given that this is a significant political reform of the administrative structure with far-reaching effects, the Government must solicit more opinions from different sectors before implementing the proposal and pool collective wisdom to rectify any shortcomings to further improve the accountability system persistently. This is the only way to ensure that the system can really enhance the co-ordination of policies to cater better for the needs of society, rather than giving rise unknowingly to another more far-reaching crisis in "sacrificing the substance for the shadow".

Madam President, I wish to point out that the arrangement regarding the "three Secretaries of Departments and 11 Policy Bureaux" really beats me. In particular, the original composition of the proposed Environment, Health and Welfare Bureau, was indeed incomprehensible. However, the speech made by the Chief Secretary for Administration yesterday has already mutilated this huge white elephant comprising four major policy portfolios. Even though the policy areas relating to environmental protection will not be overshadowed by other major policies under the revised composition, I am by no means happy but gravely concerned to receive the news. I am very much displeased with the stubbornness of the Government, as it has refused to establish a separate Policy Bureau for policies on the environment despite the appeal made from different sectors of society. Yet my even graver concern is that it is more dangerous for policies on the environment to be grouped with those of transport and works and put under the portfolio of one Bureau Director than incorporating the environment-related policy areas into the policy portfolios of the Health and Welfare Bureau. This is because I suspect the revised arrangement will only serve to nullify all check and balance mechanisms relating to environmental protection, thereby render all environmental efforts existing in name only. What is more, the environmental protection and conservation achievements made in the past may also be cancelled out as well.

Madam President, I am not raising alarmist talk. As we all know, matters relating to transport and works and the policy areas relating to environmental protection are completely different from each other in nature, as the former upholds development while the latter insists on conservation. In reality, many environmental protection policies, such as the requirement for each and every works project to conduct an environmental impact assessment, are formulated to draw a bottomline for development projects so that projects which have breached this bottomline will have to be halted. Whether it can achieve its intended effects or not, this system has already reflected the fact that the two portfolios are in conflict with each other, and that to a certain extent one of them is being monitored by the other. In my view, the Government's proposal to forcibly put these two conflicting portfolios under one Bureau Director is tantamount to merging an angel with the devil.

Given that the "angel" and "devil" are led by the same Bureau Director under a merged Policy Bureau, can the "angel" fearlessly reprimand the "devil" upon realizing that the latter is poised to move out of bounds? Or will the Bureau Director, in his capacity as the head of the bureau, adhere to the belief

that "everything will prosper if there is peace in the house" and make his best effort to act as the mediator to minimize or pacify the conflicts, so that there will not be any "family scandal" to damage the image of the bureau? Further still, with the power in his hand, if the relevant Bureau Director chooses to side with the "devil", so in order not to hear any unwelcomed voices, he may make use of his influence to "mysteriously" put the "angel" in an idle position unable to make any noises. That way, the "devil" can do whatever it desires while all monitoring mechanisms will be reduced to paper tigers.

Certainly, Madam President, the "angel" and "devil" mentioned by me just now only refer to the antagonistic relationship involved; their goodness or otherwise is not my focus. Nor am I saying this as an insinuation about the good or bad of the policy areas relating to environmental protection, transport and works.

Madam President, to put it rudely, under the "angel cum devil" arrangement, not only the situation of confused roles typical of officials under the same roof monitoring each other will be resulted, the culture of "talking out" all disputes within the Bureau will also be developed very easily. In the end, the people's right to know will suffer. Moreover, in the event of conflict of roles on the part of the Bureau, the Bureau's stance on environmental protection matters will depend to a very large extent on the inclination or even preference of the Bureau Director. Whether the Director is biased towards the angel and against the devil or *vice versa*, the policies will inevitably become unstable, leaving the people at a loss as to what policy they should follow.

Madam President, I can still recall that the Chief Executive, Mr TUNG Chee-hwa, has stressed upon assuming office that environment, welfare for the elderly, education and housing would be the policy areas of the utmost concern to him. Given that the Chief Executive has already taken the first step and set up a separate bureau to take care of education policies, why must he not attach equal importance to environment and the other policy areas he has mentioned? Is Mr TUNG trying to write off his undertakings after a lapse of only five years?

All in all, under the new structure, environmental protection and conservation matters will not only be reduced to a secondary position, but also subject to more constraints. As such, any initiative will end up "fallen between two stools". In order to prevent our environment from being sacrificed as a

result of the accountability system, I have to demand strongly that the policies in this respect should still be taken care of by a separate Bureau Director.

Madam President, the system must not only be fair, and also seen to be fair. Another cause for concern under the accountability system is the introduction of a mechanism to prevent any cases of conflict of interests involving the Bureau Directors coming from the business sector to join the Government or Bureau Directors leaving the Government to join the business world. Certainly, we do respect and welcome those members of the business sector who are so committed and willing to give up their high positions and huge salaries to join the Government. Yet on the other hand, given their complicated connections with the business sector, it is only natural that members of the public should suspect these principal officials of leaving the business world for the Government out of personal interests or interests of their respective consortia. For instance, if a senior executive of a certain company should be invited by the Government to take charge of financial matters, out of business considerations his boss company would certainly offer very attractive terms to encourage him to take up the public office, hoping that he will formulate policies and make decisions of benefit to the company during his term of office. An even graver situation is that despite the impartiality and integrity demonstrated by the Bureau Director concerned, and the fact that he has never been involved in any conflicts of interests, just because of his background, each and every decision made during his term of office will inevitably be inspected closely under microscopes by people who see him through tinted glasses. Under such circumstances, many unfavourable associations and wild guesses that cannot be proved or disproved will arise, thereby leaving the Director prone to criticism. That way, the problem of discussing without making decisions and deciding without taken actions will remain unresolved. In the end, the people of Hong Kong will be the ones who suffer.

Truly as an old teaching says, "Do not doubt the persons you use and do not use the persons you doubt". However, from a modern management point of view, and particularly so when matters of public interest are involved, problems like favouritism and conflicts of interests should be prevented by means of mechanisms within the relevant system rather than relying solely on the confidence in a certain officer. In my view, the most thoroughgoing measure is to lay down as a rule that government officials recruited from outside the Civil Service and principal officials leaving the office to join the business sector shall only take up positions that are totally unrelated to their original business, so as to

avoid arousing any concern and suspicion from the public. The case of appointing Mr Michael TIEN as the Chairman of the Kowloon-Canton Railway Corporation is a good example.

Madam President, knowing what the people needs and respecting their wishes is the cornerstone for any accountability system. Given the significance of the reorganization of the administrative structure, before making final decisions, the Administration must adopt an extremely careful attitude to fully understand the opinions of the public and the professional views of relevant trades and sectors by way of public consultation exercises. Extra care must be exercised to avoid making decisions behind closed doors and thereby putting experts under the leadership of non-professionals. If the Government is to inspire in people the confidence that it is determined to reform radically the existing system, it is imperative that the Administration demonstrates its sincerity to the public. Whether the Government chooses to insist on its own views or accommodate swiftly the views from the public should be the most effective yardstick of its sincerity.

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

MR HOWARD YOUNG (in Cantonese): Madam President, the Liberal Party supports the SAR Government implementing the accountability system for principal officials (accountability system). In addition to enhancing the Government's accountability to the public, we also hope that this will help to improve the efficiency of administration by the Government at the same time. Hence, we have to voice our concern that the SAR Government should not use the accountability system as a pretext for arbitrarily creating more senior level positions and expanding the administrative structure without limit. Otherwise, it will be moving further away from the development and concept of small government. What is more, a government structure which is oversized at the top but over-downsized at lower levels, as criticized by the public, will be resulted.

Actually, the Liberal Party has all along been strongly advocating stringent control over government expenditure. That is why we are very much concerned about the Government's proposal to create a level of accountability Bureau Directors on top of the level of permanent secretaries in future, which

will add to the expenditure on officials at upper levels. As such, the Liberal Party requires the Government to restore the growth rate of the relevant expenditure to zero within one year's time.

Further still, regarding the Government's proposal to create 14 accountability secretaries in future, the Liberal Party believes that the number can in fact be further reduced. The Constitutional Affairs Bureau, for example, can merge with the Home Affairs Bureau, as it is unnecessary to set up a separate Bureau for elections that are held once every few years. We consider it adequate to have the relevant matters handled by a government department under the merged Bureau.

Besides, the roles and functions of individual overloaded bureaus should indeed be re-adjusted. The Environment, Health and Welfare Bureau under the Government's original proposal, for example, has to take up the work of the Environment and Food Bureau in addition to those within the medical, health and welfare portfolios which are its original responsibilities. In view of the 80 000-strong staff it has to take charge of, the workload of the Bureau may be too heavy indeed. For this reason, at the meetings of the Subcommittee, the Liberal Party already suggested the Government to assign the environmental protection-related responsibilities to other Policy Bureaux. Obviously, the series of adjustment to the roles and functions of individual Policy Bureaux announced by the Chief Secretary for Administration yesterday are made after taking into account the views of Members. I have found the new proposal obviously more desirable than the old one, and that it reflects the fact that the Government has listened to a number of views expressed by us at the meetings.

Nevertheless, the Liberal Party still holds that it is enough to have about three Secretaries of Departments and eight Directors of Bureaux under the accountability system. If there should be as many as 14 principal officials in future, the Executive Council would be composed of 20 Members, including the non-official Members. With such a large top-level decision-making body, which is similar to a cabinet, the efficiency of administration by the Government would most probably be weakened significantly. Certainly, with regard to the co-operation between the various Policy Bureaux and government departments and how they are merged or downsized under the accountability system, I believe there will still be much room for further adjustment. I even believe that the Government should reconsider carefully the question of whether or not certain

individual posts of permanent secretaries must be filled by Directorate Grade 8 officers before making any preparatory moves.

The Government intends to submit the restructuring proposal in the form of subsidiary legislation to this Council for approval by the middle of next month. The Liberal Party considers this arrangement appropriate on the grounds that the restructuring involves only the re-allocation of responsibilities and powers among different government departments and, in particular, the transfer of the conductor's baton from the existing Bureaux Secretaries to the accountability officials in future. Hence, no complicated legal principles will be involved. Even if the accountability system was not introduced, given the need, I believe the Government would most probably streamline its structure in this same way. Indeed, the Government has always employed the same practice to re-organize or set up individual departments. The Liberal Party does not see any difference in the present case or any need for a change of empowering arrangement.

Perhaps it is all because they want to delay the implementation of the accountability system by whatever reasons they can think of that, at one time, some people are querying the Government why it does not submit the proposal in the form of a Bill to this Council for consideration and, at other times, suspecting the Chief Executive of trying to arrogate powers by way of the accountability system. I believe Members can all recall that we passed a motion of no confidence in this Chamber two years ago. At that time, we all agreed that an accountability system should be implemented as soon as practicable, so that blundering government officials could no longer hide behind the shield of collective accountability or political neutrality to evade the responsibility for their administration blunders. Many people were of the opinion then that collective accountability was no different from holding no officials accountable or not requiring them to bear any political responsibility. Now that the accountability system has been introduced, I just hope other Honourable colleagues will not back off on different pretexts and hinder the implementation of the accountability system.

In the view of the Liberal Party, since the SAR Government has been criticized for "discussing without making decisions" and "deciding without taking actions" in administration over the past five years, why should we not take this opportunity of the Chief Executive assuming his second term of office to allow him to lay, with the support of a group of government officials and Executive Council Members who share his ideas, a sound foundation for his governance of Hong Kong in the next five years?

Madam President, in the remaining time, I should like to expound my views on the potential problems of the accountability system. I believe Members are all very familiar with the situation where "the policies introduced by the higher authorities are met with the countermeasures employed by the localities" mentioned in the famous English political novel *Yes, Minister* when describing the relationship between the politically neutral civil servants and the Secretaries on political appointment. Under the principle of downsizing the government structure, the accountability officials to be recruited from outside the Civil Service are not allowed to bring in any of their own aides. They are basically joining the Government on their own. We consider this not a satisfactory situation.

On the other hand, we all know that at present, different types of advisory bodies have been set up in respect of the various portfolios under each of the Policy Bureaux of the Government, and some of such advisory bodies even have considerable decision-making powers or influences. I think there is really a need for the Government to re-assess the distribution of work between these advisory or statutory bodies and the accountability officials, with a view to clarifying further the relationship between them. For example, the Government may consider putting these bodies under the leadership of the accountability officials and assigning them as think-tanks responsible for studying subjects specified by the relevant accountability officials. That way, the support system for the accountability officials will be enhanced on the one hand, while the relationship between these bodies and the policy-making departments of the Government can be straightened on the other. More importantly, the problem of "divided policies introduced by separated branches of administration" can be resolved as well.

In fact, many members of our society are interested in participating in public service. Although they may have no interest in politics or becoming Bureaux Directors under the accountability system, these people are willing to make good use of their strengths to make contribution to the community. If we could mobilize the enthusiasm of these people and give full play to their strengths to draw on their collective wisdom, not only would the policy implementation work of the accountability officials be benefited, the SAR Government would also be enabled to implement policies that are more in line with the views of the public. That way, the relevant policies could win the support of this Council more easily, thereby achieving a "triple win" result. In that case, the

implementation of the accountability system could finally be considered as successful. Otherwise, whatever talents the Chief Executive could recruit and appoint as Bureau Directors, all efforts made would still be in vain if there was no matching support from other branches of the Government.

Madam President, a vote on the motion debated over these two days will be taken later today, and I hope that the accountability system will be implemented decisively and expeditiously after the vote has been taken. With these remarks, I support the prompt implementation of the accountability system.

MR ALBERT HO (in Cantonese): Madam President, first of all, I would like to speak in my capacity as the spokesman for legal system affairs of the Democratic Party. I will dwell on the issues of the constitutionality, legality and policy of legislation with respect to the accountability system for principal officials (accountability system).

Undoubtedly, the accountability system has brought about a very significant constitutional change in Hong Kong. It has far-reaching political impact and what worries me most is that it does not have sufficient constitutional foundation and legal base.

Firstly, I would like to talk about the issue of constitutionality. When the Government made an interpretation of the relevant provisions in the Basic Law, it cited the NG Ka-ling case and the judgement of the Court of Final Appeal. However, what surprised me or even made me feel shocked was the Government's express dissatisfaction with the construction of the Basic Law and the conclusions so reached by the Court of Final Appeal on this case. So the case was submitted to the Standing Committee of the National People's Congress (NPCSC) for interpretation, thus giving rise to an enormous controversy. Then why has the Government cited the NG Ka-ling case and the construction used by the Court of Final Appeal on this case again? Why has the Government not mentioned the legislative intent stressed by the NPCSC at that time? The reason may be very simple. The legislative intent of this kind may not be that suitable.

We often hear about the idea that the principal officials mentioned in Article 48(5) of the Basic Law are to be nominated by the Chief Executive and appointed by the Central Government. But what are the principal officials

mentioned here? Do the Secretaries of Departments and Directors of Bureaux mentioned in the Basic Law originally refer to civil servants or officials on political appointment? The same applies to the Executive Council. What is the original meaning of the Executive Council mentioned in Articles 54 to 56 of the Basic Law? Does it mean something like the original institution which has advisory power and is meant to assist the Chief Executive and is at the same time a body which hears appeals? The legislative intent is not mentioned in the present case for that is not applicable, and so what is mentioned is the so-called flexible construction made by the Court of Final Appeal on the entire legislative intent and background. Will this kind of inconsistency not arouse suspicion in the people that there may exist multiple standards in the interpretation of the Basic Law by the Government? That will indeed undermine the credibility of the Government and the theoretical basis of the constitutionality of the entire accountability system.

Then on the question of legality, the first question to ask is: Why is there not any primary legislation for such an important constitutional change? The explanation offered by the Government is that under the usual practice for any major reorganization, no matter whether it was in the colonial era or in the McKINSEY Report of 1972, legislation is not necessary. However, I would like to raise a question. Has there been any fundamental change to the constitutional order during the colonial era and that of today? What in fact is that change? Does this have any effect on the Government's so-called exercise of established powers and is this theory tenable?

During the colonial era, many of the constitutional powers came from the Letters Patent and the Royal Instructions, and enactments by the British Parliament from time to time. The orders of the Privy Council could also become a source of authority for reform. But all these sources are now gone. The entirety of our constitutional powers come from the Basic Law. The Basic Law affirms the powers of the Chief Executive, as well as defines and imposes restraints on them. But does it mean that the Chief Executive has the authority to lead the SAR Government, and make so many reforms, reorganizations and changes, without enacting any primary legislation? Indeed I have great doubts about it. The Democratic Party casts the greatest doubt on the constitutionality of the accountability system and the legality of the Government's refusal to adopt a legislative approach to effect the change.

Even if the action is constitutional and legal, it begs a third question. Given such a fundamental change to the constitutional system and for the benefit of upholding the rule of law and good governance, why do we not implement this reform by way of primary legislation? There are obvious advantages to primary legislation. It can show clearly in an overview the policy objectives which the Government would like to achieve, from the intent to the contents of the legislation, the setting up of the departments, all the relationships between Directors of Bureaux, permanent secretaries and other department heads, as well as their relationship with the Chief Executive. Why can we not do this? In addition, this institutional change will lead to many consequential changes. As many business and political figures will be admitted to the top echelons of the Government, we need to look carefully at the working relationship between these principal officials and the ethical conduct of the principal officials. That is why there should be a clear legal status as to the Code for Accountable Officials and the Civil Service Regulations, and this should be declared publicly in an unequivocal manner and the procedures for their future amendment and interpretation should also be clearly laid down.

Unfortunately, the Government is bent on having its own way and refuses to proceed with primary legislation. There are two reasons for that. The first is the need to rush through the entire process so that once the Chief Executive gives its orders, then everyone should follow and meet the target set, so that when President JIANG Zemin arrives on 1 July, he can officiate at a grand swearing-in ceremony. The second is that the Government does not want to have a legislative procedure for this, because this will entail public consultation, discussions and hence a lot of unnecessary inconveniences in the eyes of the Government. Since the order is given, there will be no more room for discussions. What may be changed are only very minor details.

Third, the Government is worried that the Legislative Council may restrict the supreme powers of the Chief Executive and this will run counter to the objective of the accountability system, that is, to centralize powers. But regrettably, the view is a disregard of the legislative system and the solemnity of an impartial legislative process. And it will be a serious injury to the rule of law in Hong Kong.

Fourth, what is the legal base for the entire reform or change? After repeated enquiries made with the Government, the answer I got from the Department of Justice is that the legal base for the change comes from a decision

of the Chief Executive in Council. As for other resolutions which have to go through the Legislative Council, the decisions to be made in the Establishment Subcommittee, the Finance Committee, and so on, all these are piecemeal and fragmented in nature and made as a consequence of the decision made in the Executive Council. So the decision made in the Executive Council is extremely important, for it is the legislative basis for the entire change. Members of the Legislative Council should assume the responsibility to deliberate on these resolutions, subsidiary legislation, and the decisions of the Establishment Subcommittee and the Finance Committee. This especially applies to the deliberation of decisions similar to subsidiary legislation. Members have the right to know what their legal source is. So we should ask the Government to make a formal announcement on the decision made in the Executive Council and we are entitled to do so.

There may not be a great difference between the contents of such a formal announcement and the speech made by the Chief Executive and the papers which the Government has submitted to us. But a formal announcement is part of the solemn and impartial process of legislation. We should have such papers with legal force as the basis for our deliberation. We are not asking for records of Executive Council meetings. It does not matter if the Government wants to adhere to the principle of confidentiality. What we want is a formal decision and the text of that decision should be made public. Likewise, a precedent has been set today. We have to rely on such an important decision to make some consequential legislation and decisions, but we are not able to see such an important document. I would think that this is a breach of the proper procedure for legislation. As I have said, the Code for Accountable Officials and the Civil Service Regulations are also lacking in the proper procedure of making, notification and amendment. We have pointed out many places which are imperfect, unclear and uncertain in the hope that the Government can improve on these, but we have not received any clear reply yet. In such circumstances and speaking purely from a legal point of view, we think that it is impossible for us to support such a change.

The following part of my speech will be on the political consequences of the change. Many Honourable colleagues have said that the accountability system is merely an accountability system in name. It is because the system is not like what the public has been misled to think, that the officials will be made more accountable to the Legislative Council or the entire community. It is misconceptions as these that the findings of an opinion poll on the system are

biased. As a matter of fact, the accountability system has strengthened the control of the Chief Executive on the principal officials and hence he is able to amass all the powers in himself. We have said many times that if there are the checks and balances effected by popular elections, if there are sound parliamentary practices, if the Chief Executive is returned by popular elections, then even if he wants to have the full powers in appointing and dismissing the principal officials, it would not be a problem at all. But if he wants to make some piecemeal changes to the system to increase his control, then it would definitely not conducive to the development of democracy. So I was really very surprised to hear the criticism made by Mr YEUNG Yiu-chung on us, saying that we were impeding the development of democracy. However, the kind of democracy he has in mind may be democratic centralization, rather than our kind of democratic system which is accountable to the people.

The system we now have also produced some principal officials who are holding the posts for some brief periods of time. These people mostly come from the business sector. They are tycoons or some influential figures. But many of them do not see politics being their ideal or lifelong career. Many of them will envisage, in the not too distant future, that they will return to their companies and work on their ambitions. It is because of this that it is essential that a sound Code for Accountable Officials be drawn up, no matter if it is for practical needs or for creating a better impression on the public. The offices of principal officials are a sort of temporary or honorary kind of post which enables many people from the business sector to enjoy a taste of political power. And that is only transient, not carrying a price tag but paving the way for future political interests. In a situation where there are no checks and balances from democratic partisan politics, it is likely that the business sector will conspire with the officials and money politics will emerge.

Lastly, I would like to talk about another anomaly in the accountability system, and that is, the system has recruited some people from political parties and they are given a tiny share of political power. A kind of framework which is not composed of political parties but does have some sort of flavour of political parties is created. The political parties in it will pitch in the best of their efforts to come to the defence of government policies, merely because of some favour they have been given. Here, I would like to say something to Mr Jasper TSANG, the Chairman of the DAB, for he is in the Chamber. I hope the DAB will continue to be our honourable opponents in elections and I hope they will work hard in this respect. I do not wish to see them trim their sail according to

the wind all the time and to follow behind the Chief Executive and his group. I hope they will stop attacking some retired civil servants and stop alluding to incidents like the new airport or the avian flu. Thank you, Madam President.

MRS SELINA CHOW (in Cantonese): Madam President, as the Member with the longest history of service in this Chamber, I feel obliged to speak on the resolution proposed today, for it is an important milestone in the entire political development of Hong Kong. I would like to talk about two kinds of views, one being that of the Liberal Party and the other my own.

The party platform of the Liberal Party as it was founded states very clearly that we strongly support the setting up of an accountability system. We called this a ministerial system and it is quite the same as the accountability system before us now. We are of the view that Hong Kong is no longer a colony and after 1997, our Government and our senior officials should not be accountable to the Legislative Council alone, but also to the people of Hong Kong. The British Hong Kong Government used to be answerable to the Queen, and the SAR Government we have now should not be accountable to the Chief Executive and the Central Government only, but also to the people of Hong Kong. In the present circumstances, we know that the present system does not work and we have made a lot of criticisms on countless issues and I think Members will realize these when they look up the records. However, I do not know why some Honourable Members still insist on maintaining the existing system despite the numerous criticisms made against it. This will simply not work.

Mr LEE Cheuk-yan accused the public earlier, saying that the public did not understand what was being asked in the survey, so they agreed to the accountability system. I do not agree to this view, for the people have a discerning mind. For over the past few years, they could see that the various institutions of the Government were not working. Why? The civil servants are now having a very miserable time. When they were appointed to the service, they were told to be politically neutral and to follow the established rules and practices. But things are different now. They are required to come to the Legislative Council to offer explanations, and they have to defend government policies in public. If their performance is unsatisfactory, we will not be happy and think that they should bear the political responsibilities. But in fact they cannot do so, for they are civil servants. So a system like this absolutely does not work. It is only natural that power and responsibility should be linked

together. In other words, the policy makers should be answerable to their policy decisions. That includes the implementation of policies. Therefore, we think that as a first step the political figures should bear the responsibility of policy formulation and then they should also bear the responsibility of overseeing the implementation of their policies. Then if they fail, they should be dismissed. I think in general Members would agree to that.

Since we all agree that the existing system does not work, we hope that the Government can change it. So when the Chief Executive announced that the system would be changed, the Liberal Party supported the idea very much. We think that not only should changes be made, but that they should be made quickly. Take the example of a large company, if the top management has some important staff changes, the operations at the lower levels will be suspended. Honourable Members who have a close working relationship with the Government would have noted that this situation has emerged in our Government now. Many officials are not willing to make any decisions on some important issues and that is understandable because they are going to have a new boss. The new boss may have some entirely different views and he or she may launch a lot of new initiatives and so they are reluctant to make any major decisions on behalf of their bosses. That is why a lot of work has been delayed, regardless of their importance. Given the circumstances, if we are still arguing over the accountability system, then what good does it do to Hong Kong?

So the Liberal Party thinks that a clear-cut and comprehensive plan should be proposed for everybody to think about it. That should of course also include issues like the candidates, for that is our concern. We are unable to lend our support to the amendment moved by Mr Martin LEE. What does Mr LEE's amendment seek to achieve? His amendment is in fact tantamount to not supporting the present accountability system. The kind of accountability system his party has in mind is a system of their own, but when can such a system appear? I do not know, it may be many years from now. It would be much better if he could just say that he does not support such a system. Why does he keep on sidetracking and beating about the bush? He is trying to turn the issue under discussion to something of his own choice. That would not help at all. It would not help us solve the present problem, so we are unable to support his amendment.

Having said that, we would not just rashly pass the motion and finish the matter off. We appreciate the efforts made by Honourable Members, especially the Subcommittee chaired by Mr IP Kwok-him, as well as the government

officials, for spending so much time to complete the task at such a short time. They have helped us and other Honourable Members who are not members of the Subcommittee understand the many issues involved. The Government has made some changes to its original plan and merges some Policy Bureaux and that is a good thing. For the Government has reconsidered its original plan, but some Honourable Members have criticized the Government for making frequent changes. It is only natural that changes should be made to the original plan when some deficiencies are found, although this may not satisfy all Honourable Members. Miss CHOY So-yuk, for example, may not be happy about it. Though the finalized reorganization of the bureaux may not make everyone happy, it is not made without any justification. Now we are about to have a new system in place and as some Honourable colleagues have said, this is a start and we support making the start as soon as possible. We know that it is not possible to make things perfect. For we are having a new system, a new plan and we cannot guarantee that all things will fit snugly. But if we can score 80 out of 100, that would be good enough.

We cannot put off something when it cannot get everyone's consent, nor can we say that it cannot be done. The most important thing is that the Government will be able to exercise its authority and be responsible to work for the benefit of Hong Kong. What the Government must do is to take into account the views of Members and the public and then make a decision. I am convinced that when such a monumental and innovative change is to be made, there are some factors which must be considered and borne in mind.

I think Members are all concerned about the candidates under the new system. Can these people do their jobs well and meet our expectations? On this question of appointing candidates for the job, I believe we will soon know whether the candidates are capable of doing their job well. I think the pressure is now on the Chief Executive in choosing the right candidates. I do not agree with some Honourable colleagues who say that the Chief Executive merely finds some people to fill up the offices or that he will just pick some of his trusted aides. Just imagine if he can pass the scrutiny of his conscience and that of the public if he does that. Moreover, he cannot just nominate some people for the job. For they will have to work for him for five years and they have to deliver. Only irresponsible people will say such remarks. No responsible people will ever say such things. So as to this question of candidates, we hope that some capable

people can be appointed and these people should have the commitment to work for the people of Hong Kong. They should have some track record in the field for which they are appointed. They do not have to come from the business sector, the political circle or the Government. Their origin is not important. The most important thing is their capabilities. I think that is what the people would like to see.

