

# OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 12 June 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 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 CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN

THE HONOURABLE CHAN KAM-LAM

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE WONG YUNG-KAN

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

THE HONOURABLE HOWARD YOUNG, J.P.

DR THE HONOURABLE YEUNG SUM

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

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH

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

THE HONOURABLE MIRIAM LAU KIN-YEE, J.P.

THE HONOURABLE AMBROSE LAU HON-CHUEN, G.B.S., J.P.

THE HONOURABLE EMILY LAU WAI-HING, J.P.

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

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

THE HONOURABLE LAW CHI-KWONG, J.P.

THE HONOURABLE TAM YIU-CHUNG, G.B.S., J.P.

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE ABRAHAM SHEK LAI-HIM, J.P.

THE HONOURABLE LI FUNG-YING, J.P.

THE HONOURABLE HENRY WU KING-CHEONG, B.B.S.

THE HONOURABLE TOMMY CHEUNG YU-YAN, J.P.

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE LEUNG FU-WAH, M.H., J.P.

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK

**MEMBER ABSENT:**

THE HONOURABLE LEE CHEUK-YAN

**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

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

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

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

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

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

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

MR PAUL TANG KWOK-WAI, J.P.  
SECRETARY FOR TRANSPORT

**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

**TABLING OF PAPERS**

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Magistrates Ordinance (Amendment of Fourth Schedule) Order 2002 .....	89/2002
Fixed Penalty (Public Cleanliness Offences) Ordinance (Amendment of Schedule 2) Order 2002 .....	90/2002
Employment of Young Persons (Industry) (Amendment) Regulation 2002 .....	91/2002
Gambling (Amendment) Regulation 2002.....	92/2002
Commodities Trading Ordinance (Amendment of Schedule 1) Order 2002 .....	93/2002
Clubs (Safety of Premises) (Exclusion) (Amendment) Order 2002 .....	94/2002
Public Health and Municipal Services Ordinance (Public Markets) (Designation and Amendment of Tenth Schedule) Order 2002.....	95/2002
Declaration of Markets Notice (Amendment) Declaration 2002 .....	96/2002
Statutes of The Chinese University of Hong Kong (Amendment) (No. 2) Statute 2002.....	97/2002
Road Traffic Legislation (Amendment) Ordinance 2002 (3 of 2002) (Commencement) Notice 2002 .....	98/2002

Other Paper

Report of the Finance Committee on the examination of the Estimates of Expenditure 2002-03 (June 2002)

**ADDRESS**

**PRESIDENT** (in Cantonese): Address. Dr Philip WONG will address the Council on the Report of the Finance Committee on the examination of the Estimates of Expenditure 2002-03.

**Report of the Finance Committee on the examination of the Estimates of Expenditure 2002-03 (June 2002)**

**DR PHILIP WONG** (in Cantonese): Madam President, in accordance with Rule 71(11) of the Rules of Procedure, the President has referred the Draft Estimates of Expenditure for 2002-03 to the Finance Committee (the Committee). The Committee has completed the examination of the Draft Estimates of Expenditure and I would like to present the Report on behalf of the Committee.

The Committee has held a total of six special meetings from 25 to 27 March 2002 to examine the Draft Estimates of Expenditure for 2002-03. The meetings consist of 18 open sessions. The purpose of the examination was to ensure that the Administration is seeking provision no more than is necessary for the execution of its policies in 2002-03.

This year, prior to the special meetings, members submitted a total of 1 384 written questions on the Draft Estimates. Both the printed and electronic copies of the replies by the Administration were forwarded to members prior to the special meetings. The public can also browse the replies at the website of the Legislative Council.

This Report as tabled gives an account of the examination and contains a full record of the proceedings of the 18 sessions, in which members raised their concerns, views and questions and the Administration gave its response, in Chapters II to XIX. Questions which were not asked at the meetings due to the

time constraints would be asked as supplementary questions requiring replies by the Administration in writing. Questions involving wider policy issues will be referred to the relevant panels for consideration.

Madam President, I would like to express my sincere appreciation to members for their enthusiastic participation in the special meetings and to the Administration for its active response. I also wish to thank the staff of the Treasury and the Legislative Council Secretariat for rendering relentless support to the work of the Committee.

I so submit. Thank you.

## ORAL ANSWERS TO QUESTIONS

**PRESIDENT** (in Cantonese): Questions. First question.

### **Regulating Deceptive, Misleading and Unfair Practices in Consumer Transactions**

1. **MR FRED LI** (in Cantonese): *Madam President, the Consumer Council (CC) issued a report entitled Regulating Deceptive, Misleading and Unfair Practices in Consumer Transactions in May last year. In this connection, will the Government inform this Council:*

- (a) *of the total number of complaints received by the CC and the Administration over the past two years concerning deceptive, misleading and unfair trade practices; the number of complainants involved and the number of tourists among them; as well as the follow-up actions taken by the CC or the Administration;*
- (b) *of the follow-up actions it has taken in relation to the above report and the latest progress of such actions; and*
- (c) *whether it will, as recommended by the CC in the report, introduce legislative amendments to the relevant provisions in the Trade Descriptions Ordinance, the Summary Offences Ordinance and the*

*Unconscionable Contracts Ordinance to enhance consumer protection; if so, of the legislative timetable and details of the amendments, if not, the reasons for that?*

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, my reply to the three parts of the question raised by Mr Fred LI in *seriatim* is as follows:

- (a) In the past two years, the number of complaints received by the CC alleging deceptive, misleading and unfair practices in consumer transactions, and the number of complainants and tourists involved, are as follows:

<i>Year</i>	<i>Number of Complaints</i>	<i>Number of Complainants Involved</i>	<i>Number of Tourists Among the Complainants</i>
2000	2 130	2 130	441
2001	1 862	1 862	306
2002 (up to May)	1 189	1 189	155
Total	5 181	5 181	902

The above figures include complaints referred to the CC by other parties. Upon receipt of a complaint, the CC will normally consider the basis for the complaint and liaise with the company concerned to determine whether the complaint is justified. If the complaint is justified, the CC will try to mediate for a settlement. Where it is suspected that a criminal offence has been committed, the case will be referred to the law enforcement agencies as appropriate.

Separately, the Government's law enforcement agencies also deal with complaints of the sort. For complaints received by the Hong Kong Police Force (HKPF), the HKPF will investigate and take enforcement actions as appropriate, where there is *prima facie* evidence of a criminal offence having been committed. The HKPF

does not, however, keep separate statistics on cases involving allegations of malpractices in consumer-related transactions.

The Customs and Excise Department (C&ED) is responsible for enforcement of the Trade Descriptions Ordinance. In the past two years, the number of such complaints received by the C&ED, and the number of complainants and tourists involved, are as follows:

<i>Year</i>	<i>Number of Complaints</i>	<i>Number of Complainants Involved</i>	<i>Number of Tourists Among the Complainants</i>
2000	23	23	0
2001	48	48	4
2002 (up to May)	6	6	1
Total	77	77	5

Upon receipt of a complaint, the C&ED will assess whether the alleged false trade descriptions are material. If there is *prima facie* evidence that an offence has been committed, the Department will investigate and initiate prosecution action as appropriate.

Where no criminal offence is involved, the law enforcement agency will where appropriate refer the complaint to the CC.

- (b) We adopt a three-pronged approach to address the issues raised in the CC's report, that is, promoting good trade practices, stepping up actions against unscrupulous traders, and enhancing consumer education. More specifically, actions taken include the following:

(i) *Promoting good trade practices*

Inculcating a sense of responsibility and ethics among traders is crucial to addressing the problem. To assist the trade in improving its service standards and developing good practices, the CC has been organizing talks and seminars for

practitioners in the retail sector in general, and for those selling electrical appliances, Chinese medicine and dried seafood in particular. Ten such talks were organized in the first five months of 2002. Thanks to the efforts of the CC and the trade, the number of complaints against Chinese medicine and dried seafood shops, which topped the complaint list in 1999-2000, dropped by nearly 40% in 2000-01.

Meanwhile, the Hong Kong Tourism Board (HKTB) has continued to promote its Quality Tourism Services Scheme, which not only helps consumers in identifying quality services, but also gives recognition to participating organizations, thus encouraging operators to improve and self-regulate. At present, about 880 organizations with a total of nearly 3 000 outlets have joined the Scheme.

We are pleased that various trades, in particular the tourist industry, have responded positively to our calls for developing good trade practices. The Tourist Industry Council of Hong Kong (TIC) has implemented since February 2002 a "100 per cent Refund Guarantee Scheme". Under this Scheme, travellers who are arranged by their travel agents to purchase goods at registered shops are entitled to a full refund within 14 days if they are not satisfied with their purchases. The Travel Agents (Amendment) Ordinance, which will come into effect in November 2002, further provides that all inbound and outbound travel agents must be licensed, one of the licensing conditions being that the agent must be a member of the TIC, and must comply with codes of conduct promulgated by the TIC. The tourist industry's support of this Ordinance not only helps to improve its self-regulatory regime, and thereby the quality of its services, but also helps to enhance the protection to inbound tourists who shop in Hong Kong.

We encourage other trades to draw up relevant codes of practice to boost the confidence of their customers.

(ii) *Stepping up actions against unscrupulous traders*

Work in this area includes vigilant enforcement by the relevant agencies and naming of shops by the CC. Through a series of enforcement actions, the HKPF and the C&ED have tackled cases relating to deceptive or misleading trade practices. Following the publication of the CC's report in question, the HKPF has initiated "undercover" actions at audio-visual shops in Tsim Sha Tsui, arrested and prosecuted various persons concerned. In 2001, the C&ED initiated 25 prosecutions against false trade descriptions.

Separately, the CC keeps a close watch on trade practices and would, if necessary, name the shops involved in malpractices to heighten consumers' awareness. The naming also serves as a deterrent for other traders.

(iii) *Enhancing consumer education*

We firmly believe that "empowering" consumers so that they could exercise their rights and make their choices is fundamental to safeguarding their interests. Hence, in tackling the problems about malpractices, we have been liaising with the relevant organizations, such as the CC and the HKTB, to promote consumer education. We support the CC in organizing talks on consumer rights for various target groups, such as the elderly and the new arrivals to Hong Kong, who are the more vulnerable targets of malpractices. In 2001-02, the CC organized more than 180 consumer education talks, of which some 40 were targeted at the elderly and the new arrivals.

The HKTB also contributes to consumer education by publishing shopping guides and other consumer education leaflets for tourists. As from this year, the HKTB has been proactive in distributing such information to tourists at border control points and at their visitors' service and information centres.

- (c) In addition to the above actions, we have also examined those recommendations in the CC's report proposing legislative amendments. We have, in consultation with the Department of Justice, the HKPF and the C&ED, examined these proposals to see whether the amendments are necessary, whether they can effectively curb malpractices and whether they may have adverse effects affecting public interest.

(i) *Whether the amendments are necessary*

We note that some of the malpractices which the proposed legislative amendments aim to tackle can in fact be dealt with under existing legislative provisions, hence additional legislative measures may not be required at this stage. For instance, the report proposes amending the Unconscionable Contracts Ordinance, to include misleading representation and "bait and switch" tactics in the list of matters that the Court may consider in determining whether a contract is unconscionable. Similar provisions already exist in the Ordinance: section 6(1)(d) provides that the Courts may take into consideration "whether any undue influence or pressure was exerted on, or any unfair tactics were used against" the consumer. This Ordinance was applied when the Small Claims Tribunal recently considered a case on "time-share" contract. Another example is the proposal to make "the use of physical force" an offence under the Summary Offence Ordinance. In fact, "common assault", "criminal intimidation" or "obtaining property by deception" are already criminal offences. The HKPF will take enforcement actions as appropriate, and prosecutions had been initiated in the past. Two cases heard/to be heard in this month relate to deceptive acts in consumer transactions.