Besides, I think we want to see an esprit de corps. We know that there will be changes to the Executive Council and a team will emerge. The Directors of Bureaux will work with the Chief Executive in formulating policies and overseeing their implementation. Personally I would very much hope to see an esprit de corps there and I think that this team should work towards striking a balance of the interests of all parties. We have to realize that it is just impossible to make everyone happy all the time, but at least a proper balance of all interests should be struck and that should be acceptable to all. In the past, whenever we pointed out that some Policy Secretaries had done something wrong, they would put up the shield of collective accountability and say that the decision was not their own and it was made collectively. We do not like to hear officials putting up such an excuse and we do not like to see this situation continue. In the future, each accountability Bureau Director will be responsible for his or her own portfolio and that may have some risks. For if the Bureau Directors are responsible for their own portfolio and if they do not want to make any compromise, a balance may be difficult to strike. Recently, we can see some examples that these officials will not make any compromise even when the issue at hand is made public. In this regard, I hope that the future esprit de corps will lead to a state of affairs more favourable than the present one in which individual Policy Secretaries do not put up such a satisfactory performance.

In addition, we would like to see that the new team of leaders may forge a good working relationship among themselves and also with the Legislative Council and the public. The team should therefore adopt an open mentality and team members must listen to public opinion. They must not confine themselves to making good public relations efforts. For what is involved is a question of having the right mentality, of really listening to the voices of the people. If they have given their thoughts to some good advice, they would also need the support of the Executive Council and the Chief Executive, without which they cannot take their policies forward.

We know that the number of Bureau Directors in the Executive Council will be more than that of non-executive Members. Therefore, I believe that Members of the Executive Council who are not Bureau Directors should make use of the opportunity to define their responsibilities clearly. As a matter of fact, they will play an important role, and that is, to communicate with this Council and they cannot just sit there and play their role of unofficial Members. If this is what they will be doing, I do not think they can help in serving as a bridge between the executive and the legislature.

As to the question of which Policy Bureaux should be merged with which other bureaux or split from which ones, as I have said earlier, a conclusion can be reached only after some time when we know who will be the candidates. But we think that the structure after repeated revisions by the Government is acceptable. There are some views that the promotion of some serving Policy Secretaries as accountability Bureau Directors is not appropriate, but we do not think there should be any problems with this. If they are civil servants, they should change their mentality for by then they will become political figures and not civil servants any more. The way in which they handle things will be very different from now and they should not merely cling to past practices and seek the advice of consultants on every matter. We hope to see Bureau Directors have greater autonomy in future and that more time and money can be saved as they put their policies into practice. We would also like to see a new culture developed in the Government as a result of these new leaders. Although their number is very small, they take up vital positions in the Government. So we would very much hope that they will change the existing civil service culture which in our opinion is not that desirable. We would also hope that certain problems will not appear again, for example, those associated with organizations like the former Municipal Councils and the Housing Authority which are not part of the Government but are nevertheless run by civil servants. Thank you, Madam President.

MR CHAN KAM-LAM (in Cantonese): Madam President, Mr Albert HO said earlier that political parties should not become the servile followers of the Government merely because they desire a place in the government machinery. I am surprised why Mr HO, as a member of a political party, would have said such remarks. For in the first place, that shows his party is lacking in moral fibre and in the second place, he does not know what a political party is. In fact, political parties in Hong Kong do not have a long history and what they do is to

secure as much popular support as they can to become part of the representative assemblies and even the establishment to assist in the administration of the territory, play an active part in politics and eventually become the ruling party. This is the proper direction for the development of political parties and if the platform of a party is aimed as opposing the government, then we do not see how this party can really speak for the people.

Madam President, ever since the reunification, many of the criticisms made against the SAR Government are that its policies have failed to answer public aspirations and that the senior officials are not required to be held responsible for their policy failures. The Chief Executive made a pledge in 2000 that a review would be made with a view to strengthening the responsibilities which officials bear in their respective portfolios. The objective is to make principal officials more accountable so as to ensure that administration by the Government can better meet the needs of the people. In his policy address in 2001, the Chief Executive also affirmed the plans to reorganize the framework by introducing a new accountability system for principal officials. After a brewing of several months, the accountability system for principal officials as we are now discussing was proposed last month. I notice that as far back as in the beginning of 2000, the issue of accountability was discussed in the Legislative Council Panel on Constitutional Affairs and some Honourable Members made a trip in June last year to Scotland, England, France and Germany to examine and study the models of accountability system as practised in these places. Yesterday many Honourable Members mentioned that the proposal of an accountability system had been rashly tabled and that there had not been sufficient time for discussion. I think this view is obviously out of touch with the reality.

The attempt to raise objection purely for the sake of raising it has led some Honourable Members to cite some examples which are grossly out of place in trying to prove that changes are unnecessary for the present framework. Mr LAU Chin-shek cited the example that the son of Mr Donald TSANG did not do anything to use his father's powers to advance his personal interest and the daughter of Mrs Regina IP did not give instructions to people. We all know that the daughter of Mrs Regina IP is still very young and in our opinion, both Mr Donald TSANG and Mrs Regina IP are excellent civil servants and they would not let their children abuse powers or give instructions to people. That can be said to be the basic ethical conduct of upright, devoted and clean civil servants. This is precisely the kind of stringent demands made on civil servants under any

bureaucratic system. And under the accountability system, we would require civil servants all the more to hear the views of the public and formulate policies which are more in line with public opinion.

Some Honourable Members made the criticism that the accountability system would lead to a culture of flattery and that indeed baffles us. Such a view can be said to be extreme exaggeration and smearing. This will not be helpful at all to examining the issue of accountability.

After the reunification, although there is some achievement in implementing the concepts of "one country, two systems" and "Hong Kong people ruling Hong Kong", we find that the Chief Executive has encountered quite a lot of difficulties and resistance in his administration. Part of the reason may be due to the fact that the institutional framework at the upper echelon of the Government is still not perfect and that some of the principal officials do not share the same convictions as those of the Chief Executive. With social progress and the development of the representative system over the years, the political awareness of the people of Hong Kong has been raised greatly and their demands on the Government have become more sophisticated. The people cannot accept any more the kind of approach used in the Government which has been criticized as being unable to reach decisions after discussions and not taking actions on decisions. The public would expect government officials to be more decisive and to solve economic problems and those related to the people's livelihood effectively. Under the new accountability system, the Chief Executive can use the political appointment approach to recruit talents who have a sense of mission and commitment to Hong Kong, and who share his ideas of governance as Secretaries of Departments and Directors of Bureaux. In addition, since these principal officials will also become Members of the Executive Council, we believe this will make the Executive Council become more professional and enable it to honour the pledge made by the Chief Executive to "think what the people think and to sense their urgency".

Madam President, during the discussions held in the Subcommittee, some Members were concerned that the accountability system would make civil servants unable to maintain political neutrality. However, very few Members could tell the real meaning of political neutrality. Officials from the Constitutional Affairs Bureau told us repeatedly that the principle of political neutrality would be maintained under the accountability system. Civil servants would continue to advise the Government in an honest and upright manner

during the process of policy formulation. However, once a decision is made at the senior level, civil servants are obliged to lend their support, irrespective of what personal beliefs they may hold. They are also required to enforce the decision fully and loyally. At the same time, in the Code for Accountable Officials under the accountability system drafted by the Government, it is stated clearly that the core values which the principal officials shall uphold include commitment to the rule of law, honesty and integrity, political neutrality, and so on. These are basically not much different from the existing Civil Service Regulations.

Mr LAM Hang-chi of the *Hong Kong Economic Journal* mentioned in his column that before the reunification, there was no ruling party in Hong Kong and the Civil Service had to follow the orders of the Governor who was sent here from Britain. The Governor had all the powers in his hands and he was in fact autocratic. So for the civil servants, there was no such thing as political neutrality at that time. The issue of political neutrality became a concern for the civil servants in Hong Kong only after the talks for the handover of sovereignty had begun. There were times during these talks that the British and Chinese sides engaged in heated arguments, so the political neutrality which obviated the need for civil servants to show their stand on the issues involved became a charm which prevented them from being caught in a dilemma. That is the view held by Mr LAM. Soon before the reunification when the former Governor Chris PATTEN proposed his political reform package, even if the civil servants, especially the principal officials, had great reservations about the reform package, could they not take refuge behind political neutrality and refuse to implement the reform package?

Mr Donald TSANG, the Chief Secretary for Administration, said earlier that he often had heated discussions with the Chief Executive on certain policies. Mr Michael SUEN, the Secretary for Constitutional Affairs, also said that he often had debates with his subordinates on some issues as they had different opinions. However, once the policies were finalized, everyone would try their best to take them forward. In fact, the existing Policy Secretaries have the duty of promoting government policies and defending them in order to canvass popular support. And so all along, political neutrality is only a very vague notion. Some Honourable Members emphasized that the accountability system would change the apolitical position of the Civil Service. I do not think this will happen. Perhaps they may think that political neutrality for the civil servants means keeping some distance from their superiors or even to oppose them. We do not agree with such views.

As for the amendment moved by Mr Martin LEE, some Honourable colleagues offered reasons for supporting the amendment yesterday. I think, as Mrs Selina CHOW said earlier, Mr LEE's amendment is not acceptable, for if the analogy made by Mr CHEUNG Man-kwong about fried rice is used, I think the amendment proposed by the Democratic Party is like a pot of cooked rice, but they say that the rice should not be eaten now and it should be left for one night before it is to be fried. Mr CHEUNG impresses as a reasonable person, but he says that it would be better if there can be one or two months more for us to deliberate on the accountability system. As some colleagues who said yesterday and today, the main reason they do not support Mr LEE's amendment is that the amendment requires the system to be based on universal suffrage and be accountable to the Legislative Council. Frankly, how can we get an accountability system which is based on universal suffrage and accountable to the Legislative Council in a matter of a month or two? So I would think that sometimes the arguments advanced by Mr CHEUNG are sophistry. Of course, he is much better than Mr Michael MAK. Mr MAK used a lot of words to scold other people right from the beginning of his speech yesterday, until the very end of it. He is not reasonable at all.

I feel that we should base our arguments on facts after all, and we should be reasonable. In the eyes of the public, the accountability system can improve on the existing system expeditiously and facilitate smooth administration. It would enable the Government to start doing something about the present economic difficulties and improve the people's livelihood. I do not think it would do us any good if we continue to use all kinds of reasons to defer the implementation of the accountability system.

If Honourable Members think that the time for deliberating on the accountability system has been too short and that more time is required, then I would like to quote the words of Mr James TIEN to illustrate my point. In the last meeting of the Subcommittee, he said that he would go on playing his old record, and he would do so now, that is, his suggestion on the so-called "cooling-off period". I think the fried rice which Mr CHEUNG has been kept on frying is almost burnt. As we all know, rice would be tastier if it is fried for a longer period of time. But that does not apply on this issue of an accountability system. We are very disappointed with the amendment proposed by the Democratic Party. The public will not lend it their support, nor will us.

Thank you, Madam President.

MR LAW CHI-KWONG (in Cantonese): Madam President, earlier on in his comments on the amendment moved by the Democratic Party, Mr CHAN Kam-lam said that Mr CHEUNG Man-kwong would wish to have more time for discussion. This, I believe, is clearly a beautiful misunderstanding.

We propose the implementation of the accountability system for principal officials on the basis of universal suffrage, and by this, obviously we do not mean that we want it accomplished today. That is what we consider as a mature accountability system in principle, and we think that there must be a mechanism for universal suffrage. The fact is as simple as that, and I believe Members will understand it from the wording. We are not suggesting that we should discuss it for another two months. Rather, we call for the implementation of an accountability system which is grounded in a democratic system, and this is our fundamental position. So, please do not assert that the Democratic Party thinks that there would be democracy and an accountability system based on universal suffrage if given two more months for discussion. This is definitely not what we mean.

Madam President, what I wish to discuss most is whether the public supports the accountability system. The comments made by Mr Timothy WONG of The Chinese University of Hong Kong on the survey conducted by the Government are cited in the press today. A question in the questionnaire is this: "Do you support or not support the Government's proposal to introduce the accountability system for principal officials to enhance its accountability to the public?" This is like asking "Do you support or not support the introduction of the accountability system for principal officials by the Government to improve its administration over Hong Kong?" I trust that the majority of people would answer in the affirmative. But if we rephrase the question as "Do you support or not support the introduction of the accountability system for principal officials who are accountable to the Chief Executive?", and the question ends here, would there be over 60% of the respondents answering in the affirmative? Or, if we put it in a more neutral way, that is, "Do you support or not support the implementation of the accountability system now proposed by the Government?", I believe the answer would be entirely different.

Indeed, this question designed by the Government has already told the respondents that the accountability system would enhance the SAR Government's accountability to the public. Mr WONG was relatively modest in describing this as a positive approach. But obviously, this system will not

enhance the SAR Government's accountability to the public. Therefore, I think this is basically not a positive but rather a misleading approach. So, Members should not be so happy, for the 65% of respondents replied yes only to a leading question of a misleading nature. I believe if the question is asked in a more neutral or proper manner, few respondents would express support for it.

I think apart from surveys conducted by individual organizations, the quality of surveys in the community has improved recently. However, surveys conducted by the Government can often serve as very good teaching materials in my work.

In the Government's survey, there is a question that really beats me, for I cannot think of any reason why it can be phrased like that. The question is: "The Chief Executive has stated that he intends to identify people from within or outside the Civil Service to be Policy Secretaries and would appoint them to the Executive Council at the same time. Do you support or not support this approach?" I think whoever is asked this question, even for us, members of the Subcommittee who have been following up the accountability system, none will be able to catch the question having listened to it just once. Is it actually asking "Do you support or not support the Government identifying people from within or outside the Civil Service to be principal officials?" or "Do you think these people who are principal officials should hold office as Members of the Executive Council at the same time?"? How should a respondent answer the question if he supports the Government identifying people from within or outside the Civil Service to be principal officials but does not agree that these people should hold office as Members of the Executive Council at the same time? Or how should he answer the question if he supports that these principal officials should hold office as Members of the Executive Council at the same time but disagrees that candidates be identified from outside the Civil Service? This is a so-called double-barrelled question. These questions are so strangely designed that they are worthy reference.

Moreover, many other questions are equally funny, and they, I believe, are proof of the fact that the survey was conducted in haste. For example, the Chinese and English versions of some questions are totally different, and I really do not understand why. One example is "Do you support or not support the Government's proposal to maintain the stability and professionalism of the Civil Service?", whereas the question in Chinese is "你是否支持政府應該維持一般公務員制度的穩定及專業性呢?", in which there is no mention of the "Government's proposal", and it only asked whether or not the stability and

professionalism of the Civil Service should be maintained. Generally speaking, the respondents would certainly answer in the affirmative but much to my surprise, there were respondents who actually answered in the negative. I do not see why should anyone oppose this. But perhaps some respondents were very clever, for they knew that it was not a straightforward question and they therefore gave a different answer, since there is no reason for them not to support a stable and professional Civil Service. In fact, this question in English is: "Do you support or not support the Government's proposal?" Then what is its "proposal"? The objective of the "proposal", as stated in the questionnaire, is to maintain the stability and professionalism of the Civil Service. This is a so-called leading question, assuming that the proposal would yield this outcome. If the respondent disagrees with it, it means that he opposes the maintenance of the stability and professionalism of the Civil Service. I think this question is very funny. I do not understand why there is such a great difference between its Chinese and English versions, and the question in Chinese has such a strong leading effect. I think the questions in this questionnaire are not asked in English, but in Chinese.

Another question which is rather funny is this: "Do you think the Government's performance will improve after implementing the accountability system?" What makes it funny? What makes it funny is that this is the last question in the questionnaire, that is, question 11. Why would I say that this question is funny? It is because a key point in the design of questionnaires is the order of the questions, which is very important. If the first 10 questions have all included positive descriptions of the Government's proposal, that is, if all the 10 questions have told the respondents that the proposal is a very good one and the respondents are subsequently asked if they would support the proposal, they would certainly say yes. However, the result of the survey showed that only 50.1% of the respondents supported the proposal. While the 10 questions had been trying to lead the respondents by telling them that the proposal was very good, that it could maintain the stability and professionalism of the Civil Service, and that it would serve to enhance the Government's accountability to the public, only 50.1% of the respondents had shown support for it.

From my above analysis of this questionnaire, members of the public do not support the accountability system. Had the questionnaire provided all the facts to the respondents right at the outset, I believe nobody would support the implementation of the accountability system.

Thank you, Madam President.

MR JASPER TSANG (in Cantonese): Madam President, in the debate which has lasted almost eight hours, I have listened to the criticisms, queries and attacks made by many Honourable Members on the accountability system proposed by the Government. Many Honourable colleagues have responded to these attacks. As responses have been made to almost 60% or 70% of the criticisms, there is not much left for the officials to speak in defence. So I would not say what the officials would probably say later. Though the Democratic Alliance for Betterment of Hong Kong (DAB) has been called "royalists", I think the responsibility of defence should fall on the officials in charge of the issue ultimately. Madam President, after listening to the views presented by Honourable Members from the Democratic Party as well as those who oppose the motion proposed by the Government, I fail to understand why they should present these views. So I would like to put forward my doubts by bringing these issues up for discussion.

Honourable Members from the Democratic Party and those who oppose the motion have pointed out that once the Government has implemented the accountability system which they call the "TUNG-style" accountability system, it would lead to a lot of undesirable things, for example, the Chief Executive will practise nepotism, he will amass all the powers to himself, the top officials will be inclined to currying favour with the Chief Executive, and so on. Why? It is because under the existing system, civil servants enjoy high job security and this has led people to call their jobs "iron rice bowls". As they enjoy high job security, they are bold to point out the mistakes made by the Chief Executive. Mr SIN Chung-kai pointed out that ever since 1997, there has been a culture of "passing the buck" among civil servants. As a matter of fact, Mr SIN does not have to look that far back in time to see where this culture of "passing the buck" is most prevalent. The 85 000 housing units production target, the unemployment problem, all these can be attributed to TUNG Chee-hwa. The clash between the Independent Commission Against Corruption and the police which Mr SZETO Wah mentioned yesterday can also be attributed to TUNG Chee-hwa. Likewise all these bad things can be attributed to TUNG Chee-hwa but no one else. Why do we not mention the new airport incident and the avian flu? TUNG Chee-hwa can also take the blame. For he was the Chief Executive at the time when there was chaos in the new airport, and the same goes for the avian flu. He should take the blame for all of these. He is the cause of all these. If the SAR Government has done anything good or if it has not done anything bad, all this is because the civil servants have the protection of the iron rice bowl. That is why they dare to stand forth and confront TUNG, failing the

implementation of his bad ideas. And so that is why a lot of bad things have been prevented. So that is how that culture of "passing the buck" has come about.

The latest bad thing which TUNG Chee-hwa has done is introducing the accountability system. However, do not forget that the civil service system is still here. The Principal Secretaries and Policy Secretaries sitting here in this Chamber for these last two days are all civil servants. They are still protected by their iron rice bowls. They should not be flattering and currying favour with the Chief Executive as the Democratic Party says, should they? Should they not raise any objections? The accountability system is not just a bad thing and it is making a head-on clash with the civil servants at the senior levels. It is because, as the Democratic Party says, the aim of introducing the accountability system is to bring in new blood and to make a purge. What kind of new blood is being injected and what kind of purge is being made? Of course, it is not aimed at replacing those nice-looking young men and women standing outside this Chamber, but the civil servants at the topmost echelon of the Government, those serving Principal Secretaries and Policy Secretaries. Since the accountability system is such a bad thing, since so many bad things will come about in future, and since it is making a head-on clash with the civil servants at the senior levels, then where is the conscience of our Principal Secretaries and Policy Secretaries, the top officials who are enjoying the protection of an iron rice bowl? Why are they still selling the accountability system? Why did they not tell Mr TUNG at the earliest stage that the accountability system should not be introduced? If this is really the case, then the bad things which the Democratic Party has been saying have already come into existence.

Ms Audrey EU said that she was worried that once the accountability system was introduced, there would be a lot of the leader's projects. She cited the examples of the Disney theme park and the Cyberport. These two projects were drawn up under the existing civil service system, and in my impression, some of our top-level officials had put in a lot of efforts promoting them, then what do we have to fear now? If it is said that the introduction of the accountability system would make some projects which some Honourable Members think are mistakes to get started, then why can these wrong projects get started under the existing system? Miss Emily LAU shows that she is afraid that once the accountability system is in place, the disciplined forces will be used as an instrument to crack down on the political opponents of the Chief Executive. I am surprised not because of the worries expressed by Miss LAU, because she

would usually raise a lot of worries, and these are not the kind of worries which people would feel. What I am surprised is that why do these things have to happen only after the accountability system has been introduced. I would not be surprised at all if Miss LAU says that such things are already in existence now. Have we not heard of people making the criticism that the police have selectively invoked the Public Order Ordinance to arrest people? Who were arrested? Of course, the political opponents of the Government. Are the disciplined forces not using their powers to crack down on the political opponents of the Government? Also, why have so many cases of catholic priests involved in child sex abuse been exposed recently? These are long bygone events, right? These are efforts in cracking down on the political opponents because the Catholic Church supports those right of abode claimants and so the Security Bureau is teaching them a lesson. Since there are such things now and as the newspapers say, this is a great plot. So why do we have to worry about the future as these evils already exist now? So I just fail to see why our Honourable colleagues would say that those things which they call bad and evil now would happen only after the accountability system has been implemented and that it is only because of the present civil service system that all these things are prevented from happening. I really fail to see why.

Actually, the greatest difference after the implementation of the accountability system is that the principal officials will bear the political responsibility of their policies. When Mr Martin LEE moved his amendment yesterday, he mentioned the case of Rosanna WONG and Tony MILLER. He said that the Legislative Council had passed a vote of no confidence against these two persons in charge, but TUNG Chee-hwa did not transfer Tony MILLER to another post, not to say dismissing him. Why? It was because there was no accountability system in place at that time. And so he was protected by the iron rice bowl of the Civil Service, right? Then would Honourable Members like to see Tony MILLER dismissed? If he was really dismissed, then as Mr SZETO Wah has said, this is really a scapegoat system. That is to say, if officials are accountable, they will become scapegoats. If officials are not held accountable, then it would be the responsibility of TUNG Chee-hwa again. So I just fail to see what kind of system would the Democratic Party see implemented. The difference between the two is that once the accountability system is introduced, there will be an additional term in the employment contract of the principal officials, that they will bear the political responsibility for the success or failure of their policies, including to step down when there is any serious blunder.

However, the Democratic Party says that it does not want this kind of system. To cite the analogy of the "fried rice theory" used by Mr CHEUNG Man-kwong, we have some rice before us and since we are hungry, so we suggest that we should fry the rice and eat it. But Mr CHEUNG Man-kwong says, "No, it is because we need to have eggs and barbecued pork to make fried rice. And fried rice without eggs and barbecued pork cannot be called fried rice." So here we are, hungry, and though we have the rice before us, we are not allowed to fry and eat it, for we have no eggs and barbecued pork. That is really baffling. What does the Democratic Party want actually?

Madam President, in the debate over the past few hours, many Honourable colleagues mentioned that the principal officials under the accountability system should have the same convictions as the Chief Executive. Some Honourable colleagues have looked at this issue positively, and some negatively. But the most surprising thing to me is Mr SZETO Wah's interpretation of having the same convictions. Mr SZETO Wah says, having the same convictions means having only one brain. That is to say, when the Chief Executive, the three Secretaries of Departments and the 11 Bureau Directors share the same convictions, it means that these 15 people will have just one brain. Why do I feel so surprised? Given that the old gentleman Mr SZETO has participated in the social movement for decades, can we say that there are not a few of his followers who share the same convictions as his? Is it true to say that anyone who shares the same convictions as his will share the same brain as his as well? Or that there is only one brain for a few people to use? I guess one of the reasons why people have withdrawn from the Democratic Party is they do not share the same convictions. I think when people choose to stay in the party, it is because they still think that their convictions are the same. Those core members of the Democratic Party who choose to stay and who share the same convictions all have independent thinking, they are all political celebrities and of course they do not share just one brain. Then how can it be said that if people share the same convictions, they will have only one brain to share? Does it mean that it is impossible to have the same convictions when people have their own ideas and share their views with others? It looks as if I should go back and think carefully about the meaning of having the same convictions and how can convictions be the same.

Madam President, of all the speeches made by Honourable Members, the most provocative and divisive is the speech made by Mr LAU Chin-shek. He

has asked a lot of hypothetical questions and his only aim is to tell us that those principal officials promoting the accountability system actually know nothing at all. During the entire brewing of the proposal, they have all been kept in the dark and that the entire process has been a black box operation. They have to fend off the fire of criticisms now. Today I read from a newspaper commentary that also shares this kind of view. It is unfortunate that even Mr SUEN would have the chance to be an accountable official. Why? It is because he has been fending off the fire of criticisms for the Chief Executive for so long and yet he knows nothing about what he is doing. Certainly, I cannot answer on behalf of the officials whether or not they are in the picture or at what stage they took part in the proposal. They will give a reply to Mr LAU Chin-shek's question later. But there is one thing which I would like to say and that is, the first person who tried to sell the accountability system to the DAB and asked us for support is not Mr TUNG Chee-hwa, but my honourable namesake, Mr Donald TSANG, the Chief Secretary for Administration. I do not believe he knew nothing at that time, for judging from his enthusiasm and sense of urgency, I do not think he was selling something which he knew nothing about. As to who were in the picture and who were not, I guess that is not only a question we have now. According to the past impression I have, even under the former system when there was reshuffle at the top levels of the Civil Service, not only would we know only at the final stage, but that some officials would still say that they did not know of the details after the media had reported that there would be staff changes. So such things do not just happen today. And so the system and the candidates are two different issues.

Madam President, I have said earlier that the responsibility to answer Members' questions lies with the officials. I do not intend to steal their thunder. I think the officials sitting here now would become accountability officials under the new system very soon. They are responsible for promoting proposals made by the Government and canvass support from Members of the Council. They will not merely send some nice-looking young men and women to stand outside the Chamber to take the number of Members who are leaving and who are entering the Chamber. What they will be doing is to secure the support of Members through the debates conducted in this Chamber. They will not just want to get the support from us royalists, but they will want to change the notions and beliefs held by the opposition, the opposition party, and get their support. Therefore, Madam President, I am waiting for the reply to be given by our principal officials. Thank you.

MR JAMES TO (in Cantonese): Madam President, actually, I just want to respond briefly to two points. Firstly, I would like to point out that many Members are of the view that the reason for introducing the accountability system for principal officials (accountability system) is to make the Government more accountable to members of the public. In addition, some people also pointed out that it is because senior government officials may not always share the views of the Chief Executive on the philosophy of governance. To put it colloquially, the Chief Executive thinks that some officials are getting in his way. I am very surprised at this view. I believe that if some officials are really getting in the way of the Chief Executive, then is the act of "getting in the way" a good thing or a bad thing from the public's point of view? In fact, different opinions have been expressed on this and no consensus has been reached on whether this is a good or bad thing. However, this "getting in the way" represents a conflict of values.

Yesterday, Mr Frederick FUNG and some Members said the existing principal officials are not returned by elections and they have obtained the power through free political lunches. Our Chief Executive gained power through an election in which there were only 800 voters (or in the past, through an election in which the number of voters was even smaller at several hundred). However, the fact is, he has only eventually gained power thanks to the blessing of the Central Authorities. The question is, if Mr TUNG thought that the then Chief Secretary for Administration, Mrs Anson CHAN, was getting in his way or that she represented a certain ideology, then he should have seen the expiry of her contract as a golden opportunity to have her removed, so why did he persuade her to stay? This is worth contemplation.

Of course, one of the possibilities was that it was not the idea of Mr TUNG himself, but rather the idea of the Central Authorities. However, why did the Central Authorities have such an idea? One of the reasons was there was a crisis in Mr TUNG's governance. And the crisis was, both his acceptability and popularity ratings were extremely low, so he had to rely on the then Chief Secretary for Administration, Mrs Anson CHAN, and the then Financial Secretary, Mr Donald TSANG, to hold the government together. The Central Authorities were aware of this situation and knew that Hong Kong could get through the difficult situation safely by maintaining the *status quo*.

However, it would be very strange if this was not the idea of the Central Authorities but that of Mr TUNG himself. Why would he retain someone who

was always getting in his way? Finally, judging from the situation at that time, I could only arrive at one conclusion. First of all, I have to ask why the people gave some officials a higher popularity rating, and had a higher opinion of some values and why Mr TUNG got such a low popularity rating. It is certainly true that this is partly due to technical reasons. Since Mr TUNG works long hours from "seven to eleven" and takes up so much responsibilities, he would naturally be implicated if something goes wrong. However, the actual situation seems somewhat different. As Mr Jasper TSANG said, Mrs Anson CHAN was also involved in several blunders, then why did she still get such a high popularity rating? Is it simply because of her smile? This is definitely not true. I believe it is because the public treasures certain ideologies and values that the senior officials of the colonial government brought along when they became senior officials of the SAR. However, the problem still remains to be solved. So what should we do? Just as Mr Jasper TSANG said, why has the conflict of such values turned some people into sycophants and the law enforcement agencies into political tools? I am very worried about this, so let me explain my worries. However, I certainly do not wish to speak for Miss Emily LAU.

In fact, there are many examples of such underlying conflicts of values. I believe such acts of "getting in the way" did come into play as a healthy force in the Government. You may say that "getting in the way" may, to a certain extent, impede administration. However, if the policies are good, this influence may obstruct them. But if the policies are bad, then "getting in the way" would stop bad policies from "going too far" and prevent the implementation of some bad policies. In many previous cases, I believe many senior officials, including Secretary Donald TSANG or even Mrs Anson CHAN had stood up for values that are generally accepted and treasured by the public. One of such examples was the long delay in the selection of candidates for appointment to certain committees. What was the reason behind this? It was rumoured that there were heated discussions. Someone might wish to appoint an extreme leftist with radical political beliefs, but others might say that it was not possible. Since both parties could not have their way, consequently, a politically neutral person was selected. In other cases, the law enforcement department or other departments might wish to "go further" in dealing with some matters but did not "go too far" or might even eventually allow the public to retain some basic respect as a result of such values. Therefore, I think under such circumstances, the final outcome has been a result of conflict of values.

Of course, to put it bluntly, the implementation of the accountability system may also be due to the following reasons. In spite of the fact that the Central Authorities might think that the first Chief Executive was very incompetent, he still managed to convince the Central Authorities to allow him to serve a second term by putting the blame on certain people. The Central Authorities might think that it would only be fair to give him another break as the second Chief Executive. By reasoning, he should also be allowed to recruit people who share the same convictions and be given power to make appointments and dismissals. If he were still incompetent after all these, he could only "resign himself to fate". So, no matter whether the final judgement on the Chief Executive's political achievements will allow his name to go down the annals of history or held it up to eternal infamy, he will, at least, accept his fate willingly. Therefore, the Central Authorities are now taking chances in agreeing to the proposal on the accountability system.

However, this incident has caused me to feel concerned some measure. Since the Central Authorities plan to give Mr TUNG a free hand in having absolute control in administration, I am worried that they would find it necessary to exercise micromanagement, that is, to monitor the situation in Hong Kong more closely and more thoroughly and size up more situations in order to gather more information. I am not sure whether this would go as far as intervention ultimately, but I think the future Premier or official in charge of Hong Kong and Macao affairs may feel more anxious about Hong Kong.

On the other hand, Members should bear in mind that the values of Mr TUNG's 800-strong electorate or that of the Central Authorities, which have given consent to Mr TUNG's continual administration is actually different from the scientific approach, a legacy of the colonial system, employed by certain civil servants in policy analysis. Of course, the values of such civil servants may not be the best, and I have not said that they are the best, the public still treasures such values. At present, public views may be split into fifty-fifty. This is because some people think that the situation of the past several years was really very bad, so why not give Mr TUNG the power and let him have a go! They may feel that it is worth to gamble. If it is doomed to fail, then let it fail. No matter whether the outcome is good or bad, they will take a risk for the present situation is so bad that it will only get worse if the present situation continues.

In fact, I do not think that the public view is one-sided on the accountability system and I do not believe that the public opinion poll conducted by the Government has shown that all the people think that this system is very good, the candidates for future principal officials must be good or that something good will definitely come out of this. I believe the public is now in a confused state of mind. Some people certainly feel that it is fine to take a risk to see whether tomorrow will be better, but others, at least those represented by us, will question whether certain values will be further suppressed. They will also question whether the rule of law, the relatively scientific policies and analyses, the absence of nepotism and refusal to be led and influenced by absolute interests will continue to come under attack? Such are the differences in convictions.

DR YEUNG SUM (in Cantonese): Madam President, I am really very grateful to Mr Jasper TSANG for the brilliant remarks he made earlier. Although Mr TSANG said he did not wish to speak for the government officials, he actually has all the qualities required of a brilliant principal official. I believe the sharp wit to be demonstrated by government officials in their replies later on just can never compare with that of Mr Jasper TSANG. If Mr TUNG does have the discerning eye for talents, he should expeditiously persuade Mr TSANG to join the Executive Council and become one of his principal officials.

Mr Jasper TSANG has raised a very good question and that is: Given that the present civil service system has existed without any changes so far, and that so many problems have thus resulted, why should we worry so much about introducing changes to the civil service system? I should like to tell Honourable Members that it is most probably our fortune that we have this civil service system to act as balancing force; otherwise, the various problems facing us currently may just have been even graver than they are now. In my view, the cultural values held by Mr TUNG are very much different from that of the civil servants under the existing bureaucratic system. Mr TUNG is a rather traditional businessman who subscribes to the traditional Confucian ideas and attaches importance to paying due regard for precedence and the traditional code of conduct. From the way he protects Ms AW Sian and Mr Andrew LO we can see how important the human factor is, as he has put the rule of law in a less important position. The Civil Service is, after all, a British-style bureaucratic system which, as an established tradition, attaches great importance to the rule of law, declaration of interests and political neutrality. Actually, it is not any

secret at all that Mr TUNG and the Civil Service cannot get along well, and I believe Members are all aware of that. Many comments have also pointed out that since civil servants emphasize political neutrality, declaration of interests and the rule of law, handle matters in accordance with established practices and set baseline for each and every issue concerned, Mr TUNG has found the civil service culture a "huge hindrance". So, the many cases of "discussing without making decisions" are in fact resulted from the "huge hindrance" posed by the British-style bureaucratic system.

Madam President, we maintain personal contact with a number of retired senior officials (I do not intend to disclose their names here) and many of their views can be cited as proof for my argument about the divergence in the values held by Mr TUNG and the Civil Service. Hence, I wish to respond to Mr Jasper TSANG that the existing bureaucratic system has at least helped to balance to a certain extent the deeds done by Mr TUNG; otherwise, things may have come out even worse. Having said that, I must admit that Mr TSANG's speech was very eloquent. I cannot help but wonder how Secretary Michael SUEN could catch up with him.

Madam President, today, I would also like to respond to the views expressed by other Honourable colleagues in the Council. Upon hearing the Chief Secretary for Administration mention that the accountability system for principal officials (accountability system) could ensure the political neutrality of civil servants, some Honourable colleagues like Messrs YEUNG Yiu-chung and LEUNG Fu-wah (but not including Mr James TIEN) remarked that the Democratic Party should have no reason to not to support it. In this connection, however, I wish to ask this question: Can this system proposed by the Government presently really ensure the political neutrality of the Civil Service? I am afraid not. As mentioned by Mrs Selina CHOW earlier on, Mr Allen LEE supported the implementation of a ministerial system initially. During a seminar, Mr Allen LEE said to me, "YEUNG Sum, you democrats are huge obstacle! The accountability system can ensure the political neutrality of the Civil Service, how could you refuse to support this reform proposed by Mr TUNG?" But then, after looking carefully at the contents of this reform package, he openly urged Members, including those Honourable colleagues affiliated to the Liberal Party, to oppose the accountability system. He has even bet a meal with me, but of course it is not convenient for me to disclose the details to Members.

Actually, the Democratic Party has suggested the Government many times to lay down a code for principal officials to protect the civil servants by way of legislation. If they are protected by legislation, civil servants will have the boldness to refuse to oblige when being required by senior level government officials or Bureau Directors to do things that betray their conscience, moral standards or integrity. Regrettably, the Government is unwilling to formulate such a code. According to Secretary Joseph WONG, there is no need for such a firewall, and we should trust the Government that the conventional practice is already adequate. However, I do doubt whether this will really work.

Secondly, we can see that even though the proposed permanent secretaries should be politically neutral, more often than not they have to follow the relevant Directors of Bureaux to sell policies. Secretary Michael SUEN has also pointed out that since the Directors of Bureaux are heavily loaded with responsibilities, and naturally permanent secretaries have to lend them a hand when there is no other alternative. According to the original plan, the permanent secretaries should be politically neutral; however, if they are required to sell the Government's policies, which means they have to go to the front line and make their best efforts to defend the Government's policies, they will be playing a political role. In playing such a political role, they will destroy the political neutrality upheld by the Civil Service all along. The problem with this logic and arrangement is very obvious. As a veteran politician, Mr Allen LEE could see the problem of the proposed system with just one glance. So, he said to me, "You are right, YEUNG Sum, the proposal should be opposed." Although it appears on the surface that the accountability system can ensure the political neutrality of the Civil Service, the civil servants just cannot remain politically neutral in reality.

Thirdly, why must the office of the Secretary for the Civil Service be a political appointment? Many civil servants have attended the public hearing and the majority of the civil service groups oppose turning the office of the Secretary for the Civil Service into a political appointment. Many Honourable colleagues said the Democratic Party had not explained clearly the reason why it opposed the proposed system. Actually, the reason is very simple. Under the rule of collective accountability, all Members of the Executive Council must implement the decisions made by the Executive Council. Besides, as the Executive Council must observe the rule of collective confidentiality, Executive Council Members are not allowed to raise objection to the decisions made all of a sudden.

So, those are the rules of the game. When the Secretary for the Civil Service becomes one of the Executive Council Members, should he implement decisions that violate the political neutrality of the Civil Service? Certainly, the Secretary may resign on the grounds that he cannot implement the relevant decisions against his conscience. However, there may also be another possibility. In order to keep his job and to feed his family — I can understand this consideration, particularly after I have bred my own child, and I can understand that government officials also have to take care of their families, as this is one very fundamental responsibility — the Secretary has to implement the relevant decisions against his own will. But then, will his political neutrality suffer any damage under such circumstances? I believe I do not have to say much about that. So, many civil service groups, including those from the disciplined forces, may have indicated that even though they supported the accountability system, they strongly oppose this point. Recently, a government official has mentioned something when answering a question raised by Miss Emily LAU. I wonder whether he met any trouble after making that reply. Hence, the first issue remains whether or not the proposed accountability system can really enable civil servants to remain politically neutral. I have great reservations about that because I do not think this accountability system will work.

The second issue was raised by Secretary Michael SUEN. Earlier on, he questioned why the Democratic Party must move an amendment to the motion if universal suffrage was its major premise. He also questioned why Mr Martin LEE would do something so meaningless. Besides, Mr IP Kwok-him has also criticized us for not supporting the accountability system, given that the Democratic Party has all along been demanding reforms. He considered our not giving support to the accountability system reflects our vocation of being an opposition party.

Madam President, the Democratic Party has in fact adopted a very pragmatic attitude in dealing with this matter. Mr Martin LEE has already made it clear that without a matching democratic political system, there just could not be any genuine accountability system. It is for this reason that the Democratic Party demands election by universal suffrage of the Chief Executive and Legislative Council Members, so that a foundation in democracy can be established for the accountability system to enable the early implementation of a genuine accountability system. Even though this demand cannot be realized immediately, the Democratic Party must true to its stance still voice out our

demand in the hope that the Government will expeditiously introduce a democratic political system. Does the DAB believe that the Hong Kong Special Administrative Region does not need any foundation in democracy? Does the DAB not support this principle? Does that mean the DAB will not push the Government to carry out the work it has undertaken but failed to do? Just like the Democratic Party, in the interest of the general public, the DAB will also push the Government to do the things it is not willing to do. The DAB will handle issues affecting the people's livelihood in a way not different from ours.

Mr IP Kwok-him also said we had paid no regard for the interest of the public. Madam President, I wish to make it clear that the Democratic Party will never disregard the interest of the public. It is not any secret that the existing civil service system has posed an obstacle to Mr TUNG's administration. I believe Members are all aware of that. Through the accountability system, Mr TUNG can indeed amass all powers in his hand. Whether or not the Chief Secretary for Administration has any work to do is actually dependent upon the amount of work assigned to him by the Chief Executive. If the Chief Executive does not give him any work, even the Chief Secretary for Administration will be hanging around all day long. Since everybody must take instructions from the Chief Executive, the Chief Secretary for Administration will be rendered a mere figurehead. I believe Mr Donald TSANG, the Chief Secretary for Administration, will be very unhappy, because this arrangement is contrary to his past experience. While the operation of the Government used to be coordinated by the Chief Secretary for Administration, under the accountability system, he may possibly be made a mere figurehead.

What is the problem with this system of power centralization? Problems abound. I believe Members will not disagree with my view that Mr TUNG is biased towards the interests of the industrial and commercial sector. Given that he is so biased towards the interests of the industrial and commercial sector, and that he has centralized all powers in his hand, the Chief Executive can surely implement his policies smoothly. That way, will the problem of polarization between the rich and the poor not be aggravated? Will the social culture in Hong Kong not become more radical? Under such circumstances, will it be in the interest of the public if we support the accountability system? Certainly not! It is in the public interest that the Democratic Party opposes the accountability system. Why did we not make it categorically clear that we oppose the accountability system, instead of requiring the accountability system to be

"grounded in a democratic political system based on universal suffrage" and "accountable to the Legislative Council"? This is all because we are very pragmatic that, despite our objection to the accountability system, we still hope to establish a foundation in democracy. So, the reason is indeed very simple.

According to Mr James TIEN, since the Presidents or Prime Ministers of countries in the West do have their respective cabinets and staunch supporters, why would it pose any problem if the Chief Executive should seek to establish his own coterie of officials? This will indeed pose a problem. In the West, government leaders are returned by election and there are established political rules, legislation and convention to act as checks and balances against the government. However, do we have such checks and balances in Hong Kong? We have asked the Chief Executive whether this Council could play a checking and balancing role if the government motion should be carried by enough votes, that is, the Chief Executive would, in the event of motions of no confidence being passed by this Council in respect of certain government officials, respect the decisions and report the matter to the Central Authorities for approval to remove the relevant officials from office. Regrettably, however, the Chief Executive has indicated that he would not do so.

Just on what grounds can we support the accountability system? The Government has introduced the accountability system so hurriedly and heedlessly that the proposals have to be amended again and again until the very last minute. Some Members said this was because the Government was amenable to good advice. But in my view, the Government has failed to have thorough planning or sufficient discussion beforehand. Seeing that the motion cannot get enough votes to secure its passage, the Government has to appeal to certain Members for their support by acceding to some of their requests. Feeling flattered, some Members therefore commended the Government for taking their advice swiftly. Actually, the Government is doing that just to secure the votes in the relevant Members' hands.

Madam President, I wish to stress again that the Democratic Party certainly supports reforms. However, if any reforms should be introduced too hurriedly, too heedlessly and without any effective complementary measures, the Democratic Party would raise objection to such reforms. Hence, we will certainly oppose this accountability system before us today. If, in the future, the Government finally introduces an accountability system founded on universal suffrage, the Democratic Party will certainly be the first one to come forth to support the proposal. With these remarks, I support the amendment.

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

(No Member responded)

SECRETARY FOR JUSTICE: Madam President, several Honourable Members had commented on the legal aspects of the accountability system. I wish to reply to the main points raised by them.

A fundamental question is whether the accountability system is consistent with the Basic Law. The Department of Justice has conducted a detailed study of the various elements of the new system, as well as the principles of interpretation that the courts have established in respect of the Basic Law. As a result, I am confident that the new system meets our constitutional requirements. I will not repeat all that has been stated in the papers submitted by my department to the Subcommittee. But I will highlight a few conclusions.

Under the accountability system, principal officials will not be employed on civil service terms and conditions. But there is no requirement in the Basic Law that they should be. The employment contracts of principal officials may, subject to Article 48(5) of the Basic Law, be terminated at any time without cause or compensation. This is also consistent with the Basic Law, which does not provide that the principal officials shall have security of tenure.

The implementation of the accountability system will be accompanied by a reorganization of certain Policy Bureaux. There is no requirement in the Basic Law to maintain the previous government structure, nor does the Basic Law specify the number, functions or names of Policy Bureaux. And this is for good reason: the Government of the Hong Kong Special Administrative Region (SAR) cannot be expected to remain stagnant for 50 years from 1 July 1997 — the Basic Law must cater for change in response to a constantly developing society.

Principal officials under the accountability system will be appointed to the Executive Council. The Basic Law does not specify either the number of Members of the Executive Council or the proportion of Members who shall be principal officials, Members of the Legislative Council or public figures. It does, however, provide that the appointment of Members of the Executive Council shall be decided by the Chief Executive, and so the balance between the various types of Members is a matter for the Chief Executive to decide.

The Civil Service will continue to be the cornerstone of the public service. Within the Civil Service, the previous system of recruitment, employment and so on will continue to be maintained. Civil servants, as part of the SAR Government, will continue to conduct administrative affairs. The neutrality of the Civil Service will be strengthened by virtue of the fact that political functions will be transferred from civil servants to principal officials under the accountability system who are not within the Civil Service.

Articles 100 and 103 of the Basic Law, which relate to the public service, have been analysed in a paper prepared by my department, and do not stand in the way of the new system. Article 103 provides for the maintenance of the previous system of recruitment, employment, assessment, discipline, training and management for the public service. However, it does not inhibit development and improvement to the public service system, provided that such changes are for the good governance of the SAR. Article 103 is not intended to freeze the terms of employment of future public servants to those that existed immediately before reunification, nor to limit them to civil service terms and conditions. In addition, it is arguable that Article 103 of the Basic Law was not intended to apply to principal officials at all. Appointments of principal officials are made by the Central People's Government after nomination by the Chief Executive, and are not made in accordance with the previous system. Article 103, therefore, seems to be intended to apply to other public servants. This view reinforces the conclusion that Article 103 of the Basic Law is no impediment to the implementation of the new system.

In short, the accountability system is fully consistent with the Basic Law. I note that some Members have suggested that the Government has adopted double standards in respect of the interpretation of the Basic Law. I reject that suggestion. We apply the same principles in interpreting all provisions in the Basic Law. The fact that we disagree with the Court of Final Appeal (CFA)'s interpretation of Article 22 para 4 and Article 24 para 2(3) of the Basic Law does not mean that we disagree with the principles of interpretation laid down by the CFA. It is true that we may consider that certain changes are consistent with the Basic Law, and others are not. But this merely reflects the fact that different aspects of our political and governmental systems are dealt with in the Basic Law in different ways, and that the interpretation of specific provisions must take into account their context.

The accountability system is not only consistent with the Basic Law, but must be implemented from day-to-day in accordance with the Basic Law, and in accordance with the laws of Hong Kong. There is, therefore, no substance in the suggestion that the accountability system will introduce "rule by man". The Chief Executive and the principal officials under the accountability system will be subject to the full force of the rule of law, just as they are now.

Some Honourable Members have objected to the fact that the accountability system will not be implemented by way of primary legislation. Whilst the Administration respects that view, neither the Basic Law nor local legislation requires an accountability system for principal officials to be implemented in that way.

The Legislative Council will be invited to pass a resolution under section 54A of the Interpretation and General Clauses Ordinance (Cap. 1). That resolution is needed since the reorganization of certain bureaux will involve a change in the public officers who exercise the relevant statutory powers. The effect of the resolution will be to transfer the relevant powers to the relevant principal officials under the accountability system. The fact that those principal officials will not be civil servants does not prevent section 54A of Cap. 1 from being used for this purpose. The section relates to the transfer to "any public officer" of statutory functions exercisable by another public officer. And there is no doubt that a principal official under the accountability system is a "public officer".

The transfer of powers under the resolution is consequential to the reorganization of certain bureaux, and does not give effect to the accountability system itself. The basis for the accountability system is a decision of the Chief Executive-in-Council. That decision is fully within the powers conferred by the Basic Law on the Chief Executive to head the Government of the SAR; to lead the Government of the Region; and to decide on government policies, after consulting the Executive Council where appropriate.

The implementation of the accountability system by administrative means, supported by the transfer of statutory powers under section 54A of Cap. 1, is therefore both lawful and constitutional. There is no need to proceed by way of primary legislation: the organization of the Policy Bureaux is a matter for the executive. Moreover, although the proceedings, papers and minutes of the Executive Council are kept confidential, the accountability system decided by the Chief Executive-in-Council has been made public in many ways.

It is also lawful and constitutional for all principal officials under the accountability system to be appointed to the Executive Council. I note that at least one Member has queried whether certain statutory appeals from decisions by officials should continue to be determined by the Chief Executive-in-Council. It was said that there may be a perception that the Executive Council is not acting independently when hearing such appeals.

In a paper submitted to the Subcommittee, the Administration explained that the Executive Council is now, and has always been, part of the administrative machinery of the Government. It does not purport to be an independent judicial or quasi-judicial body. The question whether it is appropriate for the Executive Council to hear particular appeals or objections has been the subject of ongoing consideration for the past 10 years or so. Where, in accordance with the Hong Kong Bill of Rights Ordinance, an appellant is entitled to a fair and public hearing by a competent, independent and impartial tribunal established by law, it is accepted that such appeals should not be heard by the Executive Council. In order to comply with the Bill of Rights, and to relieve the Executive Council of minor decision making, the number of provisions for appeals to the Executive Council has been reduced over the past decade from over 100 to 53.

This exercise of reviewing the appropriateness of appeals being determined by the Executive Council is ongoing. However, the fact that, after 1 July, all principal officials under the accountability system will be appointed to the Executive Council will not alter the criteria that apply to that exercise, nor will it affect the lawfulness or propriety of appeals that are determined by the Executive Council.

The fact that the post of Secretary for Justice is included in the accountability system has been the subject of some comments. There is no doubt that there are features of that post which are unique. In making policy decisions relating to the administration of justice and delivery of legal services, the Secretary for Justice has a role to play which is similar to that of other principal officials. However, in relation to certain quasi-judicial functions, particularly functions in respect of prosecutions, the Secretary for Justice is required to act independently.

The question is whether this requirement of independence should prevent the post of Secretary for Justice from being included in the accountability system.

In two papers which were submitted to the Subcommittee, the arrangements for a Secretary for Justice under the accountability system were analysed in depth. The papers demonstrated that those arrangements would not be materially different from the current arrangements for a Secretary for Justice who is recruited from outside the Civil Service; and would be consistent with arrangements for similar posts in many other common law jurisdictions. It is not uncommon for attorneys general, or ministers for justice, in other common law jurisdictions to be politically appointed and to be accountable for their actions, even though they are required to act independently in relation to certain functions. Experience elsewhere indicates that such twin roles are perfectly manageable.

In the light of these findings, the Administration has concluded that it is appropriate for the post of Secretary for Justice to be included in the accountability system. This will mean that the post-holder will be accountable for the manner in which he formulates and executes policies in respect of the legal system and legal services. I agree with that conclusion.

I also believe that the Secretary for Justice's independence in relation to prosecution decisions and other quasi-judicial functions will not be undermined by the inclusion of the post in the accountability system. Article 63 of the Basic Law expressly provides that the Department of Justice shall control criminal prosecutions, free from interference. Under Article 48(2), the Chief Executive is responsible for the implementation of the Basic Law. And under Article 64, the SAR Government must abide by the law. The constitutional independence of the Department of Justice in respect of criminal prosecutions is, therefore, firmly entrenched.

These guarantees will continue to apply and, I am sure, to be honoured when the post of Secretary for Justice is included in the accountability system. I see no case for delegating all prosecution functions to the Director of Public Prosecutions, as some have suggested. Moreover, if such delegation were to deny the Secretary for Justice any control or superintendence over prosecutions, it would suffer from two flaws. Firstly, it would undermine the move towards greater accountability, since little would be gained by making the Secretary for Justice accountable for decisions that he had no control over; and the officer who did have control over the decisions, the Director of Public Prosecutions, would not himself be within the accountability system. Secondly, the arrangement would amount to an abdication of the Secretary for Justice's duties as head of

department, and would be likely to be inconsistent with Article 63 of the Basic Law.

In the final analysis, any holder of the post of Secretary for Justice, whether politically appointed or not, must have certain fundamental values, convictions and characteristics : the value of the rule of law, a sense of justice, a commitment to serve the SAR, respect for constitutionality, and the highest integrity. By respecting the rule of law, the Secretary for Justice will make decisions on matters of public interests independently and impartially. By having a sense of justice, the Secretary for Justice will exercise his discretion judiciously. By being committed to serve the SAR, the Secretary for Justice will put aside any possible detriment to himself as a result of the decisions to be made. By respecting constitutionality, the Secretary for Justice will ensure that the powers of the executive are kept within limits. And by having the highest integrity, the Secretary for Justice will build public confidence in the decisions made by him. Any Secretary for Justice, whether employed on civil service terms or not, is expected to know and abide by these values, convictions and characteristics.

Madam President, the inclusion of the post of Secretary for Justice in the accountability system will not diminish the high expectations that are attached to the post. On the contrary, it will mean that a Secretary for Justice who fails to meet those expectations will be accountable for that failure. This is a development that I believe should be warmly welcomed. Thank you.

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): Madam President, I would now like to speak on civil service policy and management under the accountability system for principal officials (accountability system).

The Chief Secretary for Administration and the Secretary for Constitutional Affairs have stressed in their speeches that the Chief Executive has pointed out clearly the merits of the existing civil service system such as its permanency, professionalism, neutrality and honesty, and so on, which will be maintained after the accountability system is implemented. To ensure the stability and continuity of the existing civil service system, we will continue to maintain an objective and impartial management system for the Civil Service. The appointment, management and promotion of civil servants will continue to adhere to the principle of meritocracy. In respect of discipline, we will

continue to use the prevailing civil service disciplinary system, under which allegations of misconduct against individual civil servants are determined through an impartial process based on consideration of facts and evidence. An independent and statutory Public Service Commission is charged with the responsibility of advising the Government on the appointment, promotion and discipline of civil servants.

Under the accountability system, the permanent tenure of civil servants will ensure that they will accumulate experience and expertise to provide the best advice on policy formulation for the incumbent Chief Executive and principal officials. In addition, when there are changes in the offices of the Chief Executive and principal officials, the permanent civil service team will remain in the posts assigned and continue to serve the public.

The Chief Secretary for Administration has explained in detail the reasons why the Chief Executive has decided to include the Secretary for the Civil Service in the list of officials under the accountability system as well as the main duties of the Secretary for the Civil Service under the new system.

I would be glad to respond to the questions raised by Dr YEUNG Sum earlier. The main duties of the Secretary for the Civil Service under the accountability system are to maintain a professional, honest and apolitical Civil Service and these merits are recognized by the Chief Executive. The Secretary would be accountable for failure to discharge these duties. I would like also to stress that irrespective of whether there is an accountability system, the duties of the Secretary for the Civil Service are not to uphold the interest of any particular civil servant. His or her main duty lies in the consideration of the overall interest of the Civil Service which in turn is based on the interest of the community as a whole, as in the past, the present and in the future. A balance must be struck between the two, though there is no fundamental conflict between them. If an example is to be cited, I would think the recent decision to reduce the salary of civil servants is an example which reflects this duty.

In order to highlight the importance which the Chief Executive attaches to civil servants and his determination to uphold the merits of the civil service system, he has made it clear that the office of the Secretary for the Civil Service under the accountability system will be filled by an officer from the ranks of senior civil servants to ensure that there is an accountability official in the Executive Council who will convey the demands and interests of civil servants to

the Government, and this person should have a full understanding and knowledge of the civil service system and the Civil Service as a team.

At the same time, the person who will take up the post does not have to leave the Civil Service before he or she is appointed. After the term of office is completed, and should the age of the person permit and if the person so wishes, then he or she can return to his or her original rank in the Civil Service.