(ii) *Whether the amendments will be effective*

We have reservations about the effectiveness of some other proposals. The report recommends stating certain actions as an offence under the Summary Offence Ordinance on the grounds that it would be easier to bring about prosecution.

The fact of the matter is that the standard and burden of proof required are the same irrespective of whether the offences are summary or indictable. The proposed legislative amendments would not, therefore, be more effective in dealing with malpractices in the trade. The law enforcement agencies will continue to enforce existing legislation and review their operations to tackle more effectively the issues identified in the CC's report.

(iii) *Whether the amendments will have adverse implications*

We are also mindful of possible adverse impact on the business environment if we over-regulate. For instance, the report proposes that the definition of "false description" in the Trade Descriptions Ordinance be expanded to cover false description of services. However, descriptions of service quality, such as "comfortable", "speedy", and so on, often involve subjective judgement. Loosely-defined provisions in the law are not only confusing for law enforcement purposes, but also create uncertainties for the trades, and may even stifle creativity in the advertising sector. In view of the current economic situation, these issues need to be carefully considered.

Having considered the foregoing, we are of the view that we should pursue positive and effective measures, such as strengthening consumer education and promoting good practices by the trade, in dealing with malpractices. We will continue to work closely with the CC and the HKTB to safeguard the interests of consumers.

**PRESIDENT** (in Cantonese): Honourable Members, since the Secretary has spent more than 12 minutes on the main reply and a number of Members are waiting to ask supplementaries, I will extend the time for supplementaries on this question.

**MR FRED LI** (in Cantonese): *Madam President, the Trade Descriptions Ordinance seeks to protect consumers from buying products of false and*

*misleading descriptions. Unfortunately, the Ordinance is applicable only to products but not services, properties and facilities. Madam President, at present many complaints are directed at services, not necessarily at products, therefore this Ordinance cannot fulfil its regulatory purposes. May I ask the Government if it will amend the Ordinance in view of changes in the nature of complaints to make it cover complaints against services?*

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, many trades are involved in the provision of services. Generally speaking, they are known as the service industries. As I have said in the main reply, if provisions are added to the legislation, as recommended in the report, the purpose may not be served as far as service quality such as "comfortable" is concerned. Therefore, we do not think that we can rely solely on this approach to regulate all types of services. Besides, there are also a number of laws which regulate the operation of some service industries, such as legislation on financial services.

**MS AUDREY EU** (in Cantonese): *Madam President, part (c) of the main reply is specific to the CC's report and item (i) queries whether the amendments are necessary. The Secretary noted that the malpractices which the amendments aim to tackle can in fact be dealt with under existing legislative provisions. Could the Secretary tell us which of the proposals mentioned in the CC's report have already been covered by existing legislative provisions? When the Secretary talked about whether the proposals would be effective in item (ii), she said that she had reservations about whether other proposals, that is, those not provided for by existing legislative provisions, would be effective. I think the crux of the matter does not lie in whether the proposals will be effective, rather the CC has pointed out where the problem lies. The Secretary said in item (i) that the existing legislative provisions have already addressed some of the malpractices targeted by the proposals, but in item (ii), she said that the existing legislation provisions do not cover some of the proposals. Firstly, what are the proposals concerned? Secondly, can the Government tell us what measures it will consider effective? In fact, some people are really stubborn and incorrigible. Even if we required them to exercise self-regulation, they could never do it. What effective measures can the Government put in place to clamp down on the malpractices of these unlawful businessmen?*

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, I would like to clarify that "other amendments" refer to some of the proposals on legislation in the CC's report, and they are not simply proposals *per se*. As I have mentioned in the main reply, some existing legislation, such as the Crimes Ordinance, can already deal with some sales practices involving intimidation. This is one example. In fact, in the meeting of the Panel on Economic Services on 18 June last year, we have already presented the gists of the report and the document issued by the Economic Services Bureau in response to the report to the Legislative Council. We listed in the document the proposals made in the report. Madam President, since I have spent quite some time on the main reply, I do not intend to repeat those details here. I invite Members to refer to the document.

**MRS SELINA CHOW** (in Cantonese): *Madam President, I agree with the Secretary that a lot of problems occur not because of inadequacies in legislation but because of problems in enforcement. Since we are aware of a number of black spots because the malpractices of the relevant shops were criticized, is it possible to work with the HKPF and the C&ED (and the former in particular) to step up enforcement actions targeting those black spots, so that criminals will not be able to get away easily and continue to engage in malpractices that tarnish Hong Kong's reputation?*

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, I would like to thank the Honourable Mrs Selina CHOW for her suggestion. We will be happy to co-operate with our colleagues in the HKPF and the C&ED to step up enforcement. After receiving information provided by the CC and if we consider the practices of certain shops to be inappropriate, we will also be happy to invite the police to carry out an investigation or consider taking enforcement action.

**DR YEUNG SUM** (in Cantonese): *Madam President, the Government says that it is more important to educate than to legislate. The CC has done quite a lot of education work for many years but the complaint figures are still on the rise, thus affecting Hong Kong's reputation. Under such circumstances, why is the Government still reluctant to legislate?*

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, I have explained to the Panel on Economic Services and in the main reply that legislation cannot solve all problems. In fact, the existing legislation already enables us to take enforcement action and deal with individual situations of concern to the industry and consumers. We do hope that enforcement actions can be stepped up. However, we feel that enforcement alone is not sufficient. Rather, a three-thronged approach, which includes promoting good trade practices and enhancing consumer education, has to be adopted.

**MR SIN CHUNG-KAI** (in Cantonese): *Madam President, I think the Secretary's reply is rather perfunctory. This problem affects not only the reputation of Hong Kong but also the employment situation in Hong Kong, because if we can make tourists come back, this will be conducive to employment. I think that with regard to encouraging the industry to self-regulate, judging from the number of shops taking part in the relevant scheme, the result is not satisfactory. In fact, shops of a dubious nature often would not participate in such self-regulation schemes and the 100% refund guarantee is not offered to tourists on DIY tours. What measures can the authorities take to offer tourists who are visiting Hong Kong not on group tours a 100% refund guarantee? Has the option of compulsory refund been considered?*

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, I also agree with what the Honourable SIN Chung-kai has said and hope that we can do more to offer tourists guarantees while they shop in Hong Kong. Although under the "100 Per cent Refund Guarantee Scheme" offered by the TIC, individual tourists shopping in Hong Kong may not be able to benefit from the scheme while shopping in Hong Kong, the HKTb has already done a lot, such as handing out leaflets to tourists entering Hong Kong to remind them of points to note. We hope that tourists will refer to the information in the leaflet in order to avoid unpleasant incidents as far as possible.

**MR HOWARD YOUNG** (in Cantonese): *Madam President, the Secretary has provided some figures in her main reply. I noticed that from the year 2000 to present, the proportion of complaints involving tourists each year has been on the decline, from 20.7% in 2000 to about 16% last year, and to 13% to date this year. Has the Government studied why, whereas the overall number of visitors*

*to Hong Kong has increased, the number of complaints involving tourists has declined? Is this because the authorities have recently taken some measures that led to a decline in complaints by tourists, or, if we look at this in a bad light, is this because tourists found it troublesome to lodge complaints, therefore they are reluctant to do so, leading to a decline in proportion?*

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, we have not studied the figures in detail, particularly the issue of a decrease in the number of complaints involving tourists. However, in the past two years, the CC has named some shops, while we have also done a lot in tourist protection. I hope that these measures have achieved their effect. I hope and believe that the decrease in the number of complaints involving tourists is to a certain extent due to the effects of our efforts.

**PRESIDENT** (in Cantonese): This Council has spent more than 23 minutes on this question. We will now proceed to the second question.

### **Corruption Cases Involving Employees of Non-government Public Bodies**

2. **MR LAU KONG-WAH** (in Cantonese): *Madam President, regarding corruption cases involving employees of non-government public bodies, will the Government inform this Council:*

- (a) of the respective numbers of employees of such bodies prosecuted for and convicted of corruption and related offences in each of the past five years, together with a breakdown by rank;*
- (b) whether there is an upward trend in the number of corruption cases involving employees of such bodies in recent years; if so, whether it has examined the reasons for such a trend, and whether it is attributable to the nature of services provided by individual bodies; and*
- (c) of the further measures in place to curb corruption among employees of such bodies?*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President,

- (a) In addition to the main reply which has been circularized to Honourable Members for noting, the relevant figures are clearly enumerated on the Appendix, therefore I will not repeat them.

### Appendix

The number of employees of public bodies prosecuted for and convicted of corruption and related offences in the past five years, broken down by ranks, are given below:

Year	Case	Prosecuted for corruption offences				Case	Prosecuted for related offences			
		High-ranking	Middle-ranking	Low-ranking	Total		High-ranking	Middle-ranking	Low-ranking	Total
1997	1(1)		1		1	4(3)	@	2(2)	5(4)	
							3(2)			
1998	7^(6)		5(2)	5(3)	10(5)	2(1)	1	#	6(3)	
								5(3)		
1999	3(3)	1(1)	2(2)	4	7(3)	4(4)	5(5)	+	7(7)	
								2(2)		
2000	5(5)		1(1)	4(4)	5(5)	3(2)		7(6)	7(6)	
2001	5(4)	1(1)		5(4)	6(5)	4(3)	1(1)	3(2)	4(3)	
Total	21(19)	2(2)	9(5)	18(11)	29(18)	17(13)	10(8)	19(15)	29(23)	

Note: ( ) denotes the number of cases or persons convicted  
 ^ three persons in one of the cases were prosecuted in 1999  
 @ including one defendant concurrently prosecuted for both corruption offences and related offences but convicted of related offences only  
 # including one defendant concurrently prosecuted for both corruption offences and related offences but convicted of related offences only  
 + including two defendants concurrently prosecuted for both corruption offences and related offences but convicted of related offences only

High-ranking employees include corporate general manager and a Legislative Council Member.

Middle-ranking employees include university lecturers, managers and engineers, and so on.

Low-ranking employees include artisans, supervisors, station officers, apprentice jockeys, warehousemen, and so on.

Related offences include those offences specified in sections 10(2)(a) and 10(5) of the Independent Commission Against Corruption Ordinance.

- (b) According to the figures on the Appendix, there is no sign that the number of corruption and bribery cases involving employees of public bodies is having a worsening tendency. This is also reflected in the overall number of corruption reports received. Notwithstanding the upward trend in the number of corruption reports received during the past five years, there has been no significant increase in the number of corruption cases and people being prosecuted. The fact that only 29 cases of prosecution in the past five years seems to show that the situation is quite stable and there has been no upward trend.
- (c) In order to combat corruption/bribery in public bodies, the three departments of the Independent Commission Against Corruption (ICAC), namely the Operations, Corruption Prevention and Community Relations Departments, have all along adopted a three-pronged strategy to tackle corruption through effective law enforcement, corruption prevention and education.

On the operational front, the Operations Department (OD) set up an investigation group in 1994 which is tasked with the responsibility to investigate corruption reports involving public bodies. Adopting a pro-active strategy and partnership approach, the group has been successful in fostering good co-operation and maintaining close liaison with the majority of the public bodies, and this has greatly facilitated the group's investigation work. In fact, some of the cases I have just mentioned were reported by the public bodies themselves.

As part of the effort to prevent corruption, the Corruption Prevention Department (CPD) completed a total of 175 assignment reports related to the work of public bodies in the past five years. The areas examined included purchasing and tendering, contract

administration, repairs and maintenance, cash handling and accounting procedures, and staff management. In selecting areas for examination, the CPD gives priority to corruption prone areas as identified in corruption reports and cases investigated by the OD, as well as those agreed with client organizations.