The Chief Secretary for Administration has stated that in the Code for Accountable Officials, there would be provisions defining the relationship between principal officials and civil servants. The Code is part of the terms and conditions of employment and any breach of the Code is a breach of the employment contract. The Chief Secretary for Administration has also mentioned that the Government will issue a circular to civil servants and stipulate the core values and the standard of a high degree of integrity which they should uphold in discharging their duties. The circular will also mention the working relationship between civil servants and principal officials. As this circular has the same legal effect as the Civil Service Regulations for compliance by every civil servant, no legislation is necessary. The contents of the circular will include the following five points:

(1) Professionalism

Civil servants should give the best advice to principal officials based on intellectual vigour, objective research, professional knowledge and acquired expertise. They should make available to principal officials all information relevant to a policy decision, including the possible consequences of following particular policies; and not to deceive, withhold information from or knowingly mislead them.

(2) Political neutrality

The Civil Service's valued principle of political neutrality is built on our allegiance to the Government. In the process of assisting principal officials in policy formulation, it is the role of civil servants to tender clear and honest advice which is also objective and comprehensive. Before a decision is made, it is normal and healthy practice to discuss the implications of policy options and it is also the essence of the Hong Kong civil service system. Once a decision has been made by the Government, civil servants should support and implement the

decision fully and faithfully irrespective of their personal stance. They should assist the principal officials in explaining policy decisions and in gaining the support of the Legislative Council and the public.

(3) Duty to report corrupt or other criminal act

When a civil servant in discharging his duties comes across an instance or allegation of a corrupt or other criminal act, he is duty bound to report it to the relevant law enforcement agency.

I would like to stress here that under the accountability system, there is no question of civil servants being relegated to a so-called political instrument. As Hong Kong is a society that upholds the rule of law, civil servants should act according to the law and they are also subject to the stringent and detailed regulation by the Government. We value very much the independent judicial system in Hong Kong and the monitoring and safeguards provided by the free and all-pervasive media. Civil servants should serve the public with diligence and impartiality and we should not harbour any bias towards principal officials under the accountability system.

(4) Open communication

At the initial stage when a new system is introduced, there may be occasions where a civil servant feels that he has been directed to act in a way over which he has concerns. In such circumstances, the circular suggests that the civil servant should first discuss it with his immediate supervisor. It is important to cultivate and nurture a culture of open communication so that issues and concerns can be dealt with immediately. Open communication works positively towards building trust and loyalty. We believe most situations which may lead to misunderstanding can be addressed by open communication.

(5) Procedure for handling complaints

Composite circulars of the Civil Service Bureau will lay down the procedures to deal with situations when a civil servant has reason to believe that he is required to act in a way which would conflict with his role as a civil servant. As I have mentioned earlier, the Government will specify in the Code for Accountable Officials that principal officials are required to uphold and safeguard the core values of the Civil Service such as honesty, integrity and impartiality.

Reference has been drawn in the draft of the circular from overseas experience, especially from Britain which has a civil service of long history. We have consulted civil servants on the draft circular and we have heard the views from Honourable Members. I hope the finalized text will serve to boost the confidence of civil servants and Members of the Council for our determination in upholding the merits of loyalty, professionalism, cleanliness and neutrality in the Civil Service.

In response to questions raised by Honourable Members, under the accountability system, we think that there is a need to maintain the post at D8 of the directorate scale in the Policy Bureaux. The post will be renamed as permanent secretary and the office holder will report to the principal official concerned. He will assist the principal official in formulating, explaining and defending policies; in managing the Policy Bureau and departments; in fighting for resources; and be responsible for resource deployment for the implementation of policies and delivery of services, so as to ensure that the departments will deliver professional and reliable services.

We expect civil servants who assume the posts of permanent secretaries to have adequate experience and judgement to be able to provide reliable professional advice to the Directors of Bureaux. The permanent secretaries should be able to oversee the services delivered by the departments and, should the need arise, resolve conflicts in the priorities set between the departments and other Policy Bureaux in accordance with the policy objectives which the Government has set in the policy area concerned. When necessary, permanent secretaries will represent the principal officials to attend meetings of the panels of the Legislative Council, Bills Committees and other public occasions to explain and present policies. At the initial stage of implementation of the accountability system, as some of the principal officials are appointed from outside the Civil Service, they will need the full support of experienced civil servants who are conversant with government operations. This will enable the principal officials to concentrate on the more important policy matters. Therefore, the appointment of capable and experienced civil servants to the posts of permanent secretaries is a sound arrangement.

Having said that, the organization and staff establishment of the Policy Bureaux, including the roles of bureaux and departments and their working relationship, are areas of which review can be made. When the principal officials have assumed office, the Government will conduct a review and the findings will be reported to the relevant panels of the Legislative Council within 12 months.

After the introduction of the accountability system, the Directors of Bureaux and the permanent secretaries will form the top management in the Policy Bureaux. It is imperative that a partnership based on mutual trust can be built between them. As permanent secretaries are well-experienced senior civil servants, they will adhere to the highest standards of public service and give their full support to the principal officials. Moreover, under the existing civil service management system, the Bureau Directors under the accountability system as the supervisors of the permanent secretaries may report the latter's performance appraisal and requirements to the Secretary for the Civil Service. The Secretary will act according to an objective and impartial procedure to make deployment, promotion, training or other arrangements as appropriate. We are confident that there will be smooth co-operation between permanent secretaries and Bureau Directors. We do not think the "firewall" proposal should be adopted. Some Honourable Members are concerned that permanent secretaries will tend to become political. I must stress that permanent secretaries are civil servants and they will give their full assistance to principal officials in a professional manner, and again I must stress, they will give their full assistance to principal officials in explaining and implementing policies. As the policies are government policies and they are policies to which principal officials will assume personal responsibility, the work of permanent secretaries will not conflict at all with the principle of political neutrality which we uphold. The permanent secretaries will bear the responsibility for dereliction of duty in the civil service system, but they will not and should not be required to bear any political responsibilities.

Honourable Members, the fundamental conviction of civil servants is to give full support to government policies and implement government decisions loyally. Civil servants therefore play a very important role in government administration. However, civil servants have never played a role of checking the powers of the Chief Executive, and they should not do so. This is a wrong and mistaken view. We will do our best to facilitate the implementation of the accountability system for principal officials. I trust that with the complementary work and mutual help among accountable officials and civil servants, the work of the SAR Government and the entire Civil Service will surely become better and the expectations from Members of the Council and the public at large will be better met.

Thank you, Madam President.

PRESIDENT (in Cantonese): Secretary, you may now speak on Mr Martin LEE's amendment.

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I am grateful that many Honourable Members have participated in this important debate on the motion proposed by me. In total, 43 Members have spent over 8.5 hours to express their many different views. I have participated in many debates in this Chamber, and each time I have found the last part of the debate most interesting, with lots of sparks flying among Members. The debate this time is no exception. Actually, I also hope that my remarks can strike some sparks too. I have tried to speak in a tone more similar to that of Members' on different occasions, only that the results achieved were so unsatisfactory. In some cases, I was portrayed as being agitated for no reason by the media in their report published on the following day; and in other cases, I was described as trying to mock at Members. I certainly do not have such boldness of heart. Sometimes we were even criticized for behaving in a way incompatible with our office. Hence, please do not expect my speech to strike many sparks. However, I do believe Members should prepare to see that upon the accountability system for principal officials (accountability system) comes into operation on 1 July, the principal officials speaking in the debates held in this Chamber will certainly let many sparks fly.

In my speech yesterday, I asked Mr Martin LEE to explain whether the purpose of his amendment was to require that universal suffrage be fully introduced as a prerequisite for the implementation of the accountability system. But to my great disappointment, Mr LEE did not give me any reply. He just kept repeating some political concepts we have heard many times, which could do nothing to help resolve the problems facing Hong Kong these days. In the end, after trying in vain to save the situation, Dr YEUNG Sum finally made it clear that the Democratic Party opposed, rather than supported, the accountability system. In my view, Mr Martin LEE has used such wording to amend the motion to give the public an impression that the Democratic Party is in support of the proposed system.

Actually, Mr LEE was not in this Chamber for most of the time yesterday; besides, not many of the Members speaking in this debate have spoken on Mr LEE's amendment. With regard to the few Members who have spoken on the

amendment, my personal view is that Mr Andrew WONG has made the most incisive remarks, as he hit the nail on the head, pointing out that accountability and universal suffrage were two totally different concepts.

Indeed, among the many invaluable views expressed to us during the period when the accountability system was still under discussion, some hold that although accountability has to carry with it the mandate of the people, the two issues need not be dealt with at the same time. The accountability system should still be implemented even if election by universal suffrage was not yet a fact. I have looked up the minutes of the Panel on Constitutional Affairs meeting held on 3 March 2001. At that time, a number of academics were invited to attend the meeting to present their views. One of them pointed out at the meeting that even though the dispute between the Government and some people over the question of how a fully accountable government could be developed would remain unresolved before the implementation of election by universal suffrage, this should not be a factor for further delaying the implementation of any system to enhance public accountability of principal officials. Besides, some also expressed the view that the introduction of an accountability system should be better than maintaining the *status quo*.

All these views have given us this message: In order to enable the Government of the Special Administrative Region (SAR) to govern Hong Kong in a more effective manner and to enable the principal officials to be more accountable for their respective policy portfolios, it is necessary that the accountability system be implemented expeditiously. The implementation of the accountability system should not be affected by the availability of democratic election based on universal suffrage or the progress of development of the political system in Hong Kong, as these processes have already been clearly defined under the Basic Law and thus do not call for any debate.

For these reasons, Madam President, I hold that Mr Martin LEE's amendment will only serve to delay the SAR Government's efforts to implement the accountability system, thereby causing the existing problems to become even more complicated and eventually posing even greater obstacles to the SAR Government's governance of Hong Kong. That way, the interests of the people of Hong Kong as a whole will also suffer. For the benefits of Hong Kong in the long run, I implore Members to vote against Mr Martin LEE's amendment. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr Martin LEE to the Secretary for Constitutional Affairs' motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Martin LEE rose to claim a division.

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

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

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

Functional Constituencies:

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

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

Dr David LI and Miss LI Fung-ying abstained.

Geographical Constituencies and Election Committee:

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

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

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, five were in favour of the amendment, 21 against it and two abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 27 were present, 14 were in favour of the amendment and 12 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negated.

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, the speech made by the Chief Secretary for Administration yesterday and the remarks made by the Secretary for Justice and the Secretary for the Civil Service earlier on today have analysed in detail the Government's position and arguments in respect of a number of subjects. Here, I do not intend to repeat any of the key points already mentioned by them. Nevertheless, during the process of discussing the accountability system for principal officials (accountability system) and the debate yesterday, some Members have expressed concern about certain arrangements relating to the accountability system. In order to address Members' concern and to respond to their remarks, I will now give an in-depth explanation on the following eight subjects.

(1) *Reorganization of Policy Bureaux*

Yesterday, the Chief Secretary for Administration gave a brief account of the revisions to the original reorganization of Policy Bureaux. While most of the Members have welcomed the revised arrangements by the Government, some Members held different views. With regard to the merger and reorganization of policy portfolios, I wish to point out that as one of the major measures to implement the accountability system, we must control the number of Policy Secretaries under the new system. In other words, we have to strike a balance between the need to keep the number of principal officials at a reasonable level and the need to ensure that the responsibilities and powers of each principal official are maintained at a reasonable and easily manageable level.

There has been a view that the Government has not given enough thought to the reorganization of Policy Bureaux, and that the relevant arrangements have not undergone any internal discussion within the Government. I must point out that this is absolutely not true. The Chief Executive has discussed the details of the accountability system with the Secretaries of Departments and Bureaux Secretaries for many times. As regards the reorganization of Policy Bureaux, the Government has made very careful deliberations before coming up with the proposed arrangements. It is in view of the opinions and concerns raised by Members of the Subcommittee and the different sectors of society that we have revised the proposed arrangements. Despite the time constraint, the decisions made by the Government are by no means rash.

In response to Members' views on the reorganization of Policy Bureaux, I wish to stress two points as follows. First, the reorganization of the relevant Policy Bureaux seeks to enhance the co-ordination of policies, with a view to enabling the Government to implement its policies more smoothly. Second, the allegation that the reorganized Policy Bureaux will become businessmen-led is totally unfounded.

(2) *The Accountability and Powers of the Chief Executive*

There has been a view that upon the implementation of the accountability system, the Chief Executive will not be held accountable and does not have to be responsible to the general public. This view is both groundless and untrue.

In fact, according to the Basic Law, the Chief Executive is the head of the Government of the Hong Kong Special Administrative Region (SAR) responsible for leading the SAR Government. Besides, the Basic Law also stipulates that the SAR Government shall be accountable to the legislature in accordance with the provisions under Article 64 of the Basic Law. This provision holds true and will continue to hold true after the implementation of the accountability system.

As a matter of fact, according to Article 43 of the Basic Law, the Chief Executive shall be accountable to the SAR in accordance with the provisions of the Basic Law. In other words, the Chief Executive and the SAR Government under his leadership shall be accountable to the SAR and the general public. How can it be said that the Chief Executive does not have any accountability?

During the debate yesterday, some Members voiced the concern that the Chief Executive would centralize and amass all powers in his hand.

In introducing the accountability system to this Council on 17 April, the Chief Executive pointed out very clearly that since the powers of the Chief Executive were all specifically prescribed by the Basic Law, the accountability system would not and could not enhance the powers conferred on the Chief Executive by the Basic Law.

Under the Basic Law, the Chief Executive shall lead the Civil Service and, depending on his administrative needs, determine how the powers of the SAR Government should be allocated. Given that the powers of the Chief Executive are conferred on him fully by the Basic Law, he will not and does not need to introduce a new system to enhance his powers. Actually, under the accountability system to be implemented shortly, in addition to the three Secretaries of Departments, the Chief Executive also has to devolve his powers further to the 11 Directors of Bureaux, so as to enable the Bureau Directors under the accountability system to have sufficient power to formulate, co-ordinate and implement the policies they are held accountable for.

(3) The Functions, Composition and Operation of the Executive Council

Seeing that all the principal officials under the accountability system will be appointed as Members of the Executive Council, some people consider that the Executive Council will be dominated by principal officials under the

accountability system. Moreover, since these principal officials will all be nominated and reported by the Chief Executive to the Central Authorities for appointment, they are subordinated and accountable to the Chief Executive. Some Members therefore worry that conflicts of interests may occur when the Executive Council deals with appeals against government departments in future.

Just now the Secretary for Justice has already explained in detail how the Executive Council shall handle appeals.

During the debate yesterday, some Members remarked that as the majority of the Members of the Executive Council would be the principal officials under the accountability system taking instructions from the Chief Executive, the existing tacit mechanism whereby the Executive Council could exercise checks and balances on the executive authorities would be changed in future. I must solemnly emphasize here that this view is completely unfounded.

Article 54 of the Basic Law stipulates very clearly that the Executive Council shall be an organ for assisting the Chief Executive in policy-making. Since the Executive Council is not any agency for checking the Chief Executive or the executive authorities, there is simply no question of the Executive Council playing any checking and balancing role. Under the accountability system, the nature and role of the Executive Council will remain unchanged; it shall continue to be an organ for assisting the Chief Executive in policy-making.

(4) The Establishment and Development of Constitutional Convention

Yesterday, some Members wanted me to respond to their request for the establishment of a constitutional convention requiring that in the event of the Legislative Council passing a motion of no confidence in respect of individual officials, the relevant officials must resign from office.

Actually, as we have reiterated for many times, the appointment and removal of principal officials are already provided for very clearly under the Basic Law. Article 48(5) of the Basic Law stipulates that principal officials shall be nominated and reported by the Chief Executive to the Central People's Government for appointment, and that the Chief Executive is also responsible for recommending to the Central People's Government the removal of such officials.

At the Council meeting held on 17 April, the Chief Executive also provided very clear answers to the questions raised by Members. In this connection, he pointed out that if the Legislative Council should pass a motion of no confidence under extreme circumstances, he would contemplate very carefully the factors leading to such a situation.

As regards the question of establishing constitutional conventions, the position of the Government is that under the major premises of not contravening the Basic Law and not violating the executive-led principle, the Government will not rule out the possibility of establishing constitutional conventions in future. In the meantime, however, we do not believe there is any need to establish constitutional conventions in a hurry. Under the framework of the Basic Law, the executive authorities and the legislature should regulate each other as well as co-ordinate their activities. When the Legislative Council makes it clear that it has no confidence in a certain official, the Government must address the issue and strive to resolve the disagreement; otherwise, the co-operative relationship between the executive authorities and the legislature will be adversely affected. As regards the question of whether or not the relevant official should be removed from office, the final decision of course rests with the Chief Executive. However, the Government will certainly take into consideration the response of the Legislative Council and the public, bearing in mind the significant influence the decision will have on the SAR Government's effective governance of Hong Kong as well as its prestige. We hold that since each individual case will have its own unique background and reasons, we cannot make any over-generalized statements and should not seek to establish constitutional conventions in a hurry.

(5) Prevention of Conflict of Interest

Among the many issues discussed, one of greatest concerns to Members and the public is the prevention of the principal officials under the accountability system from involving in cases with conflict of interest.

In fact, the SAR Government also considers it crucial to prevent any potential conflict of interest. As high-level government officials, the principal officials under the accountability system must have high integrity and refrain from seeking personal benefits for themselves or other people. For this reason, we have already formulated measures in particular to prevent the occurrence of

conflict of interest. Basically speaking, to facilitate monitoring by the public, we have to formulate a highly transparent mechanism for declaration of investments/interests by principal officials. Besides, we also have to ensure that the principal officials will not make use of their public office to seek personal benefits during and upon completing their terms of office.

We formulate these measures on the principle that we must strike a balance between the interests of the public and the reasonable interests of individual officials. Thus, all such measures must be reasonable and commensurate; they must not be so stringent as to discourage the potential candidates from accepting nomination as principal officials under the accountability system.

First of all, I should like to speak on the requirements in respect of declaration of interest. We will specify in the employment contract for principal officials that before they assume office as principal officials under the accountability system, they must declare their investments and interests. These include investments in any companies or institutions within and outside Hong Kong, stocks, directly or indirectly owned interests, as well as any other interests in landed property or real estate property. Not only the investments and interests under the names of the principal officials have to be declared, those investments and interests held by the principal officials' spouses, children or companies under other people's names but are actually paid for or practically owned by the principal officials concerned must also be declared.

It will also be specified under the terms of the employment contract that in the event of any conflict of interest between a principal official's investments or interests and his official duties, the Chief Executive may require the relevant principal official to take effective measures to remove such conflict of interest.

Principal officials are required to make a new declaration every year. During the interval, any investments involving more than \$200,000 must also be reported.

The aforementioned declaration requirements are largely identical to those applicable to the Members of the Executive Council and senior civil servants. The information declared will be made available for inspection by the public.

In addition to the aforementioned requirements for declaration of investments/interests, we will also specify clearly in the employment contract that principal officials are not allowed to make use of their public office or power to seek personal benefits for themselves or other people.

Moreover, it will also be specified in the employment contract that principal officials are not allowed to reveal any internal confidential information of the Government or use such information to seek personal benefits.

All these prohibitions are binding on the principal officials even after they have left office, so as to prevent them from making use of the information they have obtained during their term of office to seek personal benefits upon retirement from office.

As regards the activities of principal officials after they have left office, in his speech yesterday, the Chief Secretary for Administration has already made clear the Government's position and the arrangements made in this respect. I should like to reiterate only one point. The objective and purpose of making these rules is to strike a balance between the need to prevent any conflict of interest and the need to ensure that the freedom of employment or personal development opportunity of the principal officials will not be adversely affected. On the one hand, we have to prevent principal officials from doing anything to injure public interest. Yet on the other, we have to admit that such former principal officials are capable persons, and hence we should not impose excessive restrictions on their activities upon retirement from office, which may pose unnecessary impediment to their efforts to continue making contribution to society. Besides, we must also refrain from formulating excessively stringent restrictions that will discourage people who are interested in assuming office as principal officials.

On top of the various contract terms, the principal officials under the accountability system must also observe those laws and regulations applicable to them. Among such laws and regulations, the Prevention of Bribery Ordinance and the Official Secrets Ordinance should be of greater concern to Members and the public. Under these two Ordinances, the principal officials under the accountability system are also bound by the various restrictions applicable to civil servants. Principal officials contravening the provisions under these two Ordinances will be liable to criminal sanctions.

(6) *Code for Principal Officials under the Accountability System*

In addition to the provisions under the employment contract restricting the activities of the principal officials under the accountability system during and upon retirement from their term of office, we will also formulate a Code for Accountable Officials. The employment contract will specify that principal officials must observe the rules and principles set out in the Code. Since the Code has already been discussed in detail by the Subcommittee, I will not make a repetitive account here.

In the Subcommittee's discussion of the Code for Accountable Officials, some Members suggested publicizing the Code to facilitate monitoring by the public. We have accepted this suggestion after careful consideration and will publish, for public reference, the finalized Code in Gazette in the form of public notice before 1 July this year. In the event of the Government making any amendment to the Code in future, the amendment will also be gazetted in the same manner. Besides, we will also inform the relevant Legislative Council panel of the amendment.

(7) *Affiliation to Political Parties and Participation in Activities organized by Political Parties*

We do not impose any restrictions on principal officials' affiliation to political parties or political groups because we respect their freedom of association. Hence, principal officials are allowed to participate in activities organized by political parties. Nevertheless, in view of their special status as principal officials under the accountability system, they have to observe the four principles when considering whether or not to participate in the activities organized by any political parties. These are:

- (i) no conflict of interest with the business of the Government and/or the official duties of the principal officials shall arise in their participation in such activities;
- (ii) their participation in such activities shall not cause any embarrassment to the Government, the Chief Executive or other principal officials under the accountability system;

- (iii) any activities which may impede the performance of their official duties as principal officials under the accountability system must be avoided; and
- (iv) principal officials under the accountability system shall not sign or procure signatures to any petition regarding the actions or proposals of the Government.

As a response to a suggestion made by certain Members, we will request the persons who have been invited to consider appointment as principal officials to declare to the Chief Executive whether or not they are members of any political parties. Upon appointment as principal officials, their declared information will be made available for public inspection. The Code for Accountable Officials will also require principal officials to declare to the Chief Executive any changes in their political affiliation. The information declared will also be made available for public inspection.

We will also specify in the Code that principal officials are not allowed to use public funds or any other public resources for non-government purposes, including purposes relating to any political party or constituency.

Regarding the question of whether or not principal officials under the accountability system should be allowed to participate in activities organized by political parties outside Hong Kong, the Government's position is that they have a responsibility to observe the four aforementioned principles when participating in any activities. In addition, they must always bear in mind that since they have sworn to uphold the Basic Law and allegiance to the Hong Kong Special Administrative Region of the People's Republic of China, they must not do anything or participate in any activities contravening their oath.

(8) Public Consultation

On both days of this debate, I have heard Members criticizing the Government for introducing the accountability system too hastily and without sufficient public consultation.

In fact, since the Chief Executive had indicated in his 2000 policy address that he would look into the feasibility of an accountability system, Members of

the Council, academics, the media and members from different sectors of society have been discussing this idea very enthusiastically and have made many valuable suggestions. During this period, we have never stopped exchanging views with and consulting Legislative Council Members and members from different sectors of society on the accountability system. In formulating the details of the accountability system, we have fully considered and assimilated the views from different sectors of society.

As Members may realize, a total of 128 groups and individuals representing different sectors of society have attended the two public hearings held by the Subcommittee earlier, and the majority of them support the Government implementing an accountability system. They also hope that the Government can implement this new system as soon as practicable. From this we can see that the general public have already gained a profound understanding of this subject and expect the new system to be implemented expeditiously, so that the Government can do a good job of formulating policies to answer social aspirations.

(9) Conclusion

Lastly, Madam President, as I said before, the Government and Members have all expounded their respective views on the implementation of the accountability system at this debate which lasts more than nine hours. Despite the widely divergent views we hold, there is one certainty, and that is, we have participated in this long debate over the past two days in the hope that Hong Kong can be even better governed, and that the Government can, under a sounder system, formulate policies that can cater better to the needs of society.

Madam President, Hong Kong is an open society where every man can express his views freely. It is because of this merit that the people of Hong Kong can discuss government policies in public, thereby enabling the Government to be audience to the views of the general public through the media and draw on collective wisdom. Naturally, the views held by the people may not necessarily be the same, and so the Government must strive to strike a balance between the interests of different sectors and consider them in a holistic perspective in making decisions. In this connection, the Government must put the interests of Hong Kong as a whole in the first place. By the same token, I hope that Honourable Members can also adopt this spirit and put aside their

disagreement to strive for the overall interests of the people of Hong Kong and support the Government implementing the accountability system.

Thank you, Madam President.

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

(Members raised their hands)

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

(Members raised their hands)

Dr YEUNG Sum rose to claim a division.

PRESIDENT (in Cantonese): Dr YEUNG Sum has claimed a division. The division bell will ring for three minutes.

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

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

Mr Kenneth TING, Mr James TIEN, Dr David CHU, Dr Raymond HO, Mr Eric LI, Dr LUI Ming-wah, Mr NG Leung-sing, Mrs Selina CHOW, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Mr Bernard CHAN, Mr CHAN Kam-lam, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Jasper TSANG, Mr Howard YOUNG, Mr YEUNG Yiu-chung, Mr LAU Kong-wah, Mr LAU Wong-fat, Ms Miriam LAU, Mr Ambrose LAU, Miss CHOY So-yuk, Mr TAM Yiu-chung, Dr TANG Siu-tong, Mr Abraham SHEK, Miss LI Fung-

ying, Mr Tommy CHEUNG, Mr LEUNG Fu-wah, Dr LO Wing-lok, Mr Frederick FUNG, Mr IP Kwok-him, Mr LAU Ping-cheung and Mr MA Fung-
kwok voted for the motion.

Miss Cyd HO, Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Miss Margaret NG, Mr James TO, Mr CHEUNG Man-kwong, Mr LEUNG Yiu-chung, Mr SIN Chung-kai, Mr Andrew WONG, Dr YEUNG Sum, Miss Emily LAU, Mr Andrew CHENG, Mr SZETO Wah, Mr LAW Chi-kwong, Mr Michael MAK, Mr WONG Sing-chi and Ms Audrey EU voted against the motion.

Dr David LI abstained.

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

THE PRESIDENT announced that there were 55 Members present, 34 were in favour of the motion, 19 against it and one abstained. Since the question was agreed by a majority of the Members present, she therefore declared that the motion was carried.

MEMBERS' BILL

First Reading of Members' Bill

PRESIDENT (in Cantonese): Members' Bill: First Reading.

CITIC KA WAH BANK LIMITED (MERGER) BILL

CLERK (in Cantonese): CITIC Ka Wah Bank Limited (Merger) Bill.

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

Second Reading of Members' Bill

PRESIDENT (in Cantonese): As the CITIC Ka Wah Bank Limited (Merger) Bill tabled by Dr David LI relates to government policies, in accordance with the Rules of Procedure, the signification by the Secretary for Financial Services of the written consent of the Chief Executive shall be called for before the Council enters upon consideration of the Second Reading of the Bill.

SECRETARY FOR FINANCIAL SERVICES (in Cantonese): Madam President, I confirm that the Chief Executive has given his written consent for the CITIC Ka Wah Bank (Limited) (Merger) Bill to be introduced into this Council.

PRESIDENT (in Cantonese): Members' Bill: Second Reading.

CITIC KA WAH BANK LIMITED (MERGER) BILL

DR DAVID LI: Madam President, I move the Second Reading of the CITIC Ka Wah Bank Limited (Merger) Bill.

The Bill will effect the merger of two Hong Kong banks, namely, CITIC Ka Wah Bank Limited and Hongkong Chinese Bank, Limited. The provisions of the Bill are similar to the four recent bank merger ordinances passed by the Legislative Council. Only minor changes have been made to reflect recent changes in legal and regulatory requirements.

CITIC Ka Wah Bank is a Hong Kong incorporated and licensed bank, and is listed on The Stock Exchange of Hong Kong Limited. Hongkong Chinese Bank is also a Hong Kong incorporated and licensed bank, but is not listed.

Hongkong Chinese Bank became a wholly-owned subsidiary of CITIC Ka Wah Bank in January this year. The Bill provides for the "downward" merger of CITIC Ka Wah Bank's banking business with Hongkong Chinese Bank. The intention of the merger is to allow CITIC Ka Wah Bank to consolidate its banking business in its subsidiary, Hongkong Chinese Bank, and to permit CITIC Ka Wah Bank to become a financial holding company on the revocation of its banking licence.

Following the merger, CITIC Ka Wah Bank's name will, therefore, be changed to "CITIC International Financial Holdings Limited 中信國際金融控股有限公司" and have its bank licence revoked by the Hong Kong Monetary Authority (HKMA). The approval of the HKMA will be sought for the merger to proceed.

The Bill is the most practical way to achieve the merger of CITIC Ka Wah Bank and Hongkong Chinese Bank. It is also beneficial to customers, other banks and suppliers who conduct business with CITIC Ka Wah Bank. All assets and liabilities of CITIC Ka Wah Bank that are governed by the laws of Hong Kong will be properly transferred to Hongkong Chinese Bank through the Bill. This procedure offers the greatest certainty and convenience. Thus, in the past 20 years, 13 bank mergers in Hong Kong have been effected by way of legislation substantially similar to the Bill.

As a private Bill, the Bill does not in any way limit the powers of the Government or those of the regulators. Section 19 of the Bill provides that nothing in the Bill shall affect the rights of the Government. Section 17 of the Bill also provides that nothing in the Bill shall exempt CITIC Ka Wah Bank and Hongkong Chinese Bank or any of their subsidiaries from the provisions of any enactment regulating the carrying on of the business of any of them. I should also like to emphasize that the Government and the HKMA, as well as other relevant regulators, have been consulted regarding the proposed merger and the Bill.

Madam President, in conclusion, I believe that the Bill is a further contribution to the development of the banking industry in Hong Kong. The Bill will help to promote competitiveness and overall stability in the banking sector by consolidating two banks within the same group into a stronger, regulated bank. Accordingly, I recommend the Bill to the Legislative Council.

Thank you.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the CITIC Ka Wah Bank (Limited) Merger Bill be read the Second time.

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' Motions. Two motions with no legislative effect. I have accepted the recommendations of the House Committee as to the time limits on speeches for the motion debates. The movers of the motions will each have up to 15 minutes for their speeches including their replies. Other Members will each have up to seven minutes for their speeches. Under the Rules of Procedure, I am obliged to direct any Member speaking in excess of the specified time to discontinue."

First motion: Promoting producer and professional services.

PROMOTING PRODUCER AND PROFESSIONAL SERVICES

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

In the 2002-03 Budget, the Financial Secretary stated that producer and professional services are a major driving force of economic development. They can foster the development of other sectors, give impetus to our economy, and promote employment.

The Hong Kong Progressive Alliance (HKPA) thinks that promoting producer and professional services is a correct direction consistent with the actual situation of Hong Kong today and practically matches the challenges and opportunities brought by globalization and China's accession to the World Trade Organization (WTO). According to the statistics in the newly published *Hong Kong Statistics Monthly*, from 1996 to 2001, the services industry accounted for 86% of the Gross Domestic Product (GDP) and the number of employees in the services industry accounted for 80% of the total employed population in Hong Kong. On the other hand, the number of employees in the manufacturing sector continuously decreased from 11% of the total employed population in 1996 to 7% in 2001. Besides, calculated on the basis of added value, the manufacturing sector as a share of the GDP calculated on the basis of factor costs reduced from 15.4% in 1991 to 5.8% in 2000. The data show that our economy is continuously restructuring in the direction of the services industry. With an economic restructuring, the services industry in Hong Kong also needs

upgrading and restructuring, therefore, promoting the development of producer and professional services can not only promote the development of the services industry in the high value-added direction but also has material significance in consolidating the intermediary role and function of Hong Kong and in developing the mainland market that is full of potentials and enhancing the competitiveness of Hong Kong as an international industrial and commercial services centre.

In view of the overall local, peripheral and international environment, producer and professional services including support and professional services for the manufacturing sector would be an important growth point in Hong Kong economy. Services industries related to the manufacturing sector include import and export, transportation, warehousing, trade financing, insurance, certification and testing, research and development, product design, market research and promotion, and so on. Besides, there are professional services such as legal, accounting, engineering, advertising, consultancy, public relations and design. These two major types of producer and professional services are the backbone and advantages of our economy, and enable Hong Kong to play the important intermediary and bridging functions and roles between mainland China and the global economy. China has a strong advantage in its manufacturing sector while Hong Kong has an enormous strength in producer and professional services. The co-operation between the two places would actually allow their respective strengths to complement one another. The large-scale movement of our producer and professional services to the Pearl River Delta and other regions on the Mainland may become a new model for a second round of economic co-operation between the two places and a new ignition point of our economy.

Madam President, five years after China's accession to the WTO at the latest, the restrictions set by several services industries such as finance and accounting on the entry of foreign investors would be completely removed. With Hong Kong being a special administrative region of China and the advantage of "one country, two systems", the two places have the conditions to make a head start in this course of opening up and take the lead to introduce the services industries invested by Hong Kong businessmen. The fusion of the manufacturing and services industries in Guangdong and Hong Kong would give impetus to the progress of economic integration between Guangdong and Hong Kong. It would be upgraded from the preliminary stage of "shop in front and factory at the back" to the mode of comprehensive economic integration.

The HKPA thinks that we have an urgent need to formulate policies for promoting producer and professional services and the policies should be sufficiently forward-looking and include the four aspects below:

- (1) To effectively promote the development of the services industries in the direction of high value-addedness to facilitate the transformation of intermediary services in Hong Kong and enhance the functions of Hong Kong as an international industrial and commercial services centre, and provide clients in the Mainland and other parts of the world with producer and professional services of a higher quality;
- (2) The producer and professional services in Hong Kong should ride on the trend of globalization and placing emphasis on information to increase the technology content of their services. The Government should formulate policies on preference and encouragement to promote the sectors in Hong Kong to step up research and development and use innovative ideas and technologies more, especially in respect of information technology, increase the value of services and provide industry participants with the relevant training courses;
- (3) To step up division of labour and co-operation with the Mainland in tandem with China's accession to the WTO. Hong Kong and the mainland authorities should open negotiations on the forging of closer economic and trade relations, further promoting the complementary effect of the advantages of both places. In order to promote the development of producer and professional services, which are a strength of Hong Kong, the Government of the Hong Kong Special Administrative Region (SAR) should grasp the opportunity to negotiate with the relevant department of the Central Authorities for liberalization of the market of producer and professional services to Hong Kong businessmen and professionals during the transition period of a few years following China's accession to the WTO; and
- (4) To more effectively grasp the business opportunities to be brought by the increasingly close trade relations between Hong Kong and the Mainland, the Government should give Hong Kong businessmen and professionals support through its offices in the Mainland, and

such support should be more localized. At present, personnel are frequently dispatched to the Mainland to provide producer and professional services from Hong Kong. However, with the continued liberalization of the services market on the Mainland, more Hong Kong companies and professionals providing producer and professional services would be attracted to the north. Therefore, the Government should correspondingly step up the work of its offices in the Mainland.

THE PRESIDENT'S DEPUTY, MRS SELINA CHOW, took the Chair.

The SAR Government should maintain close work contacts and co-operation with the relevant departments of the Central Government and the relevant provincial and municipal governments in the Mainland. Besides establishing an office in the Pearl River Delta, it should also consider establishing offices in other regions where there is such a need. For example, Shanghai, Chongqing and Wuhan are regions and cities where there are more Hong Kong businessmen and there is a need for offices to be established there. The functions of these offices should be actively reflecting to the mainland authorities and following up the commercial and trade concerns of Hong Kong businessmen and professionals who have gone north for development, and assisting them in industrial upgrading and business development in the locality. These offices have to co-operate with the professional associations and bodies in Hong Kong to jointly provide various professional services to Hong Kong businessmen and mainland enterprises in need. The question of how Hong Kong enterprises could adapt to the economic environment after China's accession to the WTO is a pressing issue. The Government should enhance its provision of services to Hong Kong businesses in the Pearl River Delta and other regions. There are a lot of things that the Government should do to this end, particularly in the five aspects as follows:

1. To step up collation of statistics and conduct of investigation on Hong Kong businessmen and Hong Kong professionals developing business in the Mainland, and setting up a data bank. The data bank can serve two functions: facilitating the coupling of the Hong Kong manufacturing sector and professional services, and enhancing the services provided to Hong Kong businessmen and professionals in the Mainland;

2. To relax the restrictions on the cross-boundary utilization of the Industry and Technology Fund of the Government. Since the producer and professional services in Hong Kong would certainly develop the mainland market, government policies and resource allocation must tie in with this trend. We must study at an early date the relaxation of the restrictions on the cross-boundary utilization of the Industry and Technology Fund of the Government. Certainly, the cross-boundary usage of the Fund must be strictly restricted to within the scope of Hong Kong businesses in the Mainland and the producer and professional services sector;
3. To supporting professionals and their respective bodies to develop the market of producer and professional services in the Pearl River Delta and other regions. At present, the people and business sector have become more and more active and the Government should enhance its policies to tie in with this development. The policies to be formulated by the Government should also factor in the diversification of the domains of producer and professional services and the tendency for standards upgrading. Besides the original domains such as import and export, transportation and warehousing, trade financing, insurance, certification and testing, research and development, product design, market research and promotion as well as legal, accounting, engineering, advertising, consultancy, public relations and design services, along with the development and opening up of the Mainland in future, demands for new services such as services related to environmental protection would emerge continuously. An increase in the environmental protection awareness of the Mainland and the need for Guangdong and Hong Kong to co-operate in the reduction of pollution, enterprises would have to invest more capital in environmental protection. For instance, the demand for services such as education, training and talents market related to human resources development would continue to increase as more and more Hong Kong people go to work in the Mainland. Furthermore, the demand for technology and design services would constantly increase as a result of intense market competition and the pressure of product upgrades. In the light of such tendency of development, coupling government policies should be formulated early;

4. The Government should promote the active participation of public sector or quasi-government organizations in the development and promotion of producer and professional services. At present, some public sector or quasi-government organizations have already worked in this respect. For instance, the City University of Hong Kong would set up three applied research centres in the Pearl River Delta for the commercialization of fruits of research in information technology, biotechnology and industrial technology. It also assists Hong Kong businesses in the development towards automated production. The Hong Kong Productivity Council would also co-operate with mainland scientific and technological organizations in setting up a technology market platform to facilitate scientific and technological transactions between the two places. The Government should formulate policies to encourage and promote this trend; and
5. To diversify the clientele of our producer and professional services. Besides Hong Kong and foreign enterprises, our services should also extend to private enterprises in the Mainland, especially the small and medium enterprises (SMEs) at large in the Mainland. SMEs in the Mainland have a great demand for ancillary services such as market research, development, purchasing, design engineering, production, consignment, logistics, distribution, information, management, technology transfer, staff training and consultant services, to help SMEs in the Mainland to reform and improve operational ability. The market is full of potentials and the offices of the Government in the Mainland should contact and co-operate with the mainland authorities and assist in the extension of our producer and professional services to the enormous market of SMEs in the Mainland.

Madam Deputy, the professional services of Hong Kong enjoy a good reputation in the international community and there are a lot of talents in the sector, the standards of which are comparable to those of advanced countries in the world. However, Hong Kong is after all a small place and the scale of our economy is not large, so to break through the Hong Kong boundaries to develop a bigger and wider market has always been a concern to the sector as well as a subject of study. The situation has become pretty critical in recent years when many accountancy firms and legal service companies have suffered an enormous drop in business as a result of the downturn in Hong Kong economy. Thus, it is

a pressing problem to address. Yet, the mainland economy is transforming into a market economy and China has acceded to the WTO. Various industries including the services industry are continuously expanding and opening up, and even more enterprises have entered the international market. Besides, the economic and trade relations between China and foreign countries have become closer. So, all these developments have generated earnest demands for various professional services. It offers undoubtedly a golden opportunity to us with rich experience in producer and professional services. If Hong Kong could give play to its function as a bridge and provide world-class intermediary services to the Mainland, it would enable our services industry to expand wider, while acting as a catalyst for the development of market economy on the Mainland and promoting its integration with the international community. Certainly, the role of Hong Kong as an economic and services centre in the world would be more prominent, and its status further consolidated.

So long as we could grasp the enormous business opportunities brought by China's accession to the WTO, our producer and professional services would become an important impetus for promoting our economic recovery and successful transformation, thereby providing Hong Kong people with more job opportunities.

Madam Deputy, I so submit.

Mr Ambrose LAU moved the following motion: (Translation)

"That, as the Financial Secretary stated in his speech on the 2002-03 Budget that producer and professional services are a major driving force of Hong Kong's economic development, this Council urges the Government to take proactive measures to call together senior officials of various departments and representatives of the relevant sectors to render full assistance to the producer and professional services sectors in developing their markets and, through the Government's offices established in the Mainland, to actively reflect to and pursue with the mainland authorities the common concerns of Hong Kong businessmen about trade and commercial issues, so as to seize more effectively the business opportunities that arise from increased trade activities between Hong Kong and the Mainland."

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

DR RAYMOND HO (in Cantonese): Madam deputy, recently, the *Economist* published the latest global business environment ratings and Hong Kong's ranking dropped from the fifth to the 11th. Although the rating of Hong Kong by the *Economist* may not really reflect the situation of our business environment, we have to review this nonetheless. In my view, besides influence by political factors, the business environment of a country or region such as the producer and professional services is also affected by other factors. If we wish to maintain the competitiveness and reputation of Hong Kong in the international arena, we must continuously improve our business environment, especially the producer and professional services.

The global economy has transformed, and this is particularly true in developed countries. In the past, our economy was industry-led but along with changes in the times and technological advancement, our economy has been transforming into a knowledge-based economy and moving in the direction of high value-addedness in recent years. I agree very much with this but Hong Kong's disadvantage lies in high costs as compared with other Asian regions. We must find a way to add value to Hong Kong in order to maintain our competitiveness. At present, Hong Kong has sound container terminals, transport network and financial system, which are certainly helpful to commercial and industrial development. Yet, if we can make more efforts in respect of the producer and professional services, our economy would certainly blossom in radiant splendor in the future.

China's accession to the WTO has brought Hong Kong a lot of business opportunities and there have been closer contacts between Hong Kong and the Mainland. Besides, the producer and professional services such as logistics, transportation, insurance and market research services have become more important. I think that the Government should enhance communication between Hong Kong and the Mainland to enable enterprises in Hong Kong to better understand the demands and changes of the mainland market.

Hong Kong is one of the Four Little Dragons in Asia, but our economy has been in the doldrums in recent years. The Government not only has to deal with the existing economic difficulties but also make plans and arrangements for the future of Hong Kong. Promoting producer and professional services is a long-term proposal for making improvements to our economy, which merits consideration.

Madam Deputy, I so submit.

MR SIN CHUNG-KAI (in Cantonese): Madam Deputy, the Democratic Party supports the motion which calls on the Government to promote producer and professional services.

Yet, the development of producer and professional services still requires inward investments from overseas industries and businesses or their patronage of our services in Hong Kong. Only in this way will the service industry and professionals maintain their commercial viability and be able to provide their services. To attract overseas enterprises to Hong Kong, we must be more competitive than the neighbouring territories and we must provide a more satisfactory business environment.

However, it is a pity that the rankings of Hong Kong have consistently been adjusted downwards by many renowned international institutions since 1997. Over the past five years, Hong Kong has been overtaken by Singapore in a number of its international rankings and has even been lagging farther and farther behind Singapore. Let me cite the three most important international rankings as examples.

The first example is the annual international business environment ranking made by the Economist Intelligence Unit (EIU), as mentioned by Dr Raymond HO earlier on. Just before and after 1997, Hong Kong had been able to maintain the top position, whereas Singapore only ranked the sixth then. But since 1999, the ranking of Hong Kong has dropped year after year, from the first place to the 11th place, even four places behind Singapore which ranks the seventh.

The second example is the annual Global Competitiveness Report published by the World Economic Forum. Before 1997, Hong Kong had constantly been ranked second only to Singapore. But this year, the ranking of Hong Kong has dropped to the 13th, whereas Singapore still manages to remain in the second place in the world.

The third example is the World Competitiveness Yearbook published annually by the International Institute for Management Development (IMD) in Lausanne, Switzerland. The ranking of Hong Kong has dropped from the third in 1997 to the ninth this year, whereas Singapore has only fallen from the second to the fifth place.

With regard to the rankings and ratings by these international institutions, government officials in recent years have been more and more inclined to rebut and be less willing to accept criticisms. In the beginning, government officials criticized that these reports and analysis were far from thorough and comprehensive, and recently, the Chief Secretary for Administration even blatantly criticized *The Economist* that they sometimes used the ideal political systems in the West as yardsticks to look at the local economic and political development of a place through tinted glasses. If that is the case, why did we not put forth this argument when we were given high ratings? If the Government continues to view criticisms of international institutions with this immodest attitude, I would be very worried that Hong Kong's global competitiveness as well as its business environment would continue to deteriorate.

In fact, these international institutions have extensively conducted surveys among executives of overseas enterprises in major countries and territories all over the world before making the ratings, having regard for the relevant factors in many aspects. The business environment ranking by *The Economist*, for example, is provided after collecting views from 60 countries and territories worldwide and considering 70 factors relating to politics, macro economy, market opportunities, policy on competition, control of foreign exchange, quality of the workforce, and so on. Even though these international institutions may sometimes be subjective, their views do represent the overall impression of Hong Kong in the international community, and this impression will naturally affect their overseas investment in future. The question of "Who needs Hong Kong?" raised by the *Fortune* recently is not entirely groundless. Earlier on Mr Ambrose LAU mentioned the business opportunities brought by China's accession to the WTO. But it is precisely these business opportunities and this intermediary role that are questioned by the *Fortune*. We put forward these views in the hope that we can reflect on ourselves, and through such introspection, it is hoped that we can, in turn, enhance our competitive edge.

Let us look at some further criticisms against us by these international institutions. In the report of *The Economist*, it is considered that Hong Kong lost the most ground in its scores for political effectiveness and for policy on competition.

On political effectiveness, concern was raised in the report about the Government's close relationship with certain sectors of the business community.

The implementation of the accountability system will even give cause for greater concern. For example, when the Chief Executive invites his friends in the business sector to be principal officials, how can conflicts of interest be avoided in government policies? Will these officials, if they return to the business sector in future, enjoy an advantage since they had been privy to abundant classified government information and extensive personal ties? These are also the real concerns of many overseas businessmen deep down in their hearts. How can we act like an ostrich and turn a deaf ear to these comments?

Even the World Economic Forum and the IMD in Lausanne, Switzerland, are also gravely concerned about the efficiency of the Government and the performance of the public sector. The scores of Hong Kong in respect of government efficiency in the competitiveness reports recently published by these two institutions are far from satisfactory and have continued to fall.

In respect of policy on competition, again, similar criticisms do not come only from *The Economist*. The International Monetary Fund, for instance, also pointed out years ago that Hong Kong must improve its business environment and step up efforts against unfair competition.

The past success of Hong Kong is attributed to the rule of law and a fair and free market environment. Regrettably, over the past five years since the Chief Executive took office, Hong Kong has been retrogressing on these fronts. Whilst the Government has been complaining about the media in the West discrediting Hong Kong, should it not at the same time do a little bit more soul-searching? If it continues to dismiss others' comments and fails to make improvement promptly, I am afraid that our rankings would only drop continuously, or even to such state that we might not have a place in the international ranking. By then, we might perhaps be qualified to compare our ranking only with mainland cities.

Madam Deputy, I support this motion, but I also hope that the Government can improve the efficiency of its administration. Thank you, Madam Deputy.

DR DAVID CHU (in Cantonese): Madam Deputy, putting innovative and information technology to good use can add value to products and services, and this will, in turn, enhance the competitiveness of enterprises. So, in order to

effectively promote producer and professional services in Hong Kong, the Government must enhance the ability of enterprises in the application of various new technologies, such as e-commerce. A great majority of companies in Hong Kong are small and medium enterprises (SMEs). But with regard to the overall rate of application of technological products in these enterprises, there is still room for improvement. For instance, according to a survey conducted by the Census and Statistics Department in 2001, when analysed on basis of the size of enterprises, about 93% of large enterprises, 79% of medium enterprises and 46% of small enterprises were using personal computers. Besides, only about 11% of the enterprises had a webpage or website. A predominant proportion (98%) of the webpages or websites only served to provide information on the companies concerned, and only 17% served as a channel for on-line ordering, payment or delivery of products and services. On the other hand, there have been continued improvements in the application of technological and information products in mainland enterprises, both in terms of its pervasiveness and standard. If enterprises in Hong Kong fail to better utilize technological products, they will stand to lose their competitiveness. I suggest that the Government take the following measures to assist enterprises to upgrade their standard of the application of technologies, particularly information technology (IT).

Firstly, a major factor that prevents enterprises from fully tapping the fruits of technology is the operational costs, including the costs incurred in the acquisition of equipment and employment of professionals. To help alleviate the burden of enterprises, the Government should encourage technology or software companies to get to understand better the *modus operandi* of SMEs in Hong Kong as well as the environment faced by them, with a view to developing more products that are suitable for use by local SMEs. This will inject product diversity into the market, and consequently lower product prices. As for talents, while I certainly support the Government training up more professional talents in innovative technology and IT at tertiary institutions who will help promote the development of local industries and businesses, the Government should also try all means possible to attract more overseas talents to Hong Kong, so as to provide a wider pool of talents for enterprises to choose from, and this can also facilitate exchange between local and overseas talents.

Secondly, while the coverage of broadband networks in Hong Kong is very extensive and the costs are inexpensive, the Internet is mostly used for publicity and entertainment purposes only, and the development of e-commerce

has been slow. The Government should work closely with various trades and industries to increase the IT knowledge of SMEs through publicity, seminars, exhibitions, and so on, in order to help them understand the latest IT development and encourage the use of e-commerce or other technological and communication products that will help boost productivity. In promoting IT application among enterprises, it is best that the authorities can prepare some successful cases for their reference. If the businessmen learn that their investment can yield returns very soon, they will follow suit very quickly. The Government should set targets in pushing ahead with the development of e-commerce. The Government must make the SMEs understand that if they still stick to the rut and dare not bring in advanced IT to reform their companies and reduce costs, they would never be able to enhance their competitiveness and would even run the risk of being eliminated.

Madam Deputy, in order to effectively promote producer and professional services, an essential element is to enhance the ability of enterprises in the application of various kinds of new technology, for this can increase the efficiency of enterprises and enhance their competitiveness.

With these remarks, I support the motion.

MR KENNETH TING (in Cantonese): Madam Deputy, I wish to point out that a majority of producer and professional services are provided by SMEs, which account for over 90% of companies in Hong Kong. These enterprises mainly provide support for the manufacturing sector and professional services, and they form a driving force of the Hong Kong economy. To promote producer and professional services, we cannot neglect the role of SMEs; and the recovery of the Hong Kong economy also depends on the development vitality of these enterprises.

In this year's Budget, the Financial Secretary mentioned the development of producer and professional services. While this suggestion is relatively positive and useful, specific details are still lacking.

In fact, in recent years, the Legislative Council has also debated on how the Government can facilitate the development of local enterprises. For example, I suggested last year that it was necessary to improve the business

environment so as to boost the dynamics of economic development in Hong Kong.

The Federation of Hong Kong Industries has all along considered that efforts must first be made to improve Hong Kong's business environment so as to enable local SMEs to grow on fertile soil before they are competitive enough to develop beyond the local market. A sound business environment includes simple and effective legislation and systems, low operational costs, and also business and trade policies that meet the needs of the times.

In discussing the motion moved by me in the Legislative Council last year, Members agreed to review the functions of the Business Advisory Group of the Government in the hope that the Government can identify ways to improve and enhance the competitiveness of Hong Kong in a more active attitude.

Fortunately, while the Government's response may not be entirely satisfactory, it has indeed made a lot of efforts in respect of our business environment and the support for SMEs. The Chief Executive has also openly stated time and again the importance that he attaches to the business environment. The Liberal Party hopes to see greater achievements made by the Government in the near future.

As numerous business opportunities will arise from China's accession to the WTO, how Hong Kong enterprises will make use of their own strengths to expand into the mainland market in furtherance of development is obviously a topic to which importance must be attached.

Indeed, the Legislative Council has, in recent years, constantly debated on the topic of striving for business opportunities in the Mainland, and foreign businessmen were already watching for these business opportunities then. I wish to emphasize that opportunities will not wait for us. The SAR Government must grasp the opportunities and expeditiously establish business links with the Mainland to explore business opportunities.

As a first step, the SAR Government should speed up the progress of the "Mainland/Hong Kong Closer Economic Partnership Arrangement", adopting the strategy of starting with the less difficult issues in the discussion, so as to avoid interruptions of meetings caused by excessive complications, for this

would have an adverse impact on the outcome. Given that the opportunities are time-sensitive, the authorities should expedite negotiations on the specific details and draw up a timetable.

With the commissioning of the Hong Kong Economic and Trade Office (ETO) in Guangzhou, it is hoped that the SAR Government will enhance the functions of the ETO to further strive for fair and reasonable trading terms in the Mainland for local enterprises by, for instance, actively discussing with the Mainland to see how a win-win situation can be created for China and Hong Kong through such measures as enhancing the transparency of taxation and customs declaration policies in the Mainland, enhancing consistency in law enforcement, and so on. Moreover, the ETO should also provide assistance for Hong Kong businesses who are caught in legal or business disputes in the Mainland.

Furthermore, accurate information is required by enterprises doing business in the Mainland. While the Hong Kong Trade Development Council and the relevant government departments have provided plenty of information, the information is generally fragmented and far from user-friendly. If the information can be set out systematically and updated regularly, the SMEs will be able to have a more comprehensive understanding of the progress of market liberalization in the Mainland and seize the business opportunities.

In respect of professional services, recent studies conducted by professional organizations have pointed out that the number of professionals who are willing to work in the Mainland is ever increasing. The legal profession, with the encouragement by the Secretary for Justice, is pressing ahead in full steam with business development into the Mainland. This is a very good example. I believe that with the Government taking the lead and the professions actively providing support, professional services in all fields will equally enjoy advantages in developing the mainland market.

Finally, I hope that all departments of the SAR Government can foster enhanced co-operation and negotiate with the Mainland on the relevant issues, in order to seize the opportunities and find a way out for the Hong Kong economy. To quote the Financial Secretary, we have "to play at the vanguard of our Motherland's integration with the rest of the world".

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

MR HUI CHEUNG-CHING (in Cantonese): Madam Deputy, with the globalization of the world economy and China's accession to the WTO, our competitors will come from all sides. When it comes to doing business with the Mainland, Hong Kong's unique advantage can be said as having disappeared into obscurity. The first wave of impact is that more and more foreign enterprises have set up their purchase base or research centre in such places as Shanghai, Shenzhen and Beijing direct, and they have been engaged in the import and export of goods in the Mainland. The impending second wave of impact is perhaps the setting up of branches in the Mainland by foreign banks on an extensive scale and the subsequent northward relocation of their business in Hong Kong in such areas as bills, loan and insurance, to the Mainland. If things go on like that, other higher valued-added support services in Hong Kong, such as product design, marketing, accountancy, engineering and legal services will not only have to "fish in each other's water". Worse still, the water might eventually "dry up". So, in this year's Budget, producer and professional services are made a key area of work of the Government, and this shows that the Financial Secretary does not only appreciate that these sectors are the inherent strengths of Hong Kong, but also realizes that these strengths are now in danger of being hollowed.

The Mainland is developing into the largest "world factory" in the globe. It is estimated that in this century, China's industrial products will take up one quarter of all products in the world. At the same time, the Mainland also provides a huge market for domestic sales. The producer and professional service sectors in Hong Kong can ride on the momentum of this rapid growth to achieve thriving development. However, this opportunity will no longer knock at our door for the unique historical reasons as in the past. Instead, we must work hard for it and map out long-term planning. If the Hong Kong Government and industries still indulge in complacency and stay aloof from realities, not bothering to strive for improvement and lay their eyes only on Hong Kong, then Hong Kong's importance definitely would never be a hundred times bigger than its size on the map, as publicized by the Government.