To enhance the ethical culture of public bodies and to remind their staff of the importance of adopting high ethical standards in executing their duties, the Community Relations Department (CRD) has been organizing preventive education activities for the managers and front-line workers in the public bodies. Such activities include:

- (i) Organizing about 1 300 training sessions for 66 public bodies in the past five years, reaching 4 000 managers and 27 000 front-line workers.
- (ii) In April 1999, "Anti-corruption Law Concerns You", a pamphlet for public bodies in the question and answer format, was produced to brief front-line workers on the gist of the anti-corruption legislation as applied to the daily working environment.
- (iii) In early 2000, an "Ethics in Practice" practical guide was published. I think Honourable Members have read this guide as well as the "Anti-corruption Law Concerns You". The practical guide was produced for managers of public bodies to reinforce the culture or probity in the organization. During that period, about 60 ethical management courses were conducted for 500 senior managerial staff of 23 public bodies.
- (iv) In November 2001, corruption prevention posters were produced for display at offices of public bodies to remind the public that they were not required to pay extra tips when using public services.

Starting from last year, the ICAC has been encouraging individual public bodies to organize activities to promote a culture of probity

within their organization, and providing them with assistance in formulating a code of conduct for staff, communicating and staging preventive educational programmes. The ICAC is now producing an on-line training package for front-line workers of public bodies to enhance their understanding of the anti-corruption law and code of conduct.

**MR LAU KONG-WAH** (in Cantonese): *Madam President, in part (b) of the main reply circularized by the Chief Secretary for Administration, there were 3 057 corruption reports in 1997, and the number went up to 4 476 in 2001, which shows a nearly 50% increase over the past five years, and it is rather significant, indicating that the problem is quite serious. Can the Chief Secretary for Administration inform us which three public bodies have the highest number of corruption reports in the past few years, the breakdown of the relevant reports, and whether it is difficult to monitor these bodies as they are rather independent?*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, I have omitted the number of corruption reports when I read out the main reply, provided the Honourable LAU Kong-wah has noted. The number of corruption reports will probably cause a false impression. Basically, the number of corruption reports was in positive proportion to the anti-corruption campaign or publicity activities held then. When more publicity activities are held, the number of cases will increase sharply. Therefore, to understand the real situation, the most important thing is not the number of corruption reports. Rather, we should look at the individual prosecution figures. We can observe the actual and latest corruption and bribery situation involving public bodies only in that approach, which is the most appropriate one.

The figures mentioned by Mr LAU Kong-wah just now are the general figures of corruption cases, which include government departments, public bodies, private bodies as well as the legislature, that is, Legislative Council Members are included, and therefore those figures cannot reflect the current situation in public bodies. The number of corruption reports leading to prosecution during the past few years concerning the public bodies are as follow: as far as lower-ranking employees are concerned, one in 1997, 10 in 1998, four in 1999, four in 2000, and five in 2001; as far as middle-ranking employees are

concerned, one in 1997, five in 1998, two in 1999, one in 2000 and none in 2001; as far as high-ranking employees are concerned, none in 1997 and 1998, one in 1999 and one in 2000. As for the total number, one in 1997, 10 in 1998, seven in 1999, five in 2000 and six in 2001. That is, there were 29 cases in the past five years. This is the situation of employees of public bodies being prosecuted for corruption offences. Therefore, Madam President, I do not think there is a sign of deterioration or there is any trend of the situation worsening.

**MR LAU KONG-WAH** (in Cantonese): *Madam President, I think you will realize that the Chief Secretary for Administration has not answered my supplementary. I have asked precisely that which three public bodies have the highest number of complaints in the past few years according to government statistics, and whether it is difficult to monitor them as they are independent. The Chief Secretary for Administration has not answered this part.*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, first of all, I have to say that, as mentioned earlier, the number of reports is irrelevant to the fact that whether the actually situation is worsening. We have to establish this in the first place. I will then explain the situation of corruption reports concerning public bodies in the past five years. As for the breakdown, I have to go through them first, because I am not sure whether I have those figures on hand.

As for corruption reports involving all public bodies, there were 129 pursuable corruption reports in 1997, 161 in 1998, 151 in 1999, 172 in 2000 and 245 in 2001. All of these are figures of pursuable reports concerning corruption. Mr LAU Kong-wah asked which body had been the subject of the largest number of reports. Let me name those public bodies which involve more serious corruption cases. After looking through the record roughly, I find that in 1998, public bodies involved include mainly the Hong Kong Telephone Company Limited (HKTC), the Hospital Authority, and the Jockey Club; in 1999, the number of reports concerning the Housing Society had increased, but the number of reports concerning HKTC dropped significantly; in 2000, there were also reports concerning HKTC, the substandard piling works incident of the Housing Authority was also attributable to the rise in the number of corruption reports against it. As for the exact number of corruption reports, please allow me to submit a written reply later. (Annex I) The public bodies I have just mentioned are public bodies which have a greater number of reports.

**MR LAU KONG-WAH** (in Cantonese): *Madam President, I understand that the Chief Secretary for Administration will provide us the figures. But my supplementary asked whether public bodies such as HKTC or the Jockey Club are relatively independent, therefore, it is more difficult to monitor them. It appears the Secretary has not answered that part of my supplementary.*

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

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, I do not think there is any problem concerning difficulty in monitoring, because all of these companies are covered by the scope of investigation by the ICAC. At present, the ICAC divides employees of all bodies into three groups; the first group comprises staff of the Government, on whom the ICAC will impose particularly stringent regulation; the second comprises employees of public bodies, including those organizations I have just mentioned, and I believe it is not a big problem to conduct investigations; the third group comprises employees of the private organizations. Although the contact with the last group is less frequent, I do not think there will be many technical difficulties when we conduct investigations in relation to corruption, or there will be any problem when we take actions just because they are non-government organizations.

**MR CHAN KWOK-KEUNG** (in Cantonese): *Madam President, the CRD of the ICAC organized about 1 300 corruption prevention training sessions for 66 public bodies in the past five years, reaching 4 000 managers and 27 000 front-line workers. What percentage do these participants account for the total number of employees of public bodies?*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, I am sorry, it has got me stumped. *(Laughters)* Perhaps I will reply in writing later. (Annex II)

**MISS EMILY LAU** (in Cantonese): *Madam President, I still wish to follow up the figures in part (b) of the main reply circularized. The number of corruption*

*reports had gone up by 40% since 1997 to date, but the Chief Secretary for Administration said we should not feel overly concerned because they were only numbers of reports. However, those are figures in black and white, I do not know how he wishes the public to construe that. Does he mean that in spite of the fact that there are over 4 000 reports, very few of them involve corruption? That is, in most cases, many people made the wrong report because they had no knowledge of making the right report. Or are there other reasons? Furthermore, if he considers those figures misleading, will he consider revising them before issuing them once again? By looking at those figures, we wish to make out whether or not the corruption problem is deteriorating. Subsequently, how could those figures be construed correctly?*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, I skipped those figures when I read out the main reply. On second thoughts, I feel that those figures may not necessary reflect the gravity of the actual situation. The high number of reports has its up side, which proves that the anti-corruption awareness of the general public has been enhanced, so much so that they will report immediately as they cannot stand most of the cases. This is a good sign, but it does not necessarily show that the corruption problem has deteriorated in reality. In other words, the public feel that the credibility of the ICAC has improved, therefore they trust the ICAC, and they are willing to report, that is why the number of reports has gone up. I think we should construe those figures from a more positive perspective. Of course, if we want to know whether or not the corruption problem is worsening, we should see how many people in those cases were prosecuted after investigation, then we can have an idea of the actual situation.

**MR JASPER TSANG** (in Cantonese): *Madam President, the Chief Secretary for Administration mentioned in part (c) of his main reply that several departments of the ICAC had made a lot of efforts in fighting corruption in public bodies, which means that each department had expended a lot of manpower resources. From the number of reports in part (b) of the main reply circularized, we can see that corruption reports involving public bodies only account for several percentage points out of the total number, just 6% or 7%. Just now the Chief Secretary for Administration also said that the ICAC had divided the investigation work into three parts, namely government departments, public bodies and private sector. May I ask what is the ratio between the resources*

*expended by those ICAC departments in investigating employees of government departments and those of private bodies, and the resources expended in the investigation of employees of public bodies? Comparing the resources expended on the conduct of publicity campaigns, investigations and reports on government departments and private bodies, are the resources expended on public bodies several times more?*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, in fact, among the three departments of the ICAC, the major one is the OD, which needs most of the manpower resources. The OD purely investigates reports on corruption, therefore its workload is in direct proportion to the number of reports I have just mentioned. As to the publicity work mentioned in part (c) of my main reply, the ICAC has only expended a small amount of resources on that, because two other departments are responsible for the relevant work. Publicity work can be divided into several levels. I believe when the ICAC was established, government departments had taken note of the message of probity, and every staff of the Government knew clearly his responsibility of meeting the requirement of probity. For this reason, the ICAC has been making publicity efforts mainly among private bodies and other organizations in the past few years. As to the allocation of resources, the OD, rather than the other two departments, has been allocated most of the resources.

I have just found another paper which may enable me to answer the supplementary raised by Mr LAU Kong-wah earlier, that is, names of public bodies which have registered the highest corruption reports. We can see from this paper that within the five-year period from 1997 to 2001, it appears that the highest number of reports goes to the MTR Corporation Limited (MTRCL), the respective numbers are six, five, 10, nine and 13; the second highest is Kowloon-Canton Railway Corporation (KCRC), the respective numbers are eight, 10 and 11; the third is Kowloon Motor Bus Company (1933) Limited (KMB), the respective numbers are five, four, eight, seven and nine; the fourth is China Motor Bus Company Limited. I am sorry, I am unable to make out some figures. Furthermore, the number of reports concerning the Hospital Authority, the Jockey Club and HKTC are also very high. I will provide the data in detail later. (Annex I)

**PRESIDENT** (in Cantonese): Last supplementary.

**MR JAMES TO** (in Cantonese): *Madam President, it would be better if this supplementary is answered by the Commissioner of the ICAC, but due to the limitations under the current system, we cannot do that. If the Chief Secretary for Administration is unable to answer my supplementary, he may provide us a written reply. In the past few years, the ICAC has been taking a proactive approach to combat corruption, such as collecting information through undercover or infiltration operations, therefore the number of pursuable corruption reports has gone up. Can the Chief Secretary for Administration inform us of the interactive relationship between the proactive anti-corruption strategy in general? That is, the relevant ratio between the efforts and resources allocated in combating corruption in government departments, public bodies and private bodies, and the end result. By doing so, we are able to construe those figures more precisely and see which section has deteriorated.*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): *Madam President, as to the ratio of the figures, the situation comparison within the past few years, as well as specific operational matters, I believe I have to provide a written reply (Annex III), we should not look at it from the policy level alone. In fact, there are a lot of explanations in each year's annual report, but unfortunately we only have the figures of that particular year, we have not compiled the figures of several years, therefore we are unable to make the comparison. However, I am prepared to request the ICAC for the relevant information for perusal by Honourable Members.*

**PRESIDENT** (in Cantonese): The third question.

### **Women's Commission Performing Function as Central Mechanism**

3. **MISS EMILY LAU** (in Cantonese): *Madam President, the Women's Commission (the Commission) was established in January last year to assume the role of a central mechanism for identifying the needs and addressing the concerns of women, improving the delivery of services to women, promoting the rights and interests of women, as well as addressing the issues of gender stereotyping in society. In this connection, will the executive authorities inform this Council:*

- (a) *whether they have assessed if the Commission has been able to perform its functions as a central mechanism since its establishment; if it has, of the outcome of the assessment;*

- (b) *of any incidents so far to illustrate that the Commission has played the role of a central mechanism, such as cases in which the Commission has co-ordinated and collaborated with various government departments in handling women affairs; and*
- (c) *whether, upon the implementation of the system of accountability for principal officials, they will consider bringing the Commission under the purview of the Chief Secretary for Administration in order that it can better perform its function as a central mechanism?*

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

- (a) The Commission is tasked to advise the Administration on a strategic overview of women's issues and the development of a long-term vision and strategies for the advancement of women. The Commission seeks to identify all women's needs and to address all matters of concern to women in a comprehensive, holistic and systematic manner. After extensive deliberations, the Commission has laid down its mission as: "To enable women to fully realize their due status, rights and opportunities in all aspects of life." To fulfil its mission, the Commission has identified three priority areas of action, namely, gender mainstreaming, public education and empowerment of women. Task forces have been set up under the Commission to take forward work in these areas and action plans are being implemented.