Take the import and export sector as an example. Traders in Hong Kong no longer add their profits on top of the price of products manufactured in the Mainland in their quotations to buyers as in the past, because their clients can now approach suppliers direct in the Mainland. The higher costs in Hong Kong are not a fatal weakness, for it is most important that our services are value for

money in the eyes of the clients. To this end, we need to at least carry out the following five areas of work. First, we should take advantage of Hong Kong's status as a centre of quick and free flow of information to provide buyers with the latest market intelligence, so that it will be less likely for buyers to purchase the wrong goods, in the light of the ever shortening product cycle and the increasing inventory risks. Second, we should establish a stronger purchase network so that we can provide tailor-made quotations to buyers of all levels to meet their different needs at all times. Third, we should endeavour to ensure good quality control to avoid discrepancies between the finished goods and the samples only to be found out by the buyer on receipt of the goods, in order to save buyers from all the troubles that would otherwise follow. Fourth, the date of delivery must be flexible and yet strictly observed. Fifth, importance should be attached to product development. We have to always work for novelty in our products and services, and add value to them as far as possible, so that we can offer products that others are able to manufacture, and better still, we can offer products that others are unable to manufacture. In that case, buyers are naturally more likely to place orders with us.

Specific to these five areas of work, the Government should start looking into ways to help industries to achieve these objectives in a more convenient way that costs less. For example, in response to the environmental requirements of foreign companies in respect of the quality of products, the Government can encourage the relevant departments in tertiary institutions to conduct researches in collaboration with the industries to meet these requirements.

On the other hand, apart from being Hong Kong's hinterland, the Mainland, given its rapid economic development, will also generate increasing demands for various kinds of goods and services, including such consumer goods as fashion and computer products, machinery and equipment for manufacturing purposes, support services in education and training for the development of human resources, and also industrial and business services such as accountancy, legal services, financial services, design, and so on. Therefore, I hope that the Economic and Trade Office (ETO) in Guangzhou, which will be commissioned shortly, can provide more support for the producer and professional services sectors in developing their market in the Mainland, instead of vowing to strengthen the ties between Guangdong and Hong Kong, which is too vague and general. Nor should it focus only on public relations and publicity work, just as the Beijing Office has been doing. Rather, it should proactively and positively

respond to the business and trade issues of common concern to Hong Kong businessmen, follow them up and discuss them with the relevant authorities, and regularly disseminate to these sectors in Hong Kong the information that it has obtained, in order to help Hong Kong businessmen explore investment opportunities. At the same time, the Government should encourage the Hong Kong Export Credit Insurance Corporation to more actively conduct studies on the mainland market and encourage banks to give full support, so as to provide logistics back-up for Hong Kong businesses in their expansion into the mainland market. The ETO in Guangzhou should also step up efforts in collecting statistics and conducting surveys on Hong Kong businesses in the Mainland, and set up a database to provide such information as taxation requirements, with a view to providing the Government and the industrial and business sector with a better understanding of the trend of development and facilitate the formulation of appropriate policies.

To improve producer and professional services in Hong Kong, it is most important that the Government can communicate more with the sectors, get to understand more about their operation and needs, and provide them with more opportunities for development. The promotion of producer and professional services should be considered as an investment, and we must plough in sufficient manpower and resources to assist these sectors, reduce their costs and enhance their competitiveness, so that they can compete for business opportunities both in the Mainland and overseas. Only in this way can Hong Kong remain prosperous.

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

MR CHAN KAM-LAM (in Cantonese): Madam Deputy, the total exports of Hong Kong in April as announced by the Government registered a growth of 2.5%. Growth has been recorded for two months in a row, showing that Hong Kong's export and import trade has gradually turned for the better. This is indeed encouraging. But from the breakdown of the export trade figures, we can see that the growth in total exports was mainly driven by re-exports, and the total exports of local products was still down by as much as 17.4%. Moreover, the value of imported goods during the same period had also dropped 2.1%, showing that the local manufacturing business and consumption remain weak and have yet turned the corner. The SAR Government should carry out work in

various aspects, including granting tax concessions and subsidies, and in terms of policy considerations, in order to promote producer and professional services and to alleviate the difficulties faced by SMEs.

We welcome the introduction of the four funding schemes for SMEs at a cost of \$1.9 billion by the SAR Government at the end of last year in response to the demand of enterprises. The Commerce and Industry Bureau has recently reported that in the five months following the implementation of the four funding schemes, 5 456 applications have been received and \$432 million has been granted to SMEs, reflecting the keen demand for the subsidy schemes among the SMEs. But it also goes to show that these four funds of their current scale may not be very helpful to SMEs. The Democratic Alliance for Betterment of Hong Kong (DAB) considers that in order to effectively assist the local businesses and industries to ride out these economic hardships, the Government, apart from actively lobbying banks and financial institutions to provide favourable interest rates for SMEs, should also set up a permanent credit guarantee fund to enable SMEs to have access to long-term credit support services. We propose that different types of funds be set up, such as an environmental industry fund to facilitate the development and research activities of environmental industries by offering them credit guarantee.

Meanwhile, we consider it necessary to formulate matching policies, identify ways to provide comprehensive support services, improve the business environment and sharpen competitiveness. All these initiatives are also very important. I remember that in the discussion on the motion of "Alleviating the difficulties of small and medium enterprises" in the Legislative Council last year, I already urged the Government to establish a SME office to formulate comprehensive policies to support SMEs and to co-ordinate the support services provided by various organizations. I hope that the Government can seriously reconsider this proposal. Moreover, to address the problem of high land cost in Hong Kong, the Government can consider buying some of the vacant factories and carry out conversion works there to attract enterprises to invest in Hong Kong by offering them concessionary prices. The Government should also enhance the role of the Hong Kong Trade Development Council and expeditiously enter into agreements with business associations in the United States and other places to find local business partners for foreign enterprises to venture the mainland market together.

The mainland economy has continued to grow rapidly. All provinces and municipalities, and even all trades and industries, are vigorously undergoing adjustments so as to adapt to the challenges that come with the opening up of the mainland market after China's accession to the WTO. Under such circumstances, grasping business opportunities and developing business in the mainland market have thus become an important way out for Hong Kong enterprises in the face of a sluggish domestic economy. The DAB welcomes the decision of the SAR Government to establish a Economic and Trade Office in Guangzhou this year, for this reflects that the SAR Government appreciates the needs of local enterprises. We hope that this is just a beginning and that the authorities will continue to set up offices in other major cities in the Mainland in future to provide assistance for Hong Kong businesses and to provide them with information and other services.

Nevertheless, the biggest problem encountered by Hong Kong businesses, particularly SMEs, in doing business on the Mainland is that they have no one to turn to for assistance when they run into problem in the Mainland due to frequent changes in the trading policies and laws in the Mainland. In this connection, the DAB urges the Government to discuss with the Mainland on the setting up of a consultative mechanism, whereby Hong Kong manufacturers operating in the Mainland can be consulted before the formal introduction of trading policies and reforms in law. Dedicated offices should also be set up in major cities to listen to the views and difficulties of Hong Kong businessmen in the Mainland, provide advisory services on those problems they frequently encounter in doing business in the Mainland, and also provide legal advice and assistance to them where necessary. In the meantime, the SAR Government should negotiate with the mainland authorities on ways to foster co-operation with the Pearl River Delta Region, including setting up economic and technological development zones to provide more opportunities for business start-up by Hong Kong people in the Mainland.

Economic co-operation with the Mainland sometimes depends on whether or not government departments are proactive and whether or not efforts are actively made to explore opportunities of co-operation with the Mainland. Take electronic customs declaration as an example. We found that the Government very often lacks foresight and reacts too slowly. Just when we were suggesting ways to simplify the formalities of customs clearance for the convenience of contractors or businessmen, we found that the Government did not have much communication with the Mainland in this respect. To date, we still have to rely

on the communication between Tradelink in Hong Kong and Nan Fang, the mainland contractor. This, in our view, is far from satisfactory. I very much hope that the Government can proactively communicate more with the relevant authorities in the Mainland, so that similar problems can be resolved.

Madam Deputy, I so submit.

DR TANG SIU-TONG (in Cantonese): Madam Deputy, the producer and professional services sectors are knowledge-based and labour-intensive. To enhance the competitiveness of these sectors, the key to success lies in attracting the required talents. The Hong Kong Progressive Alliance (HKPA) believes that the authorities should be able to take more active measures and provide more convenience for the sectors in its policy on talents.

At present, all industries are working actively to develop their business in the enormous mainland market in the wake of China's accession to the WTO. So, there is a huge demand for professionals and talents who are familiar with the situation in the Mainland and who have personal ties there. While the Admission of Talents Scheme was introduced in 1999 to enable local industries to recruit talents from the Mainland, the authorities have tended to be overly stringent in vetting applications due to concern among some members of the community about abuse of the Scheme. As a result, from the implementation of the Scheme to February 2002, only 403 applications were approved, with a success rate of about one third only, and only 13 people were approved to come to work in Hong Kong in the first quarter of this year. The industries are very dissatisfied with this. They have even openly criticized that the relevant departments have worked in accordance with the rules rigidly and taken a bureaucratic attitude, resulting in the Scheme falling short of demands. Some enterprises that are less tolerant of the long waiting time even took concrete actions to protest against the vetting system by relocating the entire department to the Mainland.

Moreover, according to the relevant statistics, the monthly salary of talents admitted to Hong Kong ranges from \$20,000 the lowest to over \$100,000 the highest. This shows that the concern previously expressed by some people that the Scheme would become a means to import cheap labour to Hong Kong is far from the truth. The HKPA, therefore, considers that the authorities must expeditiously review the existing vetting criteria and relax the overly stringent ones, in order to mitigate the problem of a shortage of talents in industries.

In fact, in this era of knowledge-based economy, the race to vie for and recruit talents has already started in universities. In the United States, scholarships in massive amounts are used to extensively recruit talents every year, particularly to attract talents from the Mainland to study in the United States. After these talents have graduated, the market will choose the suitable talents in accordance with its needs and tap their expertise. This has successfully provided an endless stream of quality expatriate talents to contribute to the economic development of the United States. The SAR Government, when compared to the United States, is obviously rather passive in this regard. At present, the recruitment of elites from the Mainland to Hong Kong for studies is mainly funded by the Hong Kong Jockey Club or private sponsorship. But given insufficient and unsteady resources, the scale of the recruitment has been limited. In the most recent year, given that the economy is in the doldrums, this endeavour almost had to cease due to insufficient sponsorship. Although the authorities ultimately injected funds to sustain the scheme, government subsidies are, after all, of an ad hoc nature. Whether the scheme can continue or not is still unknown. This expedient planning approach, which gives no guarantee to the continuity of the scheme, is absolutely not conducive to the recruitment of talents. The authorities should indeed pay attention to this, and should expeditiously and positively join the battle to vie for talents, or else we may only lag behind others.

Madam Deputy, speaking of talents, education will invariably come to mind. Strictly speaking, education is also a professional service industry. There are now eight universities in Hong Kong. With a large pool of elite teachers and remarkable scientific research achievements, we have long been held in repute both in the Mainland and in the international community. Now, some universities have launched pilot programmes, using their own funding to set up centres and organize self-financed correspondence or distance learning courses in the Mainland. Response to these courses has been very good initially, particularly the Chinese MBA programme. Despite the fact that the fees of some courses of the programme are as high as \$100,000 to \$150,000, places were filled as soon as the course was launched. Export of education services can not only generate funding for universities to conduct researches and to offer scholarships to attract elites from the Mainland, but also reduce their reliance on public coffers, thus achieving the purpose of "financing education through education". At the same time, local universities can also take part in the race to vie for the enormous education market in the Mainland. So, this will indeed

serve multiple purposes. The authorities should discuss more with the local universities in this connection in order to look into ways to expand this market, and they should even allow universities to be eligible for the Professional Services Development Assistance Scheme. If the Government can provide active support for this area of work, Hong Kong may perhaps be able to compare favourably with European and American countries in the tertiary education market in the Mainland in a few decades' time.

Madam Deputy, according to the statistics released by the Census and Statistics Department recently, only 12.7% of the population are degree holders. While the figure is higher than that a decade ago, it still lags behind that in European and American countries, and even some Asian countries. This is indeed not conducive to the development of producer and professional services, and even more so to the economic restructuring of Hong Kong. Therefore, the admission of professionals and talents should be discussed in a liberal and impartial manner and the policy on the recruitment of talents should also be refined as far as possible. All this can indeed brook no delay.

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

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

MISS MARGARET NG (in Cantonese): Madam Deputy, in the Budget presented by the Financial Secretary, Mr Antony LEUNG, producer and professional services are described as a major driving force of the economic development of Hong Kong. They include services for the manufacturing sector and also professional services, and legal services are even said to be included as well. In his speech, the Financial Secretary stated that the Government had set up a steering committee to promote the development of producer and professional services, which certainly include the development of the legal profession which I represent. He said that he would oversee its work personally. But what has he done and what has he achieved after overseeing its work personally? Who are the members of this steering committee? What are its terms of reference? We hope that the Government will later on explain these in detail, so that we can be enlightened on what the Government can do for the legal profession under the present circumstances.

Certainly, the future development of most legal services still relies on the hard work of the legal profession. In the meantime, the two lawyers' associations in Hong Kong have made great efforts to facilitate development both in the Mainland and in overseas countries. But why were we able to find business opportunities in the Mainland in the past? According to a number of experienced legal practitioners who have been engaged in the provision of legal services in the Mainland before, it was because the Mainland was comparatively backward at that time and so, Hong Kong was like a re-export centre for technologies. Since we had a better legal system, what we were able to provide within the parameters of legal services could cater for the situation in the Mainland, and we could assist the Mainland to design new systems readily accepted by the Mainland.

However, the Mainland has now come a long way, and matters pertaining to international trade are very often involved. In fact, providers of legal services relating to international trade, including lawyers' firms, professionals, and so on, are willing to directly go to the Mainland to provide training for their clients. Under this circumstance, if Hong Kong wants to have a share in the mainland market and develop legal services there only after our country's accession to the WTO, what we have to do will be utterly difficult, for it is impossible for us to always go one step ahead of the Mainland in all aspects and then look back to see what we can do to meet their needs.

We believe at the highest level, that is, when it comes to big business, the large enterprises will certainly have their own resources. But in the enormous mainland market, when we actually come into contact with SMEs, what we have to do is primarily liaison work. Like applied science, we have to simplify the rather complex matters to suit the Mainland. Many companies in the Mainland do have this need, particularly in respect of language. For instance, matters that can only be handled in English in multinational corporations will need to be handled in Chinese.

From my contact with members of the profession, I note that they actually find this area of work very difficult. They have to take care of everything by themselves; they must rely on the people whom they have met; and they have to try things out by themselves. Other than occasional assistance from the Hong Kong Trade Development Council in organizing some seminars and exhibitions, they have to rely on themselves and are unable to obtain other assistance.

So, should the Government not assist the legal profession in developing the mainland market and help the profession "knock on the door" of the mainland authorities, that is, to establish certain institutions with provincial or municipal authorities, so that Hong Kong lawyers can more often meet people from the mainland authorities when they are in the Mainland? Meanwhile, can the Government help promote professional exchange activities to provide lawyers with more avenues to meet potential clients or targets of their services?

The Secretary for Justice has also mentioned arbitration services, suggesting that Hong Kong can develop into a centre for dispute resolution, which provides legal and arbitration services as well as services in other areas. In respect of our developments in these areas, as I have said before, Hong Kong is already at an advanced stage. But insofar as developing Hong Kong into an international arbitration centre is concerned, what the profession needs to do is not to promote this to their counterparts elsewhere or to mainland authorities. It is because if we want others to use the service of Hong Kong as an arbitration centre, we must first make clear the targets of our services. Our targets are the businessmen. Therefore, our promotional efforts should neither target at mainland officials in the legal field nor confine to mainlanders. During overseas visits, government officials should, when discussing trade-related matters, introduce this service of Hong Kong to business associations in overseas countries, be they business associations in Hong Kong or business organizations in overseas countries. We must let them know, as early as when they are drawing up contracts, that we have this service in Hong Kong.

Finally, I wish to point out here that before the Government takes a decision, it had better hold discussions with the legal profession. In relation to the question of reciprocal enforcement of court judgements raised recently — Madam Deputy, I have to declare an interest, because one of my cases is related to this — and as we have discussed before, why are judgements made in Hong Kong not enforceable in the Mainland? They are enforceable in Taiwan, because there are stipulations providing for this. However, the answer that we are given is that since the Secretary for Justice has proposed reciprocal enforcement and so, we cannot backtrack, and we cannot ask for rules similar to those in Taiwan to enable judgements made in Hong Kong to be enforceable in the Mainland. This is so regrettable. I raise this issue in the hope that the Government will have more discussions with the legal profession before it reaches a decision in future. Thank you, Madam Deputy.

MR HENRY WU (in Cantonese): Madam Deputy, I rise to speak in support of the motion. I agree that producer and professional services are a major driving force of Hong Kong's economic development. The Government should more proactively assist the local industries and businesses to develop their markets and to seize more effectively the business and trade opportunities in the Mainland. Having said that, I wish to point out that the Government, in defining the scope of producer and professional services, should put in place a fair system whereby all industries with such need, particularly the financial services industry, will have equal access to these services.

The local financial services industry has never been given due respect and assistance by the Government. This is perhaps due to the rapid development of the financial services industry in the past and the misunderstanding about the industry that generally exists among members of the community. Back in those years when the stock market was booming, members of the securities industry were regarded as "the unusually lucky ones". They need not worry about their living, and some had led an extravagant life by taking sharks' fin even for lunch. After the financial turmoil, all trades and industries, including the financial services industry, were hard hit. Particularly, the viability of SMEs has since aroused much concern. The Government, therefore, set up the SME Committee to find solutions to relieve their plights. At a meeting of the Legislative Council to which the Committee was invited to introduce the relevant proposals, I asked whether the financial services industry would be included. From the impromptu response of the Chairman who said, "Why would you be also considered as SMEs?", we can see that the community does have profound misunderstandings about the financial services industry.

In the past, while the support services and promotional activities initiated by the Commerce and Industry Bureau for local industries and businesses were inadequate, we cannot say that the Government has done nothing in this regard. But more often than not, the financial services industry is not given access to these services and activities. For instance, the Government has earlier on earmarked \$100 million to set up the Professional Services Development Assistance Scheme to enhance the domestic and external competitiveness of the local professional services sector. Among the many professions covered by the Scheme, even some industries that receive relatively less attention, such as waste management and veterinary, are also included in the scope of assistance. The

financial services industry is nevertheless excluded and thus will not benefit from the assistance scheme, although I have stressed time and again that the industry is a profession and the Government has also agreed on the need to import "professionals" from the Mainland for the industry. This gives the impression that the authorities concerned have not even made a clear definition of the industry and so, how will they show due respect to the financial services industry as a profession?

Madam Deputy, I must seek justice for the industry here. The financial services industry, which includes the securities, futures and gold industries, is an industry that stresses professional knowledge. All members of the industry must obtain professional qualifications subject to stringent requirements before they can take up jobs in the industry. Under the existing system, people who are engaged in the securities and futures industries must apply for a professional licence from the Securities and Futures Commission (SFC), and the annual renewal of the licence is subject to continued training and stringent vetting. Since Hong Kong is an international financial centre, the financial services industry should be given due respect and should be treated in the same way as other professions.

Madam Deputy, please allow me to spend some more time on this before I return to the subject of the motion. As the SFC, which is responsible for supervising the securities industry, is given excessive powers, coupled with the lack of understanding of the daily operation of the industry on the part of front-line enforcement personnel of the SFC over the years, the SFC can only stick to the rules rigidly and work in a nitpicking manner, having no regard for the actual operation and special situation of the industry and making no flexible arrangements accordingly. The regulatory authority has treated members of the industry as if they are "thieves". As a result, the rules drawn up by the SFC and the powers excised by it are often criticized as too harsh to the neglect of the long-term development of the industry and even a cause of conflicts arising from unfair competition. As I mentioned in the course of scrutinizing the Securities and Futures Bill, the unreasonableness and inequity arising from the unfair policy of "having two authorities governing the same business", that is, with the Hong Kong Monetary Authority overseeing the securities business of banks and the SFC overseeing that of the securities industry, will only augment the powers of banks and strangle the commercial viability of the securities industry.

What Miss Margaret NG said earlier in the debate has caused envy on my part, because at least Miss Elsie LEUNG, the Secretary for Justice, has made great efforts to explore business opportunities in the Mainland for the legal profession. While Miss NG may still consider it inadequate, that is far better than the treatment accorded to the securities industry. On the assistance for the securities industry to explore business opportunities in the Mainland, the Government has indeed rendered assistance to the relevant institutions on the higher echelons. For example, the professional deputation led by a government mandarin to the Mainland earlier certainly comprised representatives from the Hong Kong Stock Exchange, Hong Kong Futures Exchange, the central clearing house, listed companies in Hong Kong, investment banks, and so on. However, members of the industry who are actually involved in market development and the day-to-day operation of the industry were not given the same treatment.

Madam Deputy, in respect of the gold industry, Hong Kong was one of the three leading gold markets in the world in the heyday of the gold trade. Despite diminished activities in gold trading in recent years following a global downturn in gold trade, the industry, thanks to its hard work, still manages to maintain a certain status in the world gold market though the market is weak. But since the Government has adopted a positive non-intervention attitude towards the local gold industry, no appropriate adjustment has been made in the light of the persistently sluggish gold market.

To maintain the leading status of the local gold market, the Government should more proactively provide assistance, especially in opening up the gold market in the Mainland. The Government should expeditiously render assistance to the local gold industry to explore opportunities of business development in the Mainland before the mainland market is fully liberalized, so as to open up new horizons for the gold market and the gold industry in Hong Kong.

Members of the financial services industry who have been working silently have significantly contributed to the overall economic achievements of Hong Kong. Particularly in the face of several economic downturns in the wake of financial crises, they still persisted in staying in Hong Kong, faithfully performing their duties in their positions and making great efforts to find opportunities that could drive the recovery of the economy. Therefore, the Hong Kong Government should duly recognize the contribution previously made by the financial services industry in maintaining the Hong Kong economy and the

status as a financial centre, respect the commercial viability of the industry, draw up appropriate measures to actively provide support to ensure its sustainability, and further provide support services to help the industry strive for opportunities to enter the mainland market.

Madam Deputy, I so submit.

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

(No Member responded)

SECRETARY FOR COMMERCE AND INDUSTRY (in Cantonese): Madam Deputy, I am very grateful to Mr Ambrose LAU for proposing this motion today so that I can introduce to Honourable Members how the Government assists in the development of the market for producer and professional services as well as reflect to and follow up with the mainland authorities the business and trade matters of concern to Hong Kong businesses. I am also grateful to Honourable Members for making many valuable suggestions in this respect.

Firstly, in respect of assisting in the development of the market for producer and professional services, the Financial Secretary has affirmed in this year's Budget speech the importance of producer and professional services in driving economic development and promoting employment, and he has also reiterated the Government's determination to further develop this domain. Producer and professional services cover many different trades and professions including import and export, transportation and warehousing, trade financing, certification and testing, product design, market research and promotion as well as various professions. They are important components of our services industry and bring Hong Kong enormous benefits through promoting industrial and trade development in Hong Kong; they can be described as our economic lifeline. As Honourable Members have pointed out, China's accession to the WTO brings Hong Kong businesses unlimited business opportunities and creates enormous demand for our producer and professional services.

THE PRESIDENT resumed the Chair.

Mr HUI Cheung-ching has earlier referred to the risk of the services industry of Hong Kong being hollowed. In fact, we have paid close attention to the tendency. I agree with him that the services industry can no longer compete on low prices and it has to lift the value for money and service standards. According to the research report on the trade services industry recently published by the Hong Kong Trade Development Council (TDC), among the interviewed companies, 80% would at least maintain or increase the levels at which they purchase the relevant services in Hong Kong in the next five years. In other words, we would at least be able to maintain our advantageous position in the next five years. Mr SIN Chung-kai has also said that there is a tendency for the various international ratings of Hong Kong to fall. I wish to restate that the Government modestly accepts the reminders given by international organizations. We would rectify any mistakes and keep trying our best, but we should not mind too much about these ratings for international investors would not just refer to such ratings when they make business decisions. Facts are better than arguments and in the past year, more than one foreign company established offices in Hong Kong in a week on average, far more than that in Singapore. The rate of decrease in the Gross National Product of Singapore last year was higher than that of Hong Kong.

As producer and professional services have a wide coverage, the work of the Government of the Hong Kong Special Administrative Region (SAR) mainly comprises two levels. At the central level, the Services Promotion Strategy Group (Strategy Group) chaired by the Financial Secretary comprehensively consider the relevant policies in a holistic manner and make strategic deployment. The Strategy Group was established in 1997 and it has members from the business and academic sectors and government departments. The Business and Services Promotion Unit of the Commerce and Industry Bureau is responsible for co-ordination.

In 2000, the Strategy Group commissioned the University of Hong Kong to conduct an economic research project related to producer and professional services in Hong Kong and made a series of strategic recommendations for consolidating the status of Hong Kong as a producer and professional services centre in the region. The recommendations include increasing investment in education, improving cargo flows and logistics flow between the Mainland and Hong Kong as well as improving the business environment. The Policy Bureaux of the SAR Government are actively carrying out the relevant work.

The working programme 2002 of the Strategy Group proposes the establishment of a resources centre to provide opinions and information on the relevant mainland markets and assist companies in various industries and trades, especially in the development of the mainland market for SMEs as well as promoting our professionals services in the Mainland.

The Promotion Unit will also carry out support or promotional activities related to the professional services sector as a whole. For instance, the Promotion Unit produced a filmlet on a special topic, introducing the advantages of our professional services to the mainland market. The Promotion Unit is also co-operating with a professional body in designing a website to assist in the promotion of various professional services of Hong Kong. The Unit is also responsible for managing the Finance Scheme for the Development of Professional Services. This US\$100 million Finance Scheme whose establishment was announced in the Chief Executive's policy address last year supports the sector in developing projects that would help enhance the competitiveness of our professional services sector or lift its services standards on a match subsidy basis. The Finance Scheme was formally launched in February this year and the sector has positively responded. The Secretariat of the Finance Scheme for the Development of Professional Services has already received 74 applications and is in the course of preliminary vetting, and the vetting committee would complete the vetting within a short period. We believe the Scheme would be useful to market development efforts by various professions.

Apart from the above central co-ordinating framework, the Policy Bureaux and relevant departments of the SAR Government maintain frequent contact with the business sector. In recent years, with globalization and China's accession to the WTO, and in the light of the appeals of industrial, commercial and professional organizations, the relevant Policy Bureaux of the SAR Government, without intervening in the operation of enterprises, are playing a bridging and exploring role and assisting the producer and professional services sector in Hong Kong in developing overseas and mainland markets.

Let us take the logistics industry as an example, it covers transportation, warehousing and Customs clearance and has a very important status in respect of producer and professional services. In December last year, the Economic Services Bureau established the Hong Kong Logistics Development Council to facilitate the exchange of views by public and private organizations on matters

related to logistics development as well as the joint promotion and implementation of various items of work. One of the five key work areas of the Logistics Development Council is to make a strategic plan on the investment strategies such as working out the marketing theme and contents as well as organizing publicity and promotional activities in Hong Kong and abroad. A special logistics marketing team of the Logistics Development Council is in charge of the work. It co-operates with the Hong Kong Airport Authority, the Hong Kong Port and Maritime Board, TDC and Invest Hong Kong in carrying out marketing projects, and in effectively promoting the strengths of Hong Kong in logistics services.

Miss Margaret NG has expressed earnest concern for the development of legal services. Since the reunification, the Secretary for Justice has personally formulated and studied a number of measures in the hope of developing the mainland market for local lawyers. The Secretary for Justice regularly meets the representatives of the Law Society of Hong Kong, the Hong Kong Bar Association and faculties of law as well as individual legal practitioners in Hong Kong. Moreover, since January 2000, a professional team comprising members from the legal sector called together by the Solicitor General of the Department of Justice has actively studied matters related to China's accession to the WTO, collected the views of the sector on the further development of the mainland market and ventured to understand their needs. The Department of Justice is making efforts to submit views to the mainland authorities concerning the development of Hong Kong into a legal services centre and a base for dispute resolution, the establishment of representative offices by local law firms in the Mainland and the acquisition of the necessary professional qualifications. It is also making preparations for and participating in activities held in Hong Kong, overseas and the Mainland to give publicity to our legal services. Besides the representatives of the sector, those who participate in the work include the faculties of law of universities, the relevant societies as well as government and quasi-government organizations.

Mr Henry WU has just expressed his concern for the financial services. The Secretary for Financial Services set up a task force for financial market development in December 2001 to improve and promote the development of the banking industry, securities and futures market, bonds market, and fund management and insurance industry. The task force made a number of proposals for enhancing the diversification of financial products and market circulation in order to attract more overseas capital to make investments in our

financial markets, thereby developing our market. Moreover, in such areas as insurance, accountancy and engineering, the Government's efforts include collecting and disseminating information on overseas markets and professional authorizations, participating in the organization of overseas and mainland promotional activities. Mr Henry WU has said that industry participants are not regarded as SMEs but that is actually not the case. Provided that the relevant organizations meet the criterion of employee numbers, even though they cannot benefit from the finance scheme for professional service development yet, they can still apply for the four newly established SME funds.

The TDC also plays a very important role in assisting in the development of markets for producer and professional services. The TDC started promoting the services industry in 1996 and made producer and professional services as key promotional projects. It endeavours to provide them with information on overseas and mainland markets and business environment, assists them in developing the relevant markets and promoting Hong Kong as the best strategic business and trade partner of foreign investors in developing the mainland market and of mainland enterprises seeking to enter the international market.

The TDC has many advisory committees and promotional teams related to producer and professional services such as teams on finance, professional services, trade, media and communication and logistics, carrying out various market development activities. This year, the TDC would organize 35 trade delegations to foreign countries and the Mainland, and organize around 30 business meetings and seminars in various places to give publicity to our quality services. It would also organize Hong Kong companies to participate in 100-odd large-scale exhibitions overseas and in the Mainland for marketing and publicizing our products and import, export and trade services. These activities match the large amount of work of the TDC for improving the quality of producer and professional services and promoting information circulation.

Madam President, I have given the above examples to illustrate that the SAR Government has all along adopted such strategies as top leadership, support services and industry participation to assist in developing a market for producer and professional services. We believe enterprises and the sector have the sharpest acumen for market needs and developments, thus, we would continue to maintain close contact with various sectors and absorb their views in order to provide better support.

Mr LAU's motion also urges the Government to, through the Government's offices established in the Mainland, to actively reflect to and pursue with the mainland authorities the common concerns of Hong Kong businessmen about trade and commercial issues. We fully agree with him. In fact, the Beijing office of the SAR Government, the 11 offices of the TDC in the Mainland and the Hong Kong Productivity Council has established several offices in Guangdong Province. They frequently reflect the views of Hong Kong businessmen through official and semi-government channels for consideration and follow-up by the relevant mainland authorities.

As Honourable Members may be aware, one of the major tasks of the Guangzhou Economic and Trade Office of the SAR Government, which will begin operation soon, is to enhance communication with officials of Guangdong Province in respect of business and trade. I am very pleased to inform Honourable Members that the temporary office of the Guangzhou Economic and Trade Office of the SAR Government started operation in mid-April. Since then, the colleagues concerned have actively contacted and established channels of communication with government authorities at various levels in Guangdong Province and the Hong Kong businessmen there so as to lay a solid foundation for the performance of duties after its official establishment. In view of the increasingly close trade relations with other provinces and cities on the Mainland, we would consider establishing other offices outside Guangdong when it is appropriate.

In Hong Kong, the SAR Government and the central authorities concerned are frequently in close contact. The Commerce and Industry Bureau and the Ministry of State for Foreign Trade and Economic Co-operation established in 1999 a Hong Kong and SAR business and trade liaison committee, which is a mechanism for regular communication. Through mutual close contact, we have reflected the views and appeals of Hong Kong enterprises. At the end of March this year, the investment and trade teams under a Hong Kong and SAR business and trade liaison committee held a seminar in Hong Kong on the opening of mainland distribution markets and working hour systems. Hundreds of Hong Kong businessmen attended the seminar, listened to the briefing by mainland officials in charge of the relevant policies and reflected their views to the officials on the occasion. To further strengthen the economic and trade relations between the Mainland and the SAR, the Mainland and the SAR started negotiating about "closer economic and trade relations between the Mainland and

the SAR" in January. In the course of negotiation, the parties considered and discussed the views of Hong Kong businessmen on further opening up the mainland market. On this basis, we would enhance communication with the Mainland. We would gladly consider in detail the specific views raised by Mr CHAN Kam-lam earlier.

Madam President, Hong Kong is a highly export-oriented economy and the development of markets is always an important strategy for our economic development. The business sector has always set its roots in Hong Kong and its eyes on the international arena. It is also renowned for the ability to flexibly respond to changes in the world market. This is our strength and the essential factor for our success. Mr Ambrose LAU suggests the Government to co-operate fully with other organizations or quasi-government organizations and I hope what I have said above serve to illustrate that the Government is closely and fully co-operating with other organizations including quasi-government organizations. We cannot make any noise by clapping with one hand and we expect the sector to make efforts to maintain high standards and quality products and services. The Government would also make efforts to provide timely support and create more favourable conditions for market development.

Madam President, I so submit and I express my thanks to Honourable Members who have spoken.

PRESIDENT (in Cantonese): Mr Ambrose LAU, you may now reply and you still have two minutes eight seconds.

MR AMBROSE LAU (in Cantonese): Madam President, I thank Honourable Members for staying in this Chamber after the marathon debate on the last government motion with an empty stomach to speak in support of my motion, to urge the Government to promote producer and professional services. Honourable Members have offered a lot of very inspiring views on how to promote producer and professional services, cope with competition and open up markets. I hope that in planning and implementing relevant strategies and policies, the Government and relevant public organizations would fully consider and appropriately adopt the suggestions of the Legislative Council.

I also thank the Secretary for Commerce and Industry for giving this Council an account of the Government's efforts and work in promoting producer and professional services. However, from what Members said in their speeches, I deeply felt that the Government's efforts are still inadequate. I hope that the Government would carry on with its persistent efforts and continue to hold in-depth discussions with commercial and professional organizations to draw on collective wisdom, build on Hong Kong's existing foundation and merits, and constantly improve the operating conditions of the industry, with a view to building up Hong Kong into a more competitive international producer and professional services centre.

Madam President, I so submit.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections and by the Election Committee, who are present. I declare the motion passed.

PRESIDENT (in Cantonese): Second motion: The 4 June incident.

THE 4 JUNE INCIDENT

MR SZETO WAH (in Cantonese): Madam President, I beg your indulgence for me to quote from the Bible: "Peter said, 'Lord, I am ready to go with thee, both into prison, and to death.' And Jesus said, 'I tell thee, Peter, the cock shall not crow this day, before that thou shalt thrice deny that thou knowest me.'..... Then they took him, and led him, and brought him into the high priest's house. And Peter followed afar off. And when they had kindled a fire in the midst of the hall, and were set down together, Peter sat down among them. But a certain maid beheld him as he sat by the fire, and earnestly looked upon him, and said, 'This man was also with him.' And he denied him, saying, 'Woman, I know him not.' And after a little while another saw him, and said, 'Thou art also of them.' And Peter said, 'Man, I am not.' And about the space of one hour after another confidently affirmed, saying, 'Of a truth this fellow also was with him, for he is a Galilaean.' And Peter said, 'Man, I know not what thou sayest.' And immediately, while he yet spake, the cock crew. And the Lord turned, and looked upon Peter. And Peter remembered the word of the Lord, how he had said unto him: 'Before the cock crew, thou shalt deny me thrice.' And Peter went out, and wept bitterly." (Chapter 22, Luke)

Jesus was on the way to Jerusalem, heading for the crucifix. At the last supper, Jesus said to the twelve apostles, "..... one of you shall betray me." To evince his loyalty, Peter said the above. He said, "Lord, I am ready to go with thee, both into prison, and to death." But when Jesus was arrested, he wavered, and he denied thrice that he was with Jesus, and the Lord's prophecy was fulfilled. It was until the cock crowed and the day broke that Peter awoke to his wrong and wept in shame.

Peter's manifestation of his loyalty, his oscillation and his cry of lamentation invoked my many reminiscences about the 1989 pro-democracy movement 13 years ago.

On 19 May, a curfew was declared in Beijing. On 20 May, typhoon signal No. 8 was hoisted, and 50 000 people, braving the howling wind and drenching rain, gathered at the Victoria Park and marched to the Xinhua News Agency to stage a protest. On 21 May, over 1 million people took to the streets. Ladies and Gentlemen in this Chamber, including Members, journalists and members of the public on the gallery, were your angry roars among the deafening chanting of slogans on that day? On 4 June, people gathered at the

Racecourse on Hong Kong Island for that afternoon's procession. Many people had arrived there at 10.00 am. Friends, on seeing each other, cried in each other's chest. Someone said on television, "Even the Kuomintang's crackdown on us back then was not as brutal as this." The editorial of *Wen Wei Po* was left blank, with only four Chinese characters printed there — "痛心疾首" (meaning in deep grief and profound agony). A senior official of the Xinhua News Agency put up on newspaper an open statement to profess his withdrawal from the Communist Party. The retail outlet of Commercial Press in Central put up a slogan with words in large print which read, "Nanjing Massacre, the Japanese killed the Chinese; Tiananmen Square, the Chinese killed the Chinese". LI Ka-shing also said, "Disliking someone to be the Premier should not be regarded as unpatriotic." The Hong Kong Alliance in Support of Patriotic Democratic Movements of China (the Alliance) has collected and collated the political advertisements on newspaper during this period of time that supported the pro-democracy movement and condemned the suppression. These advertisements, which were placed by individuals, groups and organizations, added up to a big volume. This is an indelible record of history and is well worth reading from time to time in juxtaposition with the reality. This will make one's eyes as sharp as an "orc-revealing mirror".

Oscillation may be due to a diversity of reasons. It can be fear, temptation, oblivion, and so on.

Three years ago, a Member of the Polish Parliament was invited by the Alliance to give a speech in Hong Kong. A member of the audience asked about his experience. He smiled and said that it is most important to overcome fear. AUNG SAN Suu Kyi has also talked about fear recently. She said, "Some people fear the loss of power, whereas some fear those in power." Peter had wavered and denied thrice that he was with Jesus. That is fear. Jesus knew that death lied ahead of him, and he fearlessly headed for Jerusalem and the crucifix. The fearlessness of Jesus made Peter awake to his wrong when the cock crowed. Peter then felt ashamed and wept bitterly, and later rejoined the Lord. Among us, there must be and will be people who are fearless.

Next, there is temptation, temptation of fame and wealth. Let us read through the political advertisements collated by the Alliance and see who have wavered, and then find out whether the fame and wealth now enjoyed by these people have risen or increased when compared to the past. If they persevered with their position 13 years ago, would they still enjoy such fame and wealth?

Let there be no test on us. But in my view, people with resolute faith fear no test, for the test of temptation can never make them waver.

Lastly, there is oblivion, which is gradual, insidious, and erosion-like. The power-that-be dares to cause blood to shed, but they dare not let blood stains being imprinted eternally in the memory of the people. The horrifying power of oblivion becomes the accomplice, washing away the blood stains in the people's memory in order for blood to shed endlessly. If the lesson of history is forgotten, the tragedy in history will repeat. A nation that forgets history is a nation with no hope. A purpose of the existence of the Alliance and the annual commemoration of the 4 June incident is to resist oblivion. That I move a motion to urge that the 4 June incident be not forgotten and the 1989 pro-democracy movement be vindicated in the Legislative Council every year is also an endeavour on my part to fight against oblivion. If, some day, I can no longer move such a motion, I hope there will be someone carrying on with it, and I trust this cause will certainly be carried on.

When the cock crowed and the day broke, Peter was so ashamed that he wept bitterly. When will our cock crow? When will the day break for us? Even though all cocks are dead because of the avian flu, and there is no crowing by cocks, the day will have to break anyway.

With these remarks, Madam President, I move the motion to urge that the 4 June incident be not forgotten and the 1989 pro-democracy movement be vindicated.

Mr SZETO Wah moved the following motion: (Translation)

"That this Council urges that: the 4 June incident be not forgotten and the 1989 pro-democracy movement be vindicated."

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

MR FREDERICK FUNG (in Cantonese): Madam President, Mr SZETO Wah moves the same motion on the eve of the 4 June incident every year, and this is the eighth time I speak on the motion. As in the past, I recall past memories with a heavy heart.

After suffering 10 years of calamity in the Cultural Revolution, China embarked on the policies of "walking on two legs" (doing two related things simultaneously) and "wading across the river by feeling out for stones" (trying to gain experience through experiments) in the late seventies and gradually pressed ahead with the economic reform and opening up of China. However, in the mid-eighties, there were signs of overheating in the development of the China economy, and this had given rise to many social problems, such as widespread corruption among government officials and serious oppression of the people.

Given the emergence of numerous social problems then, groups and groups of young enthusiastic patriotic students organized themselves together. By adopting moderate actions like hunger strikes and peaceful demonstrations, they fought to press the Government to face up squarely to the increasingly serious unfair phenomena. Looking back at this period of history, we found that students actually supported the direction of China's economic reforms. However, they also asked for improvements to the government structure. On the one hand, they asked for enhanced transparency in the government system and administration and on the other, they asked for avenues to communicate with government officials, so as to discuss the development of the nation and solve prevailing social problems. This spirit should be respected and commended. However, unfortunately, this movement was finally met with the tragic end of suppression by the Government. Student leaders were forced to flee the country and the patriotic reform movement was stopped from becoming a positive force. This was a sad chapter in history.

From the 4 June incident, we learned two things: First, many students were unreasonably arrested. They were injured or killed by the army without going through any legitimate and open trial. There is a necessity for the Government to give an explanation and clarify the truth about these incidents. Second, the 4 June incident represented the expectations of China and the Chinese nation on the direction of the nation's political development. At that time, the aspirations of students actually reflected the democratic ideologies of the Chinese people, in particular that of the younger generation. If the Government could handle it properly at that time, it could gradually pave the way for democratic popular participation in government, leading in the long term the entire Chinese nation to act in unison for a common aspiration. But unfortunately, the Government adopted a completely wrong approach by suppressing the political aspirations of the people, losing a golden opportunity for improving the upper tiers of the nation.

Madam President, today, 13 years after the 4 June incident, China has come a long way in its economic development. Last year, it successfully gained accession to the World Trade Organization (WTO) and was further integrated with the world economy. The education level and living standard of its people have improved. Both the Hong Kong Association for Democracy and People's Livelihood and I think that as a civilized country that has a history of 5 000 years, in particular a country that is now so prosperous, it is time for China to face the history, admit its faults, vindicate the 4 June incident, vindicate the 1989 pro-democracy movement and do justice to the patriotic students.

Madam President, I so submit.

MR CHEUNG MAN-KWONG (in Cantonese): Madam President, it is already the 13th anniversary of the 4 June incident but Hong Kong people have still not forgotten the incident. There is still right and wrong in history, and there are will be a mourning procession and a candlelight assembly.

This is the honour and pride of Hong Kong because Hong Kong is the only place on the land of China that can openly and collectively mourn 4 June. I also hope that the candlelight would burn until the vindication of 4 June and the emergence of democratic China.

Today, I would like to share with Honourable Members three stories of persistence.

AUNG SAN Suu Kyi of Burma participated in the democratic movement of Burma in 1988 and won the popular election in 1991; however, she was put under house arrest by the Burmese military government and intermittently lost freedom for 14 years. She lost the opportunity to meet her families and she could not see her beloved husband even when he passed away. All that she could do at learning about his death was only saying with deep love: "I would forever behold this love".

AUNG SAN fought not only for personal freedom, but also the freedom of Burmese people from fear. AUNG SAN Suu Kyi said, "it is not power but fear that corrupts. Fear not only suppresses people's ability to distinguish the right from wrong but also slowly destroys it." Therefore, she had to remain in Burma and use her weak shoulders to bravely bear the century-long sufferings of Burma.

The persistence reaped results finally when the Burmese military government, under the pressure of the world, released AUNG SAN Suu Kyi a month or so ago. People again witnessed a scene that was familiar to them 14 years ago: The smiling AUNG SAN Suu Kyi stood at the threshold of her residence, making a speech in front of her supporters. The only difference was, hers was a weathered face.

Nelson MANDELA of South Africa insisted on resisting the racial segregation of South Africa throughout his life, fighting for the due political rights of black people.

MANDELA was imprisoned for 27 years for that reason. He was newly wed when he was put in prison, but he did not even have a chance to touch the hands of his wife. Whenever his wife visited him in prison, a thick sheet of glass separated them, which was the hardest barrier to cross in the world. MANDELA had written to his wife, saying, "I really wish to be on your side and let you sit on my lap." MANDELA could only touch the hands of his wife 22 years later, realizing the dream he made during the period he was jailed.

Yet, MANDELA had no regrets and he still persisted in prison. He insisted not only on the liberation of black people but also the freedom of everybody in South Africa. MANDELA said, "during the long and lonely years, my aspiration for my people to enjoy freedom changed into my aspiration for everybody, white and black alike, to enjoy freedom." Therefore, he did not insist on "driving white people into the sea" but urged black people to "throw weapons into the sea".

MANDELA's insistence brought South Africa peace and freedom. He became the President of South Africa and left office when his popularity was extremely high. He returned to his native place and relived the experience of his childhood there.

Vaclav HAVEL of Czechoslovakia organized the "July 7 Constitution Campaign" of intellectuals after the Spring in Prague and engaged in protracted cultural and human rights resistance. Vaclav HAVEL was imprisoned for this reason but he had deeper thoughts in prison. He said, "a lonely and powerless person is willing to make voices of the truth, with astonishing and greater powers. Even though he is deprived of civil rights on the surface, he has thousands of anonymous supporters."

Thus, a person who insisted and was imprisoned for justice and rights would summon the strength of the powerless people of Czechoslovakia. The strength is indestructible because it came from the conscience of mankind and the last insistence of the human soul. Vaclav HAVEL said, "we must return to the original political point and awaken the conscience of individuals."

The insistence of Vaclav HAVEL of Czechoslovakia and numerous intellectuals brought Czechoslovakia independence and freedom 20 years after the Spring in Prague. However, the date on which the Czechoslovakian revolution succeeded was precisely the date on which the democratic movement in China was suppressed. The 4 June incident put China on the road of no return to democracy because numerous young people had sacrificed their lives for this. May the living including the Hong Kong Alliance in Support of Patriotic Democratic Movements of China and numerous Hong Kong people that can distinguish right from wrong continue to go forward, upholding their ideals and hoisting their banners.

Hong Kong people have already insisted for 13 years and many motions on the vindication of 4 June have been proposed in this Council so far. Insistence is important, especially when we have witnessed AUNG SAN Suu Kyi of Burma, Nelson MANDELA of South Africa and Vaclav HAVEL of Czechoslovakia insisted with their lives and succeeded in their struggles. They have increased our confidence in the tough road ahead and demonstrated to us that, regardless of how long the road to democracy and freedom may be, it would come to an end and we would then see the dawn of hope.

Madam President, I support Mr SZETO Wah's motion on the vindication of 4 June and support this voice that represents the conscience of China and mankind.

MS AUDREY EU (in Cantonese): Madam President, although the 4 June incident took place 13 years ago, the sincerity of mainland students and people about the pursuit of democracy and the enthusiasm of more than 1 million Hong Kong people in taking to the streets to support our compatriots in the Mainland is still unforgettable. The 4 June incident is testimony to Hong Kong people's patriotic love of our country and their concern for the development of our country. They also hope that China would become more democratic one day.

Up till today, on every 4 June evening, tens of thousands of Hong Kong people will still participate in the candlelight gathering at the Victoria Park regardless of the elements. Even though many people may not attend the gathering, they would commemorate 4 June in their hearts. The Chief Executive, Mr TUNG, has encouraged us to look forward and stop carrying the 4 June burden. Madam President, I am definitely a person who always looks forward and 4 June is not a burden on me, but only on certain people. At that time, it was a hard fact that Beijing suppressed the student campaign and massacred or hurt students and the people. Unless we stifle our conscience and agree that any political regime can wantonly deprive people of their lives, so long as the 4 June case has not been vindicated, we should continue to persist as Mr CHEUNG Man-kwong has said.

Some think that if the central authorities had not suppressed the 4 June incident in those days, China would not be as prosperous and powerful as it is today. Regardless of whether these specious arguments are right, since the country is more powerful than before and many leaders who ordered the suppression in those days had passed away, the new-generation leaders should grasp the opportunity to bravely face up to the historical mistakes. They should vindicate 4 June and make compensations and apologies to the dependants of all those who perished in the incident and those people who had been politically persecuted.

Madam President, I am grateful to Mr SZETO Wah for proposing the motion every year and I also urge other colleagues of other political parties to support this motion. After all, urging the Chinese Government to vindicate 4 June is a most minimal demand. If we even fail to do this, how can we have wild wishes that the younger generation would be able to distinguish right from wrong?

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

MR ALBERT HO (in Cantonese): Madam President, this is the 13th anniversary of the 4 June massacre.

In terms of history, 13 years are not a very long time. The Kwangju massacre of South Korea took almost 20 years before it was vindicated; the "228" incident of Taiwan took even longer before the Government came to admit

its mistake in history and justice was done to the victims. However, Madam President, to the family members of the 4 June victims who have been wronged and endured the pain of losing their loved ones, these 13 years have been very dark and long. For family members of the victims who are faced with the uncertainty of not knowing when justice could be done to the victims, we should show solicitude and understanding for their grief and indignation, anxiety and helplessness. Fortunately, the "Mothers of Tiananmen Victims Campaign", initiated by Madam DING Zilin and Mr JIANG Peikun, could now offer humanity care and help for the victims. I hope this campaign could give some consolation and stronger spiritual support for family members of the victims.

As a matter of fact, the 4 June incident was a grave matter of right and wrong. The Chinese people and the international community have long come to the conclusion that: (1) There is no doubt that the 1989 pro-democracy movement was initiated by the people and spontaneous in nature. It started as an anti-corruption campaign and later developed into a patriotic social movement to fight for freedom, human rights and democracy in the broad sense; (2) at that time, the ruling party of China refused to open sincere dialogues with the protesters and refused to resolve the problem. It even aggravated the prevailing political crisis by resorting to more oppressive measures like the enforcement of martial law and thus created a tragedy. It was definitely a political mistake; and (3) those in power finally ordered the army to brutally injure and slaughter unarmed ordinary people and the protesters with tanks and guns. It was obviously a crime and those in power must be held legally responsible. We firmly believe that the aforesaid three points would certainly form the ultimate official historical, political and legal judgement.

Over the past 13 years, we have never slackened our efforts and persistently continued to fight for the vindication of the 4 June incident in Hong Kong and for the establishment of a democratic China. We have done so because of our conviction that China must undergo a comprehensive and thorough democratic reform. Only with the establishment of such a system could the hidden and ever-growing contradictions in the community be permanently and effectively and resolved the conflicts of society dealt with in a peaceful, rational and fair manner. The establishment of a democratic system could prevent national tragedies like the Cultural Revolution and the 4 June incident, which were results of a malfunctioned or collapsed system. We are convinced that no matter whether or not the vindication of the 4 June incident or the establishment of a democratic China could be realized at the same time,

history would certainly develop along these lines and this target could eventually be achieved.

Today, I would like to read out an elegiac address written for the 10th anniversary of the 4 June incident. This elegiac address was published by the family members of the 4 June victims on 28 February 1999. I would now like to read out two paragraphs from that address in memory of the victims of the 4 June incident. The first paragraph: "On the black weekend ten years ago, you shed the last drop of blood for the freedom, dignity and happiness of yourself, your families and all compatriots. You should never have died, but you are dead. You were not heroes and you did not want to be heroes. Perhaps your deaths were very insignificant, perhaps your blood were shed for nothing, and perhaps you would not leave your names behind in this world, but with the price of your lives, you proved that you were real human beings. You have already done enough for your parents, your wives, your husbands and your children."

The following comes from the last paragraph of that address: "What made your families uneasy is that today, on this piece of land where you all once lived, autocracy still exists while cruelty and slaughters may still occur. This is the last thing we wish to see. We look forward to the day when this period of history will end, we look forward to the day when our nation will become better every day, and we look forward to the day when people in your generation and the next will not be subjected to your sufferings. Please give us some more time! Until that day, until your families and all your compatriots become respected members among free human beings, your souls will truly rest in peace."

I so submit.

MR ANDREW CHENG (in Cantonese): Madam President, 13 years have slipped by in a flash. As in last year, Mr SZETO Wah has once again moved a motion to urge that "the 4 June incident be not forgotten and the 1989 pro-democracy movement be vindicated". Perhaps some people may ask, "Why do we move such a motion every year?" I think it is not only because we want to tell the ruling power in Beijing that we have not forgotten it, but that we also want to tell the next generation in Hong Kong that we should not forget it because history has yet to be vindicated.

Thirteen years have passed and some key figures of the incident may have already passed away. Of course, some people hope that the 4 June incident will be forgotten. However, every June, there are always those who want to do something. For example, some people will draw a picture, write a few lines, march on the streets or attend a candlelight vigil. This is because the patriotic pro-democracy movement of 4 June 1989 has yet to be vindicated by those in authority. Those who were killed innocently and the families of these victims have yet to be offered a proper account of the incident. The wounds of history have yet to be soothed. Justice has yet to be done. How then can we possibly say that we have forgotten this incident? Though the Government may hope that we would forget this incident and has tried every means to obstruct our commemorative activities, we will not give up.

The theme of the commemorative activities held by the Hong Kong Alliance in Support of Patriotic Democratic Movements of China this year is: "Young people, come together and join us in learning about history and let us not forget the 4 June incident". We believe that the 4 June incident is a milestone in the arduous struggle of the Chinese nation for democracy. This is not something that only concerns our generation, but something that our next generation must also learn, know, reflect on and remember by heart when they carry on with the fight for a democratic China.

Madam President, we find it most regrettable that the Government of the Hong Kong Special Administrative Region (SAR) has never faced up squarely to this part of history on the 4 June incident. In addition, it has also tried every means to obstruct our commemorative activities and intentionally suppressed those activities, thinking that this chapter of history can be thus wiped out by government force.

In fact, this is a very naive idea. History is about the evolution of nature and human societies, and this includes the prime days and decay. The objective nature of history could not be changed by the subjectivity of human will. Perhaps, it is possible to cover up everything single-handed for some time but this certainly cannot last forever.

History is a mirror. If we open any history book, we should read not only about the prime days in the development of human societies. We must also read about the decline of dynasties. We should do a good job in educating the

younger generation so that they could learn the truth in history. As long as we learn to respect history, remember the lessons of history, the grief we felt, and never try to forget them, we will not repeat the same mistakes. Only then can there be any prospects for our people.

Madam President, the majority of our younger generation care little about affairs China. The best way for them to learn about the development of the Chinese nation is from the subject of History in their school days, albeit fragmented. When the happenings during any particular period in the past are prevented from becoming part of history, the young generations will never learn about these happenings and thus will never appreciate the sentiments at that time. Nationalistic feelings can never be nurtured. Today is the sequel to yesterday, just as tomorrow is to today. If seeds were not sown yesterday, there can never be any germination today, and never any blossoming tomorrow.

While we are prattling about instilling patriotism in young people on the one hand, we are, on the other, telling our next generation not to face up squarely to the historical facts of 4 June. This selective sort of patriotism is indicative of the ignorance and blind faith of those who serve those in power. It will not bring a bright future for our country. On the contrary, it will only further weaken the national consciousness and patriotic sentiments of our next generation, turning them into an indifferent generation. The future the Chinese nation can only be built up through the concern and commitment of its young generations.