To ascertain the needs and concerns of women, the Commission has maintained close liaison and communicated with women's groups, service agencies and relevant international bodies. Commission members have already visited nearly 40 women's groups and service organizations to exchange views on various women-related issues. District visits are being carried out. The Commission is also actively considering a collaboration framework for working closely with non-governmental organizations and other sectors.

The direction and focus of the Commission's work was generally supported by women's groups, service agencies and academia at an

Open Forum held in July 2001 and also at the Women's Commission Conference held last month. Many useful ideas were also put forward by participants at those fora to take the Commission's work further in its direction.

The Commission has met and discussed with many government bureaux and departments on incorporating women's perspectives and women's needs in the development of policies and initiatives, and has suggested improvement measures. It has conducted initial reviews and rendered valuable advice and suggestions to the Government on a wide range of issues, including compilation of sex-disaggregated statistics, health services, public housing for women, information technology training, family services, strategic planning for Hong Kong 2030, urban renewal, women's participation in advisory and statutory bodies, to name but a few.

All in all, the Administration is fully aware and appreciative of the tremendous amount of work done by the Commission since its establishment one-and-a-half years ago. It has performed the role expected of it very effectively. Government bureaux and departments have been supportive and responding positively to the views and suggestions made by the Commission.

- (b) A good example of the Commission acting as a central mechanism in addressing women's issues is the Commission's efforts in promoting gender mainstreaming in public administration. This involves incorporating and integrating both women's and men's needs and perspectives in the formulation and implementation of policies, programmes and legislation. The Commission has already mapped out an overall strategy and developed an analytical tool in the form of a checklist for gender mainstreaming. The tool is being pilot tested in five policy areas. The Commission will evaluate the effectiveness of the tool later in the year and consider the possibility of rolling it out to appropriate policy areas.

To facilitate government officials to conduct gender mainstreaming and to raise their awareness of gender-related issues in general, the Commission oversees the provision of relevant training to civil servants in different departments. The Commission also works

closely with the relevant officials participating in the pilot test to provide the necessary advice and assistance.

- (c) The Commission has discharged its role effectively and there is no need to change the existing arrangements. While there will be an overall review of the roles and functions of advisory and statutory bodies following the implementation of the accountability system, there is no plan to transfer the policy responsibility for women issues or the secretariat of the Commission.

**MISS EMILY LAU** (in Cantonese): *Madam President, I believe the Secretary must remember that several years ago the United Nations Women's Convention Committee in New York, after examining the enforcement situation in Hong Kong, categorically suggested that a central mechanism be set up. The Committee also pointed out that the Government should set up a mechanism for consultation on whatever impact there may be on women in respect of policy, laws and allocation of funds. However, Madam President, the authorities have not done anything in this regard, as evident in his main reply. In part (a) of his main reply, the Secretary indicated that the Commission had rendered valuable advice and suggestions on a range of issues, including health services, public housing for women, information technology training, urban renewal, strategic planning for Hong Kong 2030, and so on. As such, will the Secretary inform this Council how the Commission's suggestions have positive and actual effect on government policies as far as elevation of women's status is concerned; or are all these just empty talk?*

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): *Madam President, I do not agree to the view that the Commission is not a central mechanism. Indeed, by elevation, the United Nations meant that at every region there should be a mechanism that fits the region. Hence, Hong Kong set up its own Commission, which is part of the administrative mechanism within the government framework. The Health and Welfare Bureau is responsible for policies relating to women and together with the Commission forms a central mechanism. We will consider incorporating the suggestions and advice of the Commission into government policies. The gender mainstreaming mentioned a moment ago is a very important practice. Once a suitable policy or law is made, we hope to use the tool to evaluate the impact on the genders from a gender*

perspective as we design policies or laws and the problems that will arise in the course of enforcement. All these represent the major work of a central mechanism.

Regarding services, only a preliminary review has been conducted. Various departments are considering some suggestions on a range of issues. In prevention services, for example, the Department of Health is holding discussions on how to provide more comprehensive services for women. In addition, the Education Department is reviewing sustainable training courses provided for women. At present, sustainable training courses are generally held in the evening. The authorities are of the view that this may make it more convenient for some working women to attend, but as many women are housewives, these courses sometimes fail to accommodate them. For this reason, the Education Department is considering to provide such courses in the morning to cater to the needs of housewives.

**MISS CHOY SO-YUK** (in Cantonese): *Madam President, in the last paragraph of part (a) of the Secretary's answer, it was said the Commission had done a tremendous amount of work and that the government bureaux had been supportive and responding positively to the views and suggestions made by the Commission. Will the Secretary inform this Council whether he could cite three examples, in addition to gender mainstreaming, to show that government bureaux are responding positively to the views of the Commission? I can cite the maintenance board as an example. Will the Secretary cite two more.*

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): *Madam President, I think that the Commission has done a very good and successful job. Within a year and a half, the Commission has laid down a relatively long-term strategy and given full consideration to women's issues in a systematic manner. Of course, there is much the Commission has to do and we cannot expect results too soon. In the process of working for the Commission, its members have to deal with a huge amount of workload and they have thus almost become full-time staff.*

The work of the Commission is strategic in nature. It has given much advice in particular on the issue mentioned in the Honourable CHOY So-yuk's supplementary question asked just now. In answering a supplementary question earlier, I cited two examples. Firstly, the Department of Health is considering

suggestions on how to enhance prevention and health education services provided to women. Secondly, the Education Department is considering changing its strategy on the provision of continuous training. Furthermore, the Housing Department is considering the possibility of allowing either sex to be the principal tenant of its housing units so that, should family problems or domestic violence arise, women do not have to rely on their husbands to be given priority in the allocation of housing units. Thus, it can be seen that the Commission has given a variety of advice to a number of departments, which are giving due consideration to the same.

**MISS CHOY SO-YUK** (in Cantonese): *Madam President, I understand that many organizations have mentioned the maintenance board, will the Secretary inform this Council whether government bureaux are responding positively to the idea?*

**PRESIDENT** (in Cantonese): Miss CHOY, I understand that in your supplementary you have asked the Secretary to cite three examples and you have given one for the Secretary. That is why I have given you special permission to raise this follow-up.

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, regarding alimony, the Commission has held a discussion about the issue. It hopes to help women to recover alimony in the most effective way. It suggests that the maintenance board work harder on matters such as making reference to some research results and evaluating the feasibility of the relevant methods to see if they can best help women.

**MISS CYD HO** (in Cantonese): *Madam President, the Secretary states firmly that the Commission is playing the role of a central mechanism. Nevertheless it has no power to make proposals on legislation. If government departments do not adopt its proposals, the Commission does not have the power to follow up. In a radio programme, I have listened to a promotion soundtrack produced by the Commission, saying that it must win the applause due to women. However, to many women who cannot even enjoy equal opportunities or financial support, especially women at the grass-roots level, will the target of the Commission to*

*win the applause be sarcastic? Is the target a manifestation of the function of a central mechanism for the Commission?*

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, within the Government there are many different bureaux and organizations responsible for different work areas and the Commission is one such central mechanism responsible for attending to the overall needs of women and making suggestions to the Government for the development of a long-term vision and strategies for the advancement of women. In the government machinery, it is the Government that will implement proposals put forward by the Commission. However, if we find that implementation of the said proposals by various bureaux and departments is unreasonable, we may seek the Chief Secretary for Administration's instruction.

**MISS CYD HO** (in Cantonese): *Madam President, I am afraid the Secretary does not understand what "sarcastic" means and I want to explain a bit so that he may answer in clearer terms.*

**PRESIDENT** (in Cantonese): Miss HO, you do not have to explain to the Secretary. You only need to repeat the part of your supplementary question not answered.

**MISS CYD HO** (in Cantonese): *Madam President, in fact, the Secretary has not answered my supplementary question. For those women who cannot become independent financially and has not been able to enjoy equal opportunities, is the target of the Commission to win applause a function that fits the Government's meaning of a central mechanism?*

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

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, I have in fact provided an unequivocal answer. The Commission

deals with policies that help women, but it does not provide service direct because it does not have the power to do anything. The Commission is only a mechanism responsible for overseeing strategic issues. Having done this, it then makes suggestions to the Government. Enforcement is the responsibility of the executive mechanism.

**PRESIDENT** (in Cantonese): Last supplementary question.

**MISS CHAN YUEN-HAN** (in Cantonese): *Madam President, in his reply to part (a) of the main question of the Honourable Emily LAU, the Secretary indicated that the relevant government bureaux have consulted the Commission on a range of issues. However, I find that the Government has not consulted the Commission on some very important issues. Presently, women face great difficulties in finding jobs and hence the issue of prohibiting age discrimination has been brought up. Now, in the main reply, it was said that the Government would consult the Commission on such issues as health services, public housing for women, information technology training, family services, strategic planning for Hong Kong 2030, urban renewal, and so on. Why then has the Government not consulted the Commission on the issue of employment, which is a matter of the greatest concern to women? Will the Government inform this Council whether it omitted the consultation on purpose or whether it just forgot the consultation?*

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, the work of the Commission runs in three important directions, including work on the issue of employment for women. In this respect, we wish to find out ways to empower women to eliminate whatever hurdle they may face in the community so that they can find proper jobs. The Commission had discussed this issue but the issue was not made a topic for discussion. Rather, discussion had been about how best to enhance the employability of women.

**PRESIDENT** (in Cantonese): Miss CHAN, has your supplementary question not been answered?

**MISS CHAN YUEN-HAN** (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. Put simply, my supplementary question is about employment but the Secretary has dodged my question. Madam President, I have read the main reply several times, but found no information on employment. If asked what they are most concerned about, women in Hong Kong, I think, will say it is the issue of employment. The Secretary just said work was done to empower women but they do not even have the opportunity to be employed. Even if they are empowered, how can they find work?*

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

**SECRETARY FOR HEALTH AND WELFARE** (in Cantonese): Madam President, it is not necessary to put everything into the main reply. In answering a supplementary question, I said the Commission would pay attention to the issue of employment opportunities for women and would see what assistance it could provide.

**PRESIDENT** (in Cantonese): Fourth question.

### **Development of Public and Private Housing on Same Site**

4. **MR ABRAHAM SHEK**: *Madam President, at its meeting on the 17th of last month, the Strategic Planning Committee of the Hong Kong Housing Authority (HA) decided to maintain the original plan to redevelop North Point Estate (NPE) and an adjacent lot of government land in a mixed mode, that is, a mix of private and public housing. In this connection, will the Government inform this Council:*

- (a) *whether it has compared the mixed-mode to the entirely-private mode of redevelopment of the site in the following aspects: revenues from the land auction, impacts of the sale of the completed buildings on the first-hand and secondary private residential markets in that district and on the property market as a whole, as well as the annual revenues from the levy of government rates; if it has, of the results; if not, the reasons for that; and*

- (b) *of the measures it will take when it approves the deeds of mutual covenant concerned to prevent any future disputes between the owners of the public and private flats in respect of building maintenance and management issues?*

**SECRETARY FOR HOUSING:** Madam President,

- (a) The HA holds a proper land title to the three lots on which NPE now stands. These lots can be used for developing high-rise public housing blocks. It is the intention of the HA to redevelop NPE. In order to encourage private sector involvement in the public housing programme and to make the best use of valuable land resources to derive optimum economic and social benefits, the HA proposes to adopt the consolidated development mode for NPE and adjacent government land (including a public transport interchange and open space).

The HA's consolidated development plan will result in major planning gains such as:

- (i) full development of land potential;
- (ii) incorporation of office, hotel, retail centre, school, private sector flats, Home Ownership Scheme flats and other Government/Institution/Community (GIC) facilities into the development plan to serve residents of the district and other members of the public;
- (iii) enhancement of transport links and accessibility of the area;
- (iv) integration of the currently fragmented open space; and
- (v) redevelopment of the dilapidated NPE.

The environment of North Point will be greatly enhanced upon completion of the whole project. There will be positive effects on the primary and secondary residential property markets as well as any residential and commercial developments in the Eastern District.

The land lots owned by the HA account for about 73.3% of the total amalgamated area. Had the HA not taken the initiative to redevelop NPE, the potential of this prime site would not have been released for the benefit of the entire community. The reason is that the public transport interchange and open space are earmarked for GIC and recreational use respectively in the outline zoning plan, rendering the present development potential of these two sites to be minimal.

In announcing the redevelopment of NPE in March 2000, the HA pledged to the residents and the Eastern District Council that a form of public housing would be retained in the redevelopment proposal. Therefore, the HA did not consider redevelopment of the joint site solely by the private sector. The Government has not estimated the amount of gains that would be generated by a hypothetical proposal.

Under section 7(2) of the Rating Ordinance, the rateable value of a tenement shall be an amount equal to the rent at which the tenement might reasonably be expected to be let, from year to year. According to the Rating and Valuation Department, the rates of the newly-built flats in the redeveloped NPE would not be very different, irrespective of whether the mixed or private development mode is adopted.

- (b) Like other flat owners, the rights and obligations of the individual flat owners in the redeveloped NPE would be governed by the deed of mutual covenant and the provisions of the Building Management Ordinance (Cap. 344). These provisions will provide the legal framework for flat owners in the redeveloped NPE to jointly take part in the day-to-day management and maintenance of their property for the common good. In preparing the deed of mutual covenant, the developer will have to follow the guidelines issued by the Legal Advisory and Conveyancing Office and ensure that the legitimate interests of all the parties concerned are balanced in an equitable manner.

If approval is formally given, NPE will be the HA's first consolidated development project. The HA will have to work out many important details between now and two years later when the first tender is expected to be let.

Members of the community have very different views on this project. To a certain extent, the views are polarized. The Government and the HA will consider further different points of view and the experience of other agencies when devising specific implementation details for the North Point project.

**MR ABRAHAM SHEK** (in Cantonese): *Madam President, I am very happy that the Secretary has given us such a detailed reply and I would like to thank her for "giving us a tour around the future garden". (Laughter) However, the Secretary has not answered part (a) of my main question, that is, whether it has estimated what impact will the redevelopment have on the revenue of the Hong Kong Housing Authority (HA) or the Government if that site is to be developed in a mixed mode; and what impact will it have on the revenue of the Government or the HA if it is to be developed in an entirely private mode? With answers to these two questions, we will know how much money will the whole community use on subsidizing this small group of people and we will also know whether society will, like what the Secretary said in her reply, derive great benefits?*

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, as I said earlier, in order to develop NPE and its adjacent lot in a consolidated mode, we need to apply to the Town Planning Board (TPB) for re-zoning. We must also consider the density and design of the development and seek approval of the TPB. We may draft the Conditions of Sale only after approval is given by the TPB. Before the aforesaid work is completed, any estimates on land sale are just estimates and I think it is premature to make such estimates.

The Honourable Abraham SHEK asked whether the Government has made a comparison between the mixed mode of development and the entirely private mode of redevelopment. As I said earlier, since the HA has not considered redevelopment of the site in an entirely private mode, it has not made any estimate in this respect. In fact, if we were to make a more accurate comparison, we should look at the valuation of the NPE and the two adjacent lots developed in a mixed-mode and also the valuation of the NPE and the two adjacent lots developed in a separate mode. If we were to make such a comparison, I could assure Mr Abraham SHEK that the former (that is, the mixed-mode development) would definitely win over the latter by "eight to zero", and that means, the mixed mode is definitely better than the separate mode.

**DR PHILIP WONG** (in Cantonese): *Madam President, as the situation stands, it appears that a weirdo will soon be created because the same building may be intermingled with Home Ownership Scheme (HOS) flats and private developers' flats. Recently, many real estate developers have expressed a lot of opinions on this. May I ask the Secretary why the HA still insists on adopting this mixed mode of development in face of so many objections?*

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, I would like to thank Dr the Honourable Philip WONG for his question. In fact, insofar as the mixed mode development is concerned, two approaches can be adopted in the future distribution of housing units: first, to distribute the units by drawing lots; and second, to distribute the land in allotments. Presently, the HA has not yet made a decision, but I am inclined to support the distribution of land by allotments, that is, to distribute certain allotments for private development and certain allotments for HOS development. I understand that many members of the HA also share this view. As I said earlier, in devising the implementation details of the project, we would consider the pros and cons of each and every option.

**DR PHILIP WONG** (in Cantonese): *Madam President, may I ask the Secretary whether there will be a mixture of different types of units in the same building?*

**PRESIDENT** (in Cantonese): Dr WONG, I think the Secretary has already answered your supplementary question.

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, perhaps I can clarify this further. In fact, I am not in favour of having a mixture of private and HOS units in the same building and many members of the HA also share the same view. I believe the HA will consider such views when it formally discusses the relevant details.

**PRESIDENT** (in Cantonese): Honourable Members, as there are 11 Members waiting to ask their supplementary questions, please be as concise as possible when asking your questions so that more Members can have the chance to raise theirs.

**MR ALBERT CHAN** (in Cantonese): *Madam President, the Secretary pointed out in her main reply that lots owned by the HA accounted for about 73.3% of the merged area, showing that public housing had occupied a larger area. When the Government first talked about the demolition of the NPE, everyone was under the impression that the site would be used for public housing redevelopment, instead of consolidated development or private development purposes. Since many private developers are not in favour of the mixed mode of development — some developers have even specifically indicated that they do not like public housing residents (in particular those who "scratch their toes") living in the same building as owners of private housing units — then why has the Government not given up this kind of mixed mode development and revert to the original use of that lot, that is, to use it for public housing purposes? Why did the Government not consider doing so?*

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, I would like to thank the Honourable Albert CHAN for raising this supplementary question. If Members were familiar with the NPE (I think Mr CHAN must be very familiar with it), they would know that NPE is located on three adjacent but not adjoining lots. If these three lots are redeveloped by the HA alone, then it would certainly result in congestion, dispersion and wastage and the result would not be satisfactory. Therefore, in order to bring private developers' participation into the public housing programme and enhance social benefits as a whole, the HA thinks that a mixed mode of development is the best option. As I said earlier, this mode of development would greatly increase our flexibility in planning. According to our estimation, if the three lots were developed separately, about 10 HOS housing blocks could be built; but if it were developed in a mixed mode, then apart from 13 housing blocks (including both private and public housing), hotels, shopping malls, promenades, offices could also be built. This would be greatly beneficial to improving the environment of the Eastern District as a whole.

**DR DAVID CHU** (in Cantonese): *Madam President, some real estate developers and owners are of the opinion that a mixed mode of development would decrease the value of private housing blocks to be built and those in the neighbourhood. What does the Secretary think about this?*

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, I would like to thank Dr the Honourable David CHU for his supplementary question. In fact, the housing blocks of NPE are now more than 46 years old and there were cases of spalling concrete. Therefore, as regards the impact on prices of buildings in the neighbourhood, upon redevelopment of the site, a lot of new facilities would become available and this would certainly have a positive impact, instead of a negative impact, on buildings in the neighbourhood. As regards whether public housing will have an impact on private housing or *vice versa*, I think it is very hard to draw a conclusion. As a matter of fact, the facilities of public housing compare very well with that of private housing; very often, the plans of public housing are on a par with that of private housing and there is good provision of ancillary facilities. It could be said that public housing has provided the public with a lot of cosy homes. On the other hand, many private housing buildings are in a dilapidated state and fraught with problems like lack of facilities, poor management or structural dangers. Therefore, we could not say that the quality of private housing must definitely be better and that of public housing must definitely be poor. Furthermore, as regards the impact on the prices of buildings in the neighbourhood, it is very hard to be too generalized. I think anyone who has ever purchased a flat in the secondary market would know that we could not choose our neighbours like we could not choose our relatives.

Furthermore, I think that in Hong Kong, the public generally does not discriminate against public housing residents. Last year, I attended a meeting of the United Nations Committee on Economic, Social and Cultural Rights and learned that the Committee also appreciated that this was a contributing factor to the harmonious social relationship in Hong Kong. I trust Members of the Legislative Council will also support our efforts in this area.

**MS MIRIAM LAU** (in Cantonese): *Madam President, the Secretary pointed out in the fifth paragraph of part (a) of her main reply that the Government had not considered redevelopment of the joint site solely by the private sector because in announcing the redevelopment of NPE in March 2000, it had pledged to the residents and the Eastern District Council that a form of public housing would be retained on the redevelopment site. May I ask the Government whether its pledge to the Eastern District Council was made in response to the request of the Eastern District Council and the residents on retaining a form of public housing*

*on the redevelopment site, or that it is the policy of the HA to develop that site for public housing purposes, and therefore, pledged to the Eastern District Council and residents that a form of public housing would be retained?*

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, actually, I would say both. However, I would also like to talk about the relevant background and that is, the HA signed a land lease with the Government in 1955. This lease is similar to those signed by other private developers and the Government must respect the right of the HA on *in situ* redevelopment. The HA also felt that it was necessary for public housing to continue be built in Hong Kong in the future, so its planning committee agreed that NPE and its two adjacent lots should be redeveloped in a mixed mode. As the HA was of the opinion that this could safeguard public interests, it did not consider an entirely private mode of redevelopment.

**PRESIDENT** (in Cantonese): This Council has spent more than 18 minutes on this question. I will allow one last supplementary question from Members.

**MS MIRIAM LAU** (in Cantonese): *Madam President, the Secretary has not answered my supplementary question.*

**PRESIDENT** (in Cantonese): I am sorry, Ms LAU. Please ask your follow-up question.

**MS MIRIAM LAU** (in Cantonese): *Madam President, the Secretary told us the HA's reason for this policy decision. However, my supplementary question was, the Secretary had named the Eastern District Council in her main reply. She said the site could not be redeveloped in an entirely private mode because the HA had made a pledge to the Eastern District Council. The Secretary has not said whether or not the retention of a form of public housing on the redevelopment site was made in response to the request of the Eastern District Council and the residents.*

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, in fact, the pledge was not "made in response". I only told Members of the Legislative Council of the fact. On 26 April 2001, the representative of the HA attended the meeting of the Eastern District Council and many members had spoken at that meeting. The majority of members expressed the hope that the HA would not focus all its attention on the economic aspects. I am now going to read the minutes of that meeting: "..... our objective must be to improve the living environment of the residents and some members hoped that the HA could retain the original site for public housing development. They think that the public has a very great demand for public housing estates in the urban area." So, I have only stated a fact.

**PRESIDENT** (in Cantonese): Last supplementary.

**MR FREDERICK FUNG** (in Cantonese): *Madam President, in the past, land cleared for public housing redevelopment was usually used for the construction of public rental housing or HOS flats. However, after NPE was developed in a mixed mode, the three redevelopment sites of Homantin Estate, Shek Kip Mei Estate and Ngau Tau Kok Estate would also be resumed by the Government. Actually, both residents and developers do not welcome this approach, but those sites would nevertheless be resumed by the Government and not redeveloped into public housing estates. Does it mean that the Government is more concerned about the interests of developers and their pressure in abandoning the plan of using more land on public housing residents?*

**SECRETARY FOR HOUSING** (in Cantonese): Madam President, as I said in my main reply, if this plan is officially endorsed by the HA, NPE will be the first consolidated development project of the HA; at present, we do not have a second plan that is similar in nature. As regards to the land policy, I have clearly indicated time and again in this Council that the Government would adopt a fair criterion in deciding whether individual housing sites should be used for developing private housing or public housing. In this respect, we would consider many criteria, including social harmony, visual harmony, and so on. We also hope to achieve the best economic effectiveness could be achieved.

**PRESIDENT** (in Cantonese): Fifth question.

### **Agents Handling Claims for Accident Compensation**

5. **MISS MARGARET NG** (in Cantonese): *Madam President, it has been reported that a number of agents that help clients handle their claims for accident compensation have been established one after another. Operating under the pledge of "no win, no charge", such agents enter into contracts with their clients for employing lawyers and paying the necessary fees on the clients' behalf. If the civil case is subsequently lost, the claimant concerned need not pay anything; if the claim is successful, then the agent will take 20% to 30% of the compensation received as its service charge. It is noted that the major clientele of these agents are those who are neither eligible to apply for legal aid nor able to afford the high legal costs. In this connection, will the Government inform this Council:*

- (a) *whether it has taken note of the increase in the number of such agents and taken action to find out how they operate, including the legality of the way they operate;*
- (b) *of the measures it has to remind claimants of the points to note before signing a contract to engage such agents to make compensation claims; and;*
- (c) *whether it has assessed if the increase in the number of such agents reflects inadequacies in the existing legal aid schemes and, in particular, whether the eligibility criteria for the Supplementary Legal Aid Scheme are so demanding that most people are not qualified and have to engage the service of such agents even though they know that such agents reap a higher share of the compensation than that under the Scheme; and whether it will thus review its legal aid policy?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President,

- (a) The Administration is aware that, in the past few years, a number of organizations have advertised services of the kind referred to in this

question. The Department of Justice has looked into the legality of such services. There are certain offences under the Legal Practitioners Ordinance and at common law, and certain rules of legal professional conduct, that are relevant to these organizations. However, non-lawyers can provide certain types of assistance in the recovery of accident compensation, even on a contingency basis, without breaching these provisions. In respect of some advertised services, action has been taken by the Bar Association, Law Society, the Consumer Council or the Department of Justice to find out how they operate. In addition, the Law Society has recently established a working party to look more generally into the activities of such organizations, and the Consumer Council has conducted some preliminary research in respect of them.

- (b) The Administration is not aware of any special measures that are currently in place to remind claimant of points to note before signing the types of contract referred to in the question. However, both the Law Society's Working Party and the Consumer Council are considering whether there is a need for such measures. The Department of Justice will liaise with those two bodies on the way forward.
- (c) Our legal aid policy seeks to ensure that no one with reasonable grounds for taking legal action in Hong Kong is prevented from doing so because of a lack of means. To implement this policy, applicants must pass means and merits tests to qualify for legal aid.

Currently, an applicant with annual financial resources of not more than \$169,700 may apply for legal aid under the Ordinary Scheme. In July 2000, we adjusted the deductible allowances figures to make the Scheme more accessible. As a result, the percentage of households eligible for legal aid has increased from 48% to 58%, covering around 1 million lower and middle income group households.

On top of the Ordinary Scheme, the Legal Aid Department operates a "self-financing" Supplementary Scheme, to provide civil legal aid to an applicant whose financial resources exceed the limit for the Ordinary Scheme, but do not exceed \$471,600. The

Supplementary Scheme provides publicly-funded legal aid to cases which deserve priority for public funding, in the sense that significant injury or injustice to an individual, as distinct from that to a commercial concern, is involved. To ensure its financial viability, it is necessary to confine the Scheme to monetary claims that have a reasonably good chance of recovering damages.

Under the Supplementary Scheme, legal aid is available to cases of personal injury, death, medical, dental or legal professional negligence where the claim for damages is likely to exceed \$60,000. The Scheme also covers claims under the Employees' Compensation Ordinance irrespective of the amount of claim.

In 2001, about 13.2% of legal aid applications processed under the Supplementary Scheme were refused on grounds of merits, 3.3% on grounds of means. These figures do not suggest that the eligibility criteria for the Supplementary Scheme are too demanding. The Administration nonetheless has in place a comprehensive mechanism and timetable to review the financial eligible limits of legal aid applicants. It comprises an annual review to take account of inflation; a biennial review to also reflect changes in litigation costs; and a review every five years of the criteria used to assess financial eligibility of legal aid applicants. We trust that these regular reviews should be sufficient in ensuring that the limits keep pace with the economic realities.

**MISS MARGARET NG** (in Cantonese): *Madam President, the Secretary for Justice indicated in part (a) of the main reply that the Department of Justice had looked into the legality of such services. May I ask the Secretary for Justice if she knows clearly how these agents operate? The Secretary indicated in the main reply that non-lawyers could provide certain assistance. What assistance was she referring to? Has special attention been paid to the following circumstances? First, given that the agents will pay for the lawsuits lodged on behalf of the claimants, will the former ask the latter to accept unreasonable settlement so as to "recover" the money that has been invested, limit the latter in their choice of lawyers, or ask the latter to sign unreasonable agreements?*

*Second, under the existing law, it is a violation of conduct if a lawyer touts business. What is the case if business is touted through certain agents? Has the Secretary studied and investigated if there is participation of lawyers behind such agents? The investigation carried out by the Law Society is not comprehensive enough since it is confined to law firms only.*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, during the period between 1999 and June 2002, a total of 25 cases were submitted to us by the Law Society. Four of them are currently under prosecution, and five under investigation. These cases are found to be in breach of either section 45 of the Legal Practitioners Ordinance with respect to unqualified person not to act as solicitor, or section 47 of the Ordinance with respect to unqualified person not to prepare certain instruments. Under the law, all these acts are illegal.

If judging from the evidence obtained, the Department of Justice considers it necessary to carry out investigation, the relevant cases will be referred to the police. Though prosecution action will be taken in some cases, we will notify the Law Society so that similar cases arising in future may be referred to the police direct for investigation. When I met with the President and council members of the Law Society on 24 May, I was told that the Working Party of the Law Society would study this matter in detail and discuss with us how similar matters could be handled after a preliminary conclusion had been drawn. I would like to point out here that the cases mentioned by me earlier are not merely confined to claims for accident compensation. Other cases in breach of the Legal Practitioners Ordinance are included as well.

**MR LAU CHIN-SHEK** (in Cantonese): *Madam President, the emergence of these agents is simply attributed to the fact that a lot of people are unable to afford the litigation fees or ineligible for legal aid. Will the Secretary inform this Council of the number or percentage of cases recorded in the past two years in which workers injured on duty or their family members were not granted legal aid for failure to pass the means test? Will the Government consider reviewing the scope of legal aid and exempting employees injured on duty from being means-tested if they file a lawsuit with respect to statutory compensation payable to employees?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, I have to defer to the Chief Secretary for Administration on the part concerning legal aid.

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, the Secretary for Justice has already cited the relevant figures in the main reply.

**MR LAU CHIN-SHEK** (in Cantonese): *Madam President, my supplementary question asked about the number or percentage of cases recorded in which workers injured on duty or their family members were not granted legal aid for failure to pass the means test. Furthermore, will the Government consider reviewing the scope of legal aid and exempting employees injured on duty from being means-tested if they file a lawsuit with respect to statutory compensation payable to employees?*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, it has been stated clearly in the main reply that about 13% of the relevant applications were refused on grounds of exceeding the income limit. I have at hand some general figures on work-related injuries. I am afraid no breakdown data has been provided to me. The number of cases rejected for exceeding the asset limits appears to be quite small.

**PRESIDENT** (in Cantonese): Chief Secretary for Administration, this supplementary question involves some statistical figures. If you are unable to immediately analyse the data you have on hand, you may consider giving a written reply.

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, I do not have figures on individual items on hand. Nonetheless, I am pleased to provide the breakdown figures in detail in due course. (Annex IV)

**MR LAU CHIN-SHEK** (in Cantonese): *Madam President, the Chief Secretary for Administration has not answered the second part of my supplementary question, that is, the part concerning whether employees injured on duty can be exempted from the means test if they lodge a lawsuit with respect to statutory compensation for employees?*

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, the Director of Legal Aid is empowered to grant exemption. Actually, we will constantly review the financial eligible limits of legal aid applicants. It has also been mentioned in the main reply that an annual review will be carried out to take account of inflation, and a review every two or five years will be conducted to assess other matters such as methods of compensation. We will certainly review this.

**MISS LI FUNG-YING** (in Cantonese): *Madam President, the Secretary for Justice pointed out in part (c) of the main reply that 3.3% of legal aid applications were rejected on grounds of means. Has the Secretary considered that, though the figure represents only 3.3% of the applications, some of the applicants were refused on grounds of means because they had just received some burial money from their friends and relatives in mourning for their family member who had unfortunately died in the course work, or they had just received some money from the company of the dead to meet the funeral expenses? Will the Secretary consider exempting the burial money and funeral expenses from the means test when conducting another review in future?*

**PRESIDENT** (in Cantonese): This question is related to legal aid. Which Secretary will answer this question? Chief Secretary for Administration.

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): Madam President, I will be very pleased to include such specific items when conducting the next review.

**MR ALBERT HO** (in Cantonese): *Madam President, at present, legal practitioners are not allowed to sign agreements with respect to conditional*

*payment with litigants, or make arrangement for sharing the amount of compensation with litigants. The original objective of making this regulation was mainly to prevent professionals from involving themselves in conflicts of interests. Nonetheless, it has now come to our notice that non-professionals are not governed by the professional code in this respect. This is because they can avoid being governed by professional conduct through such other means as acting in the name of a company. If they bully the injured or ask them to enter into settlement or sign unreasonable agreements, the injured or the signatory will have no way to air their grievances or lodge a complaint. For these reasons, will the Government consider enacting legislation or formulating policies to safeguard these people from being cheated by unfair or unreasonable agreements?*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, under sections 44 and 47 of the Legal Practitioners Ordinance, an unqualified person will be guilty of an offence if he acts as a barrister, a notary public, or a solicitor; an unqualified person will also be guilty of an offence if he prepares certain specified instruments for the purpose of initiating proceedings, property transactions or representations. Furthermore, under common law, assisting or encouraging a party to file a lawsuit may constitute such civil or criminal offences as maintenance or champerty.

"Champerty" can be interpreted as an act of instituting a lawsuit on behalf of a claimant in proceedings not related to one's personal interest, or assisting or encouraging a litigant to file a lawsuit in the absence of legally recognized justifications. The act of champerty performed for the purpose of sharing compensation is a special form of champerty. As the name suggests, it means that the party being encouraged to file a lawsuit undertakes to the party providing support that the latter may, if the lawsuit is won, share part of the benefit. This is in breach of the law. Therefore, if the sole objective of the agents which provide support or assistance to their clients to file a lawsuit is to share their compensation through such mode of operation as "no win, no charge", as pointed out by the Honourable Margaret NG in the main question, the agents will be in breach of the common law. Nevertheless, the crux of the question lies in whether we have received any complaints or obtained sufficient evidence to prove that a certain agent is performing such an act. If so, we will surely institute prosecution.

**MR ALBERT HO** (in Cantonese): *Madam President, I can absolutely not understand the reply given by the Secretary for Justice earlier. The Secretary remarked in part (a) of the main reply: "However, non-lawyers can provide certain types of assistance in the recovery of accident compensation, even on a contingency basis, without breaching these provisions". My question was actually referring to such circumstances. Can the Secretary explain once again the circumstances she was referring to? The Secretary has not given me a reply with respect to this point.*

**SECRETARY FOR JUSTICE** (in Cantonese): Madam President, the constitution of an offence depends mainly on evidence. I believe Members are all aware, besides solicitors and barristers, voluntary agencies may also provide legal services for a litigant. As I pointed out just now, if the relevant legal services are not prohibited under the Legal Practitioners Ordinance, for instance, the provision of assistance to a litigant to collect information before a lawsuit, then it does not constitute an act of champerty. Therefore, action can only be taken dependent on the evidence we have obtained. It is not that the police and the Department of Justice are leaving these agents alone. Prosecution will be taken if there is sufficient evidence proving that the law has been infringed.

**PRESIDENT** (in Cantonese): This Council has spent more than 19 minutes on this question. I am afraid I have to disappoint a number of Members who are still waiting for their turn to raise their supplementary questions. We will now proceed to the sixth question.

### **Road Tunnel Linking up Shekou and Zhuhai**

6. **MR HUI CHEUNG-CHING** (in Cantonese): *Madam President, it has been reported that the Guangdong authorities are currently studying a proposal to construct a road tunnel to link up Shekou of Shenzhen and Zhuhai. In this connection, will the Government inform this Council whether:*

- (a) *it knows the details of the proposal;*
- (b) *it has evaluated the impact of the infrastructure on the economic and trade development of Hong Kong; and*

- (c) *apart from the Shenzhen Western Corridor scheduled to be constructed, the Administration will expedite the studies on the construction of other infrastructures to link up the western part of Hong Kong and the Mainland; if it will not, of the reasons for that?*

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, the Government of the Hong Kong Special Administrative Region (SAR) maintains close contact with the mainland authorities on ways to strengthen the co-ordination and co-operation between the two sides on major infrastructure projects. We were advised earlier that the Guangdong Provincial Government has a plan to construct a road tunnel linking Shekou of Shenzhen with Zhuhai. We understand that this is only an initial proposal to be studied. We have requested the mainland authorities concerned to furnish us with more information on the proposed project. Upon receiving further details, we will assess the impact of this project on our economic and trade development.

With the growing economic and trade ties between Hong Kong and the Mainland, we have witnessed an increasing demand for cross-boundary passenger and freight transport services. Over the past five years, cross-boundary vehicular flow has gone up by almost 30% while cross-boundary passenger flow has nearly doubled. As the demand for such services is envisaged to increase further, the SAR Government has attached great importance to enhancing the infrastructural facilities for cross-boundary traffic between Hong Kong and the Mainland.

On railway facilities, we are actively taking forward the Sheung Shui to Lok Ma Chau Spur Line project. To further strengthen the rail link between Hong Kong and the Mainland, we are discussing with the mainland authorities on the feasibility of developing a Guangzhou-Shenzhen-Hong Kong Express Rail Link. Meanwhile, the Kowloon-Canton Railway Corporation is studying the construction of a Port Rail Line linking the Mainland and the Container Terminal in Hong Kong.

On road facilities, the construction of the Shenzhen Western Corridor is in full swing and we are striving to complete it in 2005. Upon the commissioning of the Corridor, the vehicular handling capacity of the land crossings will double. We think it should meet the short- and medium-term demand for cross-boundary transport services. Moreover, the Planning Department is currently carrying

out a long-term planning study, "Hong Kong 2030 — Planning Vision and Strategy". The study aims at formulating a long-term planning framework on matters relating to land use, transport and environment with a view to setting out guidelines for Hong Kong's physical development over the next 30 years. One of the key study areas will be the strengthening of our links with the Mainland and the need for and the timing of additional cross-boundary links will be studied.

**MR HUI CHEUNG-CHING** (in Cantonese): *Madam President, if the plan to construct a road tunnel linking Shekou of Shenzhen and Zhuhai were really implemented, goods from the west of the Pearl River Delta and West China could be exported from Shenzhen, instead of being transported to and exported from Hong Kong in the future. May I ask the Government, apart from the construction of the Shenzhen Western Corridor, if any study has been conducted on the construction of other infrastructures to link the western part of Hong Kong with the Mainland? I cannot find an answer in the main reply. The Secretary only said in the fourth paragraph of the reply that the Shenzhen Western Corridor should meet the short- and medium-term demand for cross-boundary transport services. Since only the short- and medium-term demand for cross-boundary transport services could be met, has the Government considered other more specific facilities?*

**SECRETARY FOR TRANSPORT** (in Cantonese): *Madam President, we are now constructing the fourth boundary crossing. As a long-term measure, we will study the need for and timing of the fifth boundary crossing. The options to be studied include the feasibility of constructing a road or bridge from the west, which is from Hong Kong to Zhuhai and the way of linking Hong Kong with the east.*

**MR IP KWOK-HIM** (in Cantonese): *Madam President, in the fourth paragraph of his main reply, the Secretary said the Government is currently carrying out a long-term planning study for the next 30 years and one of the study areas is the links between Hong Kong and the Mainland. May I ask the Secretary, if the news on the road tunnel project were true, then whether the authorities have considered that Hong Kong will be gradually marginalized and the air freight and transportation industry of Hong Kong will be undermined as a result?*

**PRESIDENT** (in Cantonese): Which Secretary will answer this question? Secretary for Transport.

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, as I said earlier in my main reply, first of all, we need to know the actual implementation date and details of the project; moreover, we will certainly continue to follow up on the impact of this project on Hong Kong. Perhaps, I can provide Honourable Members with some information. An Expert Group on Port and Logistics Development has been established under the Hong Kong and Mainland Major Infrastructure Projects Coordinating Committee with the Economic Services Bureau as the initiator on the Hong Kong side. One of the main duties of that Group is facilitating discussions between both parties on the co-ordination and strategies of logistics development, so as to achieve positive competition. One of the study areas is whether there is a need for Hong Kong and the Pearl River Delta to strengthen their road links.

**DR TANG SIU-TONG** (in Cantonese): *Madam President, in the first paragraph of his main reply, the Secretary said the Government was advised earlier that the Guangdong Provincial Government had plans to construct a road tunnel linking Shekou of Shenzhen with Zhuhai. The Secretary said earlier that an expert group has been set up. May I ask the Government whether it was advised before or after the media disclosed such information? If it was advised before that, then how long in advance was it advised? If it was advised after that, then does it mean that the ties between the Government and the Mainland are not close enough?*

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, the Government was aware of this plan before the media disclosed such information.

**PRESIDENT** (in Cantonese): Secretary, have you still not answered part of the supplementary question?

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, I think we learned about this plan around spring this year.

**DR RAYMOND HO** (in Cantonese): *Madam President, in the fourth paragraph of his main reply, the Secretary talked about the long-term planning study on "Hong Kong 2030 — Planning Vision and Strategy". In fact, the Legislative Council has held many discussions on this study. However, it seems that the cross-boundary bridge linking Hong Kong, Zhuhai, Macao and even Shekou is not covered in the study, an issue we very much hope the Government will study. May I ask the Secretary what the latest development is in this respect?*

**SECRETARY FOR PLANNING AND LANDS** (in Cantonese): *Madam President, the study on "Hong Kong 2030 — Planning Vision and Strategy" covers nine different areas, one of which is the need for, feasibility, timing and routes of more cross-boundary links. According to our schedule, this study will be completed by the end of this year. Since the Government is now conducting a study, we could not provide Members with more detailed information. However, upon completion of the study, we would publicize all the details.*

**MR HENRY WU** (in Cantonese): *Madam President, the Secretary talked about a long-term planning study entitled "Hong Kong 2030 — Planning Vision and Strategy" in his main reply. May I ask the Government whether the planning prospects of Hong Kong will be affected if, in formulating such long-term plans, it is discovered upon discussion with the Mainland that their plans are not in co-ordination with that of Hong Kong?*

**SECRETARY FOR PLANNING AND LANDS** (in Cantonese): *Madam President, in this study, we will look into many different subjects, including the future development of Hong Kong in different areas, namely ports, logistics, air freight and tourism; how to facilitate passenger and cargo flow between Hong Kong and the Mainland and the future development of the west coast of the Pearl River Delta and western part of China. Furthermore, on the Hong Kong front, we would conduct studies on the matching road networks in Hong Kong and the relevant impact on environment and land planning. Of course, in addition to studies on the local needs of Hong Kong, the Government will also hold discussions with relevant departments of the Mainland to study issues of mutual concern. We will continue our efforts in this area.*

**DR DAVID CHU** (in Cantonese): *Madam President, if the road tunnel linking Shekou of Shenzhen with Zhuhai is actually constructed, will it have impact on the Zhuhai Lantau Bridge project because by then, vehicles from Zhuhai could travel to Hong Kong direct without passing through Lantau?*

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, after we are informed of the details and particulars of the project, such as its timing, we will look into this point. However, according to our preliminary estimation, if this road tunnel is actually constructed, it will certainly have impact on other links. As to whether it means that it is no longer necessary to construct other links, I think it depends on the overall planning and interface between various aspects of logistics development. Therefore, it is premature to make a decision at this stage and say it is not necessary to build a bridge due to the construction of the road tunnel.

**MS MIRIAM LAU** (in Cantonese): *Madam President, the Honourable HUI Cheung-ching has talked about the possible impact on freight transport earlier, if a road tunnel linking Shekou of Shenzhen with Zhuhai is actually constructed. The Guangdong Provincial Government is now conducting a study on a specific infrastructure project while Hong Kong is carrying out a long-term planning study up to 2030 and we do not know when this study will be completed. As such, is it possible that when this study is completed, the infrastructure project of the Guangdong Provincial Government will have already been completed? If the Government attaches so much importance to the link between Hong Kong and the Mainland, in particular the link to the west part of China and thinks that it is so very important to our freight transport and logistics industries, then will it single out the project on the road tunnel to link the western part of Hong Kong with Zhuhai from its long-term planning study and hold discussions with the mainland Government as soon as possible, so as to find a link that is considered the most cost-effective by all parties and starts planning?*

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, I would like to state two points in response. First, insofar as I understand it, the road tunnel is only an initial proposal and the Guangdong Provincial Government still needs to conduct a detailed study. Second, I said earlier in my main reply that we would continue to seek more information from the relevant mainland authorities and we would also take follow-up actions and conduct studies.

As regards our long-term development study, the Secretary for Planning and Lands said earlier that some proposals would be promulgated by the end of this year. The fifth cross-boundary link is certainly a long-term development, but one of the subjects under study is the need for and timing of additional cross-boundary links, so we are not talking about something in the distant future. In fact, we have been actively studying the fifth cross-boundary link.

**MR LAU KONG-WAH** (in Cantonese): *Madam President, I am disappointed with the reply of the Government because it has always insisted that this cross-boundary bridge will be needed only by 2016. The Guangdong Provincial Government now proposes this infrastructure project and it will be launched as soon as possible. Does the Government think that the proposal of the Guangdong Provincial Government will actually speed up the plans of Hong Kong? Under such circumstances, if we still continue to study, study and study again, will we be running out of time?*

**SECRETARY FOR TRANSPORT** (in Cantonese): *Madam President, it is true that the Government has mentioned 2016. I believe Members will understand that the timetable for road development must tie in with the overall development of Hong Kong. If other developments are speeded up, then the road construction works will certainly be completed ahead of schedule. This mainly depends on the overall development. If the result of the study shows that it is necessary to speed up the construction of roads, the fifth cross-boundary link would certainly be built as soon as possible.*

**MS EMILY LAU** (in Cantonese): *Madam President, in studying the need for and the timing of cross-boundary links, the Secretary did not mention anything about environment issues. During the recent Legislative Council debate on the accountability system for principal officials, we raised our concern on the possible impact on environmental work after the environment portfolio is combined with transport and works. The Secretary did not mention anything about environment issues in his main reply. Has it been omitted? In fact, when discussions were held with relevant mainland authorities, both environmental protection and conservation issues were attached great importance. Have any common standards and criteria been laid down by both parties agreeing that the construction works will be conducted with the same*

*objectives, so that no matter how many construction projects are implemented in the future, both parties will follow environmental protection standards that are acceptable to both parties?*

**PRESIDENT** (in Cantonese): Which Secretary will answer this question? Secretary for Planning and Lands.

**SECRETARY FOR PLANNING AND LANDS** (in Cantonese): Madam President, in my reply to the Honourable Henry WU's supplementary question, I said we would consider many different factors, one of which is the impact on environment and land planning.

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

**MISS EMILY LAU** (in Cantonese): *Madam President, the Secretary for Planning and Lands has not answered my question. My question on environment issues is actually not a concern of the Secretary, but he has answered my question. The Secretary who should be answering this question is not in this Chamber. Therefore, this question should actually be answered by the three relevant Secretaries. I asked whether the Government has reached any agreement with the relevant mainland authorities or the Guangdong Provincial Government on a series of mutually acceptable standards on environmental protection and conservation issues, so that future construction works could be carried out in accordance with such standards? Has any agreement been reached?*

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, I could only say that as in the example of the construction of the Shenzhen Western Corridor, Hong Kong and the mainland authorities will certainly work together on the project. Under such circumstances, we will be conducting the construction works together, but the environmental assessment work will be conducted separately.

**MISS EMILY LAU** (in Cantonese): *Madam President, what does this mean? How would the environmental assessment work be conducted? If there is no mutual understanding and the assessment work is conducted separately, it is the same as not doing anything. I think this answer is unacceptable. If the Secretary for Transport cannot answer this question, he should go back and seek the advice of the Secretary for the Environment and Food. Please ask him not to play such a joke on Members.*

**PRESIDENT** (in Cantonese): Miss Emily LAU, this is only your personal opinion and it is not part of the supplementary question you asked earlier.

**MR ABRAHAM SHEK** (in Cantonese): *Madam President, I am very happy to learn from the Secretary's reply that Hong Kong will spend a lot of money on developing cross-boundary links, both at present and in the future. Will the Government review its existing policy to allow more Hong Kong people to use these roads so that we can drive freely to the Mainland? If so, when will the review be conducted?*

**PRESIDENT** (in Cantonese): Mr SHEK, are you talking about vehicles travelling freely between Hong Kong and the Mainland, but it seems that it is not related to the main question.

**MR ABRAHAM SHEK** (in Cantonese): *Madam President, we have invested in the construction of such cross-boundary road links network, but at present the users of such roads are only a group of special persons, while the general public are not allowed to use them. Hong Kong has made heavy investments and I would like to know who are allowed to use these cross-boundary road links.*

**PRESIDENT** (in Cantonese): Mr SHEK, I catch your point, but I rule that your supplementary question is not related to the main question.

**DR RAYMOND HO** (in Cantonese): *Madam President, the Secretary said there has been an increasing demand for cross-boundary passenger and freight*

*transport services. Over the past five years, cross-boundary vehicular flow has gone up by almost 30% while cross-boundary passenger flow has nearly doubled. That means in 10 years' time, cross-boundary vehicular flow will be doubled as compared to that of 1997, while in five years' time, cross-boundary passenger flow will be increased by 2.5 times. Has the Secretary conducted any studies in relation to these figures? If a bridge or tunnel is actually built to link Hong Kong with the Pearl River Delta direct, then what would be the relevant figures?*

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, we will certainly take this factor into consideration when we study the construction of the fifth cross-boundary link. However, the future growth rate may not be the same as that of the past five years for the growth rate in the last two years has already slowed down. However, from a long-term perspective, we still have to study on many issues. The Secretary for Planning and Lands also mentioned earlier that in the study on "Hong Kong 2030 — Planning Vision and Strategy", apart from economic development, factors like migration and living habits will also have an impact on the study. Therefore, we have to consider all relevant factors comprehensively and carefully before we make any projections on the future needs of cross-boundary links and the timing of the relevant project.

**PRESIDENT** (in Cantonese): Last supplementary.

**MR LAU KONG-WAH** (in Cantonese): *Madam President, all decision-making seems to have been held up before the list of principal officials under the accountability system is finalized. May I ask the Secretary for Planning and Lands, if he became one of the principal officials, would he put the cross-boundary bridge project on the top of his agenda?*

**PRESIDENT** (in Cantonese): Mr LAU Kong-wah, I have to remind you that this Council does not allow Members to ask hypothetical questions. You just mentioned the word "if", so this is a hypothetical question. Unless you rephrase your question, otherwise I cannot allow you to ask this supplementary question.

**MR LAU KONG-WAH** (in Cantonese): *Madam President, I am not making an hypothesis. I would like to ask the Secretary for Planning and Lands whether he would make the cross-boundary bridge project one of his priority projects.*

**SECRETARY FOR PLANNING AND LANDS** (in Cantonese): *Madam President, we are now actively studying the need for the construction of the fifth cross-boundary link in the study on "Hong Kong 2030 — Planning Vision and Strategy" and we will also look into the appropriate timing and alignment. We are now conducting a preliminary study and once the results of the study are available, the relevant department will conduct a further and more detailed study and we could then decide on the feasibility of building this cross-boundary link.*

**PRESIDENT** (in Cantonese): *Question time ends here.*

## **WRITTEN ANSWERS TO QUESTIONS**

### **Non-Approved Contractors Undertaking Public Works**

7. **MR ALBERT CHAN** (in Chinese): *Madam President, it is learnt that the mainland registered Guangdong Water Conservancy and Hydro-power Engineering Development Company Limited (GWCH-PRC) and the Guangdong Water Conservancy and Hydro-power Engineering Development Company Limited (GWCH-HK) bear a holding and subsidiary relation. Although GWCH-HK, the subsidiary company, is not one of the contractors approved by the authorities, it has undertaken many Special Administration Region Government public works projects with the authorization of its parent company. In this connection, will the Government inform this Council:*

- (a) *of the reasons for allowing GWCH-HK, which was not on the List of Approved Contractors for Public Works, to enter into contracts to undertake public works projects;*
- (b) *given that GWCH-HK, the subsidiary company, has gone into voluntary liquidation, of the progress of the Government's actions to recover from the parent company in the Mainland the losses arising from works that were unfinished;*

- (c) *of the current number of public works projects formerly undertaken by GWCH-HK which have to be re-tendered, and details of these projects, including the project titles, the estimated delay in time, additional costs arising from the delay and the names of the new contractors; and*
- (d) *whether, drawing on the experience in this incident, the Government will stipulate new requirements and work out new measures in future reviews, with a view to preventing the recurrence of similar incidents; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR WORKS** (in Chinese): Madam President,

- (a) GWCH-PRC became an Approved Lists of Contractors for Port Works, Roads and Drainage, Site Formation and Waterworks on 26 October 1981. It appointed GWCH-HK as its authorized representative in Hong Kong for the execution and performance of these contracts. During the period from 1982 to 1999, it has been awarded 25 contracts of which 21 have been successfully completed with satisfactory performance and the remaining four contracts have been re-entered as a result of the Contractor's poor performance during 2001.
- (b) There are compulsory winding up proceedings relating to GWCH-HK which are continuing. The Government is currently reviewing all its options in relation to the recovery of its losses arising from the re-entered contracts.
- (c) There are four former public works contracts with GWCH-PRC which have to be re-tendered. Details of these contracts are tabled at Annex.
- (d) Drawing on the experience in previous contracts with poor performance of the contractors, we have recently completed a

review on tightening the control of public works contractors. These measures are progressively being implemented.

The measures include tightening the financial criteria for the admission to and retention on the approved lists of contractors. Failure to comply with these criteria will render the contractor liable to regulating action. These financial criteria include:

- (i) carrying out a profit trend analysis before a tender is recommended;
- (ii) raising the capital requirements of a contractor for retention on the approved lists of contractors; and
- (iii) requiring the contractor to provide additional information for auditing, besides annual audited accounts and management accounts.

To strengthen the selection of contractors and evaluation of tenders, we will introduce a new marking scheme later this year. The new marking scheme will take into account both the tender price and the quality of work including the past performance of the tenderer. This provides an incentive for contractors to complete their contracts successfully.

We have tightened the criteria for taking regulating actions. A contractor will be suspended from tendering when he receives two consecutive adverse performance reports under the same contract instead of the previous criteria of three consecutive adverse reports.

We will regularly review our contractor management system and look for areas for improvement. We will, if necessary, stipulate further requirements and introduce additional measures to tighten the control on contractors and to ensure proper project delivery.

<i>Contract No. and Title</i>	<i>Original Contractual Date for Completion of the Works</i>	<i>Extended Contractual Date for Completion of the Works</i>	<i>Anticipated Date for Completion of the Works</i>	<i>Estimated Additional Cost incurred arising from the delay of the Works</i>	<i>Name of Replacement Contractor</i>
YL 40/98 Tin Shui Wai Further Development – Road D4 and Site Formation of Areas 112, 115 and 120	1 March 2001	24 May 2001	December 2003	\$40 million	Completion contract yet to be awarded.
FL 23/99 Main Drainage Channels for Fan Ling, Sheung Shui and Hinterland – River Training Works for Upper River Indus	2 January 2002	6 April 2002	March 2003 (channel works); March 2004 (other works)	\$210 million (Amount that may be recovered from GWCH-\$120 million)	Sun Fook Kong (Civil) Limited (for part of the works) Completion contract yet to be awarded.
DC/95/06 Central and Wan Chai East Pumping Stations and Screening Plants	28 January 2000	31 May 2002	December 2005	\$63 million	Hong Kong & Macau Scent On Engineering & Construction Limited (for part of the works) Completion contract yet to be awarded.
DC/98/01 Investigation of Sewers and Drains Behind and Adjacent to Cut Slopes	14 May 2000	18 August 2000	March 2003	\$8.6 million	Completion contract yet to be awarded.

## Design and Usage of Ferry Piers

8. **DR RAYMOND HO** (in Chinese): *Madam President, regarding the design and usage of ferry piers, will the Government inform this Council whether:*

- (a) *it knows if the authorities concerned plan to open the rooftops of ferry piers for tourists and the public to enjoy the harbour view and relax; if they do, of the details; if they do not, the reasons for that;*
- (b) *it knows if the authorities concerned plan to organize creative design competitions to provide the existing ferry piers with individual features; if they do, of the details; if they do not, the reasons for that; and*
- (c) *new ferry piers will be completed within the next three years; if so, whether it will request the authorities concerned to design such ferry piers with innovative ideas and organize creative design competitions; if it will; of the details?*

**SECRETARY FOR TRANSPORT** (in Chinese): Madam President, at present, the rooftop of Central Pier No. 3 is open to the public. In the next three years, two new piers for domestic passenger ferry services will be constructed *viz.* Central Pier No. 2 for the planned ferry service between Ma Wan and Central, and Central Pier No. 8 for the relocation of the Star Ferry Piers from Edinburgh Place. Under the current plan, the rooftops of these two new Central Piers and the existing Central Pier No. 7 will be open to the public. Regarding the remaining piers, Central Pier No. 1 is for use by government departments including the Marine Department and the Fire Services Department and is not a public pier. For Central Pier Nos. 4, 5 and 6 which are part of a Comprehensive Development Area in Central, the Government intends to require the future developer to open the rooftops of these piers to the public.

Regarding the design of piers, the existing Central Pier No. 7 together with the new Central Pier No. 8 will be specifically designed to re-create the "Star Ferry" icon. Whilst there is no current plan to organize design competitions for the existing and new passenger ferry piers, the Government explores other possible ways to improve the design of these piers. For example,

as part of the Tsim Sha Tsui Promenade Beautification Project which is expected to commence in 2003, the Government will repave the pavement and replace the canopy at the Star Ferry Pier Concourse in Tsim Sha Tsui. Consideration is also being given to renovate the superstructure of the Star Ferry Pier in Tsim Sha Tsui in due course so that the pier will blend in harmoniously with the overall design of that project.

### **Conflict of Interests of Securities Intermediaries**

9. **MISS EMILY LAU:** *Madam President, in view of the efforts of financial services regulators in the United States and Europe to review the issues of the conflict of interests of securities intermediaries and the impartiality of equity research reports