So, let us all give our young generations a clear account of the 4 June incident, and encourage them to look at the 4 June incident with a rational mind and a Chinese heart. I hope that one day, the textbooks for history and social subjects will give an impartial, objective and rational account of the 4 June incident, so that this part of history will not slip from the memories of our next generation.

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

MISS MARGARET NG (in Cantonese): Madam President, I need to thank Mr SZETO Wah for the annual motion asking people not to forget 4 June. I also want to thank the Hong Kong Alliance in Support of Patriotic Democratic

Movements of China (the Alliance) and its members for arranging a candlelight vigil on 4 June each year so that we may assemble to commemorate the incident. Madam President, the 4 June incident is by its very nature a democratic movement, a student movement and a movement by students to promote democracy. The road to democracy is a long road, with hurdles galore to overcome. As we pursue democracy, whether we are in the Mainland or in Hong Kong, we are treated unfairly. We are unfairly criticized and trampled on. So, it is on occasions as this one that we may stand up together for what we fight for, knowing that we are not alone but well supported by many others. Even though in the Bible, Peter would, as Mr SZETO Wah said, deny Jesus, it is not important for that is a human frailty. Perhaps, the number of participants in our annual gathering may decrease, or perhaps it will increase on some occasions, but we are not alone. Even if just one person is left, we should remember that at Tiananmen Square we once had numerous companions.

Madam President, when I recall the 4 June incident, what appears in my mind most vividly is a mental picture of a student kneeling on the stone steps holding a petition with both hands above his head. The student only wanted a dialogue with those in power, but the student had to kneel on the ground! So, it was a very difficult task to criticize the government, to enjoy the freedom of speech. We are in Hong Kong — a place now deemed to be an inseparable part of China — and we are enjoying the freedom of speech and freedom of assembly. Given this, we are duty-bound to expand these freedoms and make them last forever, and no one will need to kneel on the floor to fight for them. We are thus very much concerned about protecting the freedom of speech and the freedom of assembly. From what we can see, the freedom of assembly is facing increasing pressure.

Recently, because the Appeal Board reversed the decision to reject the Alliance's application to assemble at the Government Secretariat, everyone seemed to be relieved to find that not all the efforts to fight for what we demand are doomed. This, nevertheless, tells us we are facing even greater challenges. Whereas in the past the police would issue warnings to assemblies without notification, they will now deem such assemblies to be unlawful assemblies by invoking the harshest part of the Public Order Ordinance. The offence of organizing an unlawful assembly or of taking part in one will be punishable by imprisonment. Faced with such highly undesirable developments, we must stand firmer than ever.

Madam President, last week, I attended a forum in which a speaker told a story that also relates to kneeling on the ground. As we may well know, the rule of law originated from 13th century England. At that time, judges and the King had a conflict. Once, a Chief Judge led a group of judges to have a meeting with the King and demanded that he be bound by the law. King James I was furious and berated them severely. Both the Chief Judge and the judges had to kneel on the ground, but they said, "Your Majesty, tomorrow, we will still be hearing case in court in accordance with the law. Though we are now kneeling on the ground, our independence, our respect towards the law and our undertaking under the law will not diminish."

Madam President, I also recall that at a Legislative Council meeting near July in 1997, the then Member, Miss Christine LOH, said there were dissidents in the Mainland but not in Hong Kong because it is normal for us to hold views different from the Government. There is nothing special about that. Madam President, we are beginning to see a culture of dissidents. Some people will be labelled dissidents. Since we have this culture, we may as well learn to be dissidents. Mr CHEUNG Man-kwong mentioned some typical dissidents in this connection. What qualities do they have? They insist on telling the truth, on their moral quality, integrity and pursue moral perfection. They have courage and are not afraid of difficulties. They particularly insist on being selfless and are prepared to sacrifice like the martyrs in the 4 June incident. We will face some difficulties in future, and we should prepare ourselves for them.

Lastly, 4 June is a patriotic movement. It shows that the yearning for democracy and human rights does not conflict with the love of the people and the country. We love our country, our people and so we fight for democracy, human rights and the rule of law. We want to plant our roots in Chinese soil and thrive there. Madam President, we must not forget 4 June. We must support each other. In candlelight or in darkness, we will march hand in hand towards our goal.

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

DR YEUNG SUM (in Cantonese): Madam President, as a Hong Kong citizen, I am pleased to see the thousands of people who are present each year at the candlelight vigil commemorating the 4 June incident. The 4 June this year is fast approaching and I am sure that tonight numerous candles will be lit, showing that Hong Kong people have not forgotten the incident.

"Flower of Freedom" is a song I like. The verses in it arouse strong sympathy in me. For example, "The unforgettable becomes our thoughts. It is my belief that the date will be remembered though with pain, which, over the years, has transformed into strength. One truth, one aim. Forever searching. It will take a long time but without fear we will proceed. Overcoming difficulties in our stride, we remain fearless and never falter. Reasons we do not heed. Intentions may be illusory but there is a dream that never dies. Bear this in mind. Through wind and fire, will the flower of freedom blossom."

Madam President, in a blink, 13 years have passed. The calls of Hong Kong people to vindicate the 4 June incident still persist. There are many who think China is out of the woods economically, people's living conditions have improved and, with China's accession to the World Trade Organization, obsession with the 4 June incident would not do the people and the development of the nation any good. I have asked myself whether I am being overly obsessed. One thing is very clear to me, however. In that incident students sacrificed their lives for democracy and freedom in China, which has a significant meaning to the people and the nation. People live not just on food. Human rights and freedom are basic rights of the individual. Without democracy, how can there be any guarantee for the freedom and human rights for the individual?

Therefore, the students who sacrificed their lives have awakened our conscience. Let everyone fight for the candlelight of democracy and pass it on from one generation to another so that the next generation of China may live in freedom and dignity under a democratic system and with guaranteed basic human rights. When that happens, the students would not have died in vain.

Madam President, the candlelight vigil to commemorate the 4 June incident held in Hong Kong is the only public activity that can take place on Chinese soil. I hope the people of Hong Kong will come to the gathering with

their friends and relatives. If the people continue to remain silent and choose to forget history, China will, I am afraid, have no hope. To forget history will only create history that continues to defeat justice.

With these remarks, Madam President, I support Mr SZETO Wah's motion.

MR JAMES TIEN (in Cantonese): Madam President, it is the fifth year in a row that the debate particularly set on the 4 June incident takes place in this Council. In the debate last year and the year before that, other than Members from the Democratic Party and their allies, I was the only person who spoke and I spoke on behalf of the Liberal Party. I trust the same scenario would happen today. The main reason why I have chosen to speak is chiefly the same as that for last year, that is, I respect Mr SZETO Wah for his steadfast position in his conviction.

Regarding the circumstances surrounding the 4 June incident and why it ended in bloodshed, the Liberal Party, like last year, is of the view that history will give a verdict. Whether the incident should be vindicated is, we believe, a matter for the Central Government to consider. At any rate, during the 10 years or so since 1989, the reform and opening up of China have made remarkable progresses. The legal system and democratization process in China have continued to advance. Swiftly, China economy has grown and its society developed. Last year, China succeeded in entering the World Trade Organization and in bidding to host the Olympic Games, which are events that serve to further confirm that China's achievements in recent years have been recognized by the international community.

The Liberal Party maintains that whatever reform the Mainland wants to undergo, a stable political and economic environment is a prerequisite. Thus, at the top of the priority list of the Central Government is economic development to create a more democratic and prosperous community and to enhance its international influence. We should set our eyes on the future and avail ourselves to every opportunity brought to us by the Mainland.

Madam President, the Liberal Party has no new views about the issue and will, as before, abstain in the vote.

MR LEUNG YIU-CHUNG (in Cantonese): Madam President, each year, when a debate on Mr SZETO Wah's motion is held, there are bound to be people who would say that if the Chinese Government did not crack down on the democratic movement in 1989, China would not have made the economic achievements today. This viewpoint will certainly become increasingly popular with China's accession to the World Trade Organization (WTO), Beijing's successful bid to host the Olympic Games and the Chinese football team entering the World Cup Finals.

I, however, would think that the viewpoint is a fascist way of thinking in which the dissident voice is suppressed and people's lives are belittled for the sake of economic development. A most disturbing aspect of the viewpoint is that people who think this way have failed to realize that the economic development so far is only a superficial achievement. The fact is that most people's livelihood has not improved much and the difficult conditions of some people may even be worse than before.

When China enters the WTO and the market is liberalized, it is workers and peasants who will bear the brunt of the impact. They have to live in worse conditions than before. Whereas in the past state-owned enterprises were protected by the State, they now have to face competition from foreign capital. To enhance efficiency, many enterprises have to streamline their establishment and numerous workers are laid off. A very conservative official estimate is that the number of unemployed people has reached 60 million. Economists of the Development Centre of the State Council of China have pointed out that the present unemployment rate in urban areas is as high as 10%. The figure will rise to 15% following China's accession to the WTO. Thus, workers in China are threatened by unemployment. Problems will, I believe, continue to emerge in the absence of proper social security. Regrettably, the social reforms carried out by the Chinese Government in the past few years serve only to gradually shirk its responsibility of providing social services. As a result of this, some laid off workers find themselves in a predicament due to insufficient compensation after leaving their posts and a lack of subsidy for other services. The civilian workers with no household register have had the worst deal. Expenses on food and lodging are expensive but wages are paltry. They live on as the poorest people in society. Such treatment given to workers is, in my opinion, a shame for the leadership of a major socialist country, which attaches great importance to the working class. The leadership can do better than just telling other nations how prosperous and strong China is.

In fact, not only do workers have to face the impact of China's accession to the WTO. The peasants have to face an even greater difficulty. Among the 800 million peasants, it is estimated that there are 200 million surplus labour. As the Chinese Government was eager to enter the WTO, it worked only towards achieving superficial economic results, rapidly opening up the mainland market and undertaking to reduce subsidy given to peasants, without considering the negative effects on the peasants. As a result, peasants who border on abject poverty are driven further into their predicament.

There may be those who think the people in power have now become aware of the gravity of the problem, especially when Premier ZHU Rongji emphasized, at a meeting of the National People's Congress in March, the need to increase the income of peasants, as if he cared about the grassroots. But did he in fact care about them? Whereas the Chinese Government in the past repeatedly cracked down on peasants and workers who fought for their legitimate interests through peaceful rallies, it now switches to please capitalists and foreign investors. Even if there are perfect labour laws, they are not strictly enforced. Some of these actions were done to reduce costs of business operators in order to retain the capitals, but more often officials accepted bribes, and the situation is getting worse. Moreover, the Chinese Government never ceases to crack down on free labour unions. All these phenomena are just a manifestation of one principle: the present Chinese Government just wants to please capitalists, without regard to the interests of the grassroots, workers and peasants. Chairman JIANG Zemin has issued a number of instructions to attract capitalists, which is a big shame. A regime that stresses leadership by the working class is now acting without regard to the interests of workers.

Economic development has only created a privileged class, at the expense of the interests of over 1 billion workers and peasants. Today, senior cadres and their relatives in the Mainland are running wild. Corruption is, I believe, more rampant than it was 13 years ago when the democratic movement was in progress. Though the Chinese Government emphasizes the importance of its fight against corruption, and, from time to time, so-called senior cadres are required to face the music, everyone can see whether these could curb corruption within the Chinese Government. Recently, the mainland weekly magazine on the securities market, the *Zhengquan Shichang Zhoukan* reported a case of corruption involving LI Xiaopeng, the eldest son of LI Peng, for manipulating state-owned enterprise Huaneng International through his special status so that the company was turned into a family business. The result was that copies of

the magazine had to be recalled and the author of the article was arrested. We could not help asking: Is that what a result of an anti-corruption action should be? Does that bear out the determination of the Chinese Government to fight corruption?

The above example shows that without democracy, corruption cannot be effectively combated because corruption has to be removed through scrutiny and monitoring by the people. Regrettably, however, the Chinese Government is not supported by the people; nor is it a government that belongs to the people. Recently, it was revealed that the third son of KIM Dae-jung, President of South Korea, was engaged in corruption cases and KIM indicated that everything had to be done according to the law. This tells us the importance of democracy in the fight against corruption. When the people have the power to monitor, even the son of a president has to be punished.

The Government has taken to opinion polls recently, which I would like to talk about as well. In March this year, when the National People's Congress and the Chinese People's Political Consultative Conference were holding their plenary sessions, "sohu" (搜狐), a mainland website, conducted a survey with 250 000 participants. The results showed that the concerns of most people were anti-corruption, judicial independence and political reform.

Madam President, I so submit.

MISS CYD HO (in Cantonese): Madam President, it has been 13 years since the 4 June massacre. Those who lost their families and mothers who lost their children are still bleeding in their hearts. As a third party, we could never feel the real pain felt by mothers who have lost their children at Tiananmen, though we very much sympathize with the victims. To be fair to history, the families of the victims and to alleviate the anguish of those who suffer, the only one thing that needs to be done is to rehabilitate, to face history squarely, to tell the people what transpired in the decision-making process and to punish those committed the crime.

Recently, I spoke to a group of young professionals taking up important positions in sizeable organizations. When the 4 June tragedy happened, they were university students. They went to study abroad afterwards. They have now completed their studies and settled in Hong Kong. They are all excellent

talents of China and before they came to settle in Hong Kong, they were talents much sought after by foreign organizations. They, however, do not want to stay abroad because they do not want to stay in places other than Chinese soil. But they are not willing to return to the Mainland to work either because they cherish freedom, freedom of the press, freedom of speech, freedom to comment on corruption and bad government policies and freedom and security of the individual. All these freedoms are not protected in the Mainland, and so Hong Kong became their only choice.

I told them, nevertheless, that I am worried about expanding powers of the police and that the freedoms they cherish are diminishing. I said the bad government policies in China in the past are partly the making of the Chinese people because they withdrew out of fear and hence dictatorship reigned, causing immense harm to the people. Hong Kong is also doing poorly now. What we can do for our country and Hong Kong is to be selfless, fearless, to uphold the freedom we are still enjoying, to strive for the freedom we should be enjoying, and to insist that the 4 June incident be vindicated so that Chinese talents and those who have the sense of right and wrong may return.

I do not intend to cite the very witty quotes from AUNG SAN Suu Kyi and I am not a person who read well, but I have read her book "Freedom from Fear". In it she said there is "aberration due to fear" and fear would "stifle and destroy all sense of right and wrong". I hope everyone may be free from fear and make a clear distinction between right and wrong.

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

MR LEE CHEUK-YAN (in Cantonese): Madam President, 13 years have elapsed since the 4 June massacre. During these 13 years, the feelings of many people on this incident may have become less intense with the passage of time, but for me, I could never forget the spring of 1989. To Hong Kong, it could be said to be the "Spring of Hong Kong", and to China, it was certainly the "Spring of China". There was never such a national-wide democratic movement in China, which gained the support of people from all over the country. In Hong Kong, I believe no one had ever seen so many demonstrations of the million until then. What impressed me most at that time was the spontaneity and initiative of the people. We had had many years of experience in organizing demonstrations

and frankly speaking, we were already well-versed in the relevant procedures and prescribed actions. However, the 1989 pro-democracy demonstrations of Hong Kong did not need any prescribed actions and the organizer did not have to design any big posters or banners, for participants would bring those along out of their own volition. I could never forget those scenes and they also made me filled with hope in times of depression because it showed me that Hong Kong people are not economic animals and that they also have another face.

Of course, unforgettable incidents — the 4 June massacre and my detention — still filled me with indelible sorrow and anger. However, 13 years have passed and on observing the current responses and comments of Hong Kong people on the 4 June incident, sometimes I would ask: Where have our feelings gone? Today, in this Chamber, Secretary Michael SUEN said that we have spent nine hours debating the accountability system for principal officials and I believe that this motion will soon come to an end. But where has our eloquence gone? The eloquence that Members displayed in the debate on the accountability system for principal officials, where has it gone and why have Members not continued with their eloquent debate? Is it because some Members are not willing to speak against their conscience in defending the massacre, but yet do not have the courage to condemn the bloody crackdown since the suppressor is precisely the regime they are leaning on? Who is the most patriotic? Is the Hong Kong Alliance in Support of Patriotic Democratic Movements of China or the traditional pro-Communist parties in Hong Kong? How could a patriot accept a regime that fired at its own people? Even 13 years have passed, I believe no one will accept this. But why have everybody remained silent? Members of the public will know who are the real patriots and they also know that patriotism does not only mean supporting the Chinese team in the World Cup Finals for this is not the only criterion. It is certainly true that the two are not mutually exclusive. I hope that on 4 June, even if you watch the soccer match in the afternoon, you will also attend the 4 June vigil at night. There is no conflict between the two.

Another comment that made me feel most disappointed is, China is now doing very well and its economy is prospering, so why should we still advocate democracy? The most important thing is to maintain political stability so that people can continue to make money and this alone is adequate. This reflects that Hong Kong people are only calculating how much benefit they can get and how much money they can make. In fact, in addition to safeguarding the moneymaking system, a democratic system could also ensure that those who do

not make money could enjoy human rights and freedom and strike a better balance in society. Many people say that the China economy is prosperous, but who stand to gain? Why has everyone failed to see that tens of thousands of Daixing oil field workers had marched in protest to recover their wages; that workers in Liaoning had staged demonstrations to fight for their own rights but five protestors were arrested in the end? Where are human rights?

Some people say China has changed a lot. I would like to say that as long as arrests are still made, how could China have changed? After all, it is still suppressing dissidents. Nowadays dissidents are not only restricted to dissidents of political ideologies. Even workers who come forth to fight for their own rights and interests are regarded as dissidents for they are a threat to the regime. Is this the society or China we desire, and is the guarantee on making money the only criterion for the China we desire? Moreover, there are still many poor people in China and they cannot make any money. Please do not just think whether you can earn money, you must also think whether the Chinese people themselves can enjoy a stable living, whether they are well clothed and fed and whether society is fair. Recently, I read a small press report saying that in order to develop the Xintiandi in Shanghai, Hong Kong businessmen have caused the land of a Shanghai resident to be acquired against his will. The grievances of that resident were not redressed and it could be said that there is no channel of redress. As such, though Hong Kong businessmen may reap something, but only at the expense of Chinese people. I hope that for the sake of Hong Kong people, Members of this Council would focus their attention not only on economic stability. We are, after all, a community and a nation. Our criteria should not be restricted to allowing some people to become rich first so as to show how rosy are our economic data. But rather, we have to look at the livelihood of the people and see whether there is still room for freedom in the whole community; however, up to now, there is still no such room in China.

Finally, I would like to read a paragraph as a challenge to all of us — from the hunger strike declaration at that time: "This country is our country, the people are our people and the Government is our government. If we do not cry, who will cry? If we do not act, who will act?" I do not know whether I am the last speaker on this motion, but regrettably, today, it seems that not many people are crying, not many people are acting. However, no matter how many people are crying or acting, I believe we will continue to act. Thank you, Madam President.

MR MARTIN LEE (in Cantonese): Madam President, when the Hong Kong Alliance in Support of Patriotic Democratic Movements of China was established in 1989, I was elected Vice-Chairman, therefore, I am very keen to speak today. Unfortunately, even before the President declared the adjournment of this meeting, the government benches are already empty. This is not something that only happens this year, but it has happened for many years. In fact, government officials have the right to attend our meetings and the Chief Executive can also instruct them to attend meetings of the Legislative Council to speak on behalf of the Government. However, they are not forced to speak and they can just sit in attendance without speaking. This is the same for Members with views different from those of us in the democratic camp. While they have also sit in attendance, only Mr James TIEN of the Liberal Party has spoken on this motion and for this, I must salute him. More and more Members are coming back to this Chamber because, later on, they are going to vote on this motion. Some Members of the Democratic Alliance for Betterment of Hong Kong have at least sat through the debate. This is also a show of our mutual respect. However, why have government officials shied away from the occasion? Do we not have to reserve seats for them? Since they only attend meetings when they feel like it and stay away if they do not, then why do we have to provide seats for them on a permanent basis? In fact, I feel that their absence is a sign of utter disrespect for this Council.

I remember that during the several weeks before and after the 4 June incident in 1989, Hong Kong people staged numerous demonstrations, with hundreds of thousands of participants joining each time and were totally without incidents, while the police only stood by as observers. All people from the left, centre and right political parties fought together for democracy in China and they also hoped that there would be democracy in Hong Kong.

"Uncle Wah" will move this motion every year. Some people said "Uncle Wah" has failed to keep tab on the pulse of the times and could not understand why he is still so persistent. They said he should give up the fight and shed the baggage. Some people also asked why the Democratic Party is always talking about democracy and why we are still fighting for democracy, now that the accountability system for principal officials is under discussion. Yes, we are such kind of persons. My philosophy of life is as long as we continue to fight for the vindication of the 4 June incident, and as long as we continue to fight for democracy, we are not defeated and will not be defeated. However, the day we give up our fight for democracy is the day we are defeated.

Therefore, we will not give up our two major targets of "fighting for the vindication of the 4 June incident and for democracy". Since I am confident that we will win, then why should I give up a cause that we will certainly win? Democracy has already become a worldwide trend and sooner or later, our leaders in China will join the democratic ranks and sooner or later, the 4 June incident will be vindicated. It is just a matter of time.

In fact, the day when our country vindicates the 4 June incident and establishes democracy, it shows that our leaders are confident of themselves and our nation will truly be a great nation. Madam President, the day will certainly come. Even if we win the soccer matches of the World Cup, it does not mean that we are a great nation. But if we establish democracy, face up squarely to history and vindicate the 4 June incident, then such leaders are the greatest leaders.

With these remarks, I support the motion.

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

MISS EMILY LAU (in Cantonese): Madam President, I speak in support of Mr SZETO Wah's motion.

Thirteen years ago, the patriotic pro-democracy movement imitated by students in Beijing became the focus of the world's attention. Many Chinese and Hong Kong people were greatly inspired, especially when we saw pictures of the demonstrations by news workers and other Beijing residents on the front page of the *People's Daily*. Nobody could believe that the *People's Daily* had printed those pictures. Eventually, everyone assumed there was real press freedom in China.

In fact, the pro-democracy movement at that time took the country by storm. I believe the protest activities in other parts of China did not receive much media attention because most media were stationed in Beijing to cover the protest activities of students at Tiananmen Square. At that time, I believed that many people truly felt that China had finally got democracy. However, the 4 June Beijing massacre greatly saddened the international community, Chinese people and Hong Kong residents. They had never thought that a peaceful

means of fighting for democracy would come to such a tragic end and many Hong Kong residents came forth to show their outrage.

Thirteen years have elapsed and many people said Hong Kong people have forgotten this incident and many Chinese people might have also forgotten this incident. But I do not believe it. I agree that it is very hard to ask 1 million people to come forward to commemorate the 4 June massacre every year. However, in the event of similar massacres (which I certainly do not wish to see), I certainly believe that 1 million, 2 million or even 3 million people will come forward again to state their positions. I have confidence in Hong Kong people. Though they may have now got a lot of worries on their minds and may have other concerns, a prosperous and strong, democratic and free nation has always been the hope and aspiration of the majority of 7 million Hong Kong people.

I think a regime that used tanks and machine guns to slaughter its own people must be denounced. Not only should it be denounced on 4 June each year, but it also should always be denounced. I am not only talking about the Chinese Government alone, but I think any government that had used violence to suppress and slaughter its own people (especially those who protested through peaceful means) must be denounced by its people and the international community. Madam President, I hope that one day, I would live to see China investigating into the cause of this tragic incident to find out who should be held responsible. We do not want those in power (no matter whether he is in Beijing, the SAR or any place) to assume that he could get away with slaughtering several hundreds to thousands of people, or even feel that he could gain rapid advancements as a result. I believe all rational people in the world will not support or tolerate such actions.

Today, in this Council, some people may not wish to speak. What is heartening is that Hong Kong still enjoys some freedom. Hong Kong people and Members of this Council are free not to speak, and I respect this freedom. However, no matter whether they have spoken out or not, we understand that deep down in the hearts of millions of Hong Kong people, they will never forget the government that used tanks and machine guns to slaughter its own people, and this government should pay for its crimes. I earnestly hope that the Chinese Government will soon conduct a real investigation into this incident to uncover the truth and trace the responsibility. I also have great confidence in Chinese people. I do not believe that the memories of Hong Kong people have faded,

for they will not forget this incident. As a member of Hong Kong, I would like to offer some assistance, to ensure that this incident is investigated and the truth is finally uncovered, to make the regime that has slaughtered its own people to pay for its crimes.

With these remarks, I support the motion.

PRESIDENT (in Cantonese): Mr SZETO Wah, you may now reply and you still have six minutes 17 seconds.

MR SZETO WAH (in Cantonese): Madam President, when I moved the motion, I said that the Hong Kong Alliance in Support of Patriotic Democratic Movements of China had put together political advertisements in newspapers on the 1989 pro-democracy movement into a special collection. I reckon this special collection is already sold out. I suggest that all voting records and certain speeches of the former and existing Legislative Councils on the 4 June incident over the past years should be added to the next edition of this collection as an appendix, in juxtaposition to the political advertisements. I think this would be very meaningful.

Over the past years, the Liberal Party has always abstained from voting on the 4 June incident. Its determination in abstaining from voting and its determination in abstention could still be seen as a form of determination. Mr James TIEN said earlier that he respected my perseverance and I also respect them for never making a "volte-face" and consistently abstained from voting.

For some Members, I have never harbour any wish that they might vote for the motion or abstain from voting. I could appreciate their situation. Moreover, I believe that they will not be so determined in the future and will make a "volte-face". Like what happened during the Cultural Revolution, some people supported the "Gang of Four" but when HUA Guofeng arrested the "Gang of Four", these people turned to support HUA Guofeng. Subsequently, when DENG Xiaoping unseated HUA Guofeng, they turned around to support DENG Xiaoping. Whichever way they cast their vote, I would be satisfied as long as they do not keep the blood of the victims in their mouth and then spit it on their corpses.

For those absentee Members who were not outside Hong Kong (such as Mr Albert CHAN) or not otherwise engaged but simply absent from the meeting, and thus do not vote for or against the motion or abstain from voting, apart from appreciation and sympathy with their situation, I also have some admiration for them because at least they have tried to stay out of this. Today, no Member has spoken against the motion. In fact, even if they have done so, I do not intend to make a rebuttal for there will be a black and white record on the proceedings of the meeting. What they said were left to be assessed by themselves and their future generations, the whole world, whole country and all the people of Hong Kong and their future generations, or even to be assessed in history. It is really not necessary for me to make a rebuttal in this Chamber.

I said earlier that I hope to add the voting record of this motion and the comments of some people as an appendix to our special collection of political advertisements. It is a pity that though there will be voting results for today's motion, there will not be any speeches worth adding to the appendix of our special collection. Mr Martin LEE referred earlier to the empty government benches. This made me recall that I saw several government officials with their children in the great march in 1989; I also saw several government officials with their families at the gathering of the "Democratic Songs for China". I do not blame them for their absence today, nor for not listening to our speeches. Though these officials did not say anything, I still appreciate the fact that they joined our activities in the past.

Madam President, I so reply.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert HO rose to claim a division.

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

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

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

Functional Constituencies:

Miss Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai and Mr LAW Chi-kwong voted for the motion.

Dr Raymond HO, Mr HUI Cheung-ching, Mr CHAN Kwok-keung, Dr Philip WONG, Mr WONG Yung-kan, Mr Henry WU, Mr IP Kwok-him and Mr LAU Ping-cheung voted against the motion.

Mr Kenneth TING, Mr James TIEN, Mrs Selina CHOW, Mr Bernard CHAN, Mrs Sophie LEUNG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU and Mr Tommy CHEUNG abstained.

Geographical Constituencies and Election Committee:

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

Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Dr TANG Siu-tong, Mr NG Leung-sing, Mr YEUNG Yiu-chung and Mr Ambrose LAU voted against the motion.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present, four were in favour of the motion, eight against it and nine abstained; while among the Members returned by geographical constituencies through direct elections and by the Election Committee, 24 were present, 14 were in favour of the motion and nine against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negated.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 5 June 2002.

Adjourned accordingly at twenty minutes to Ten o'clock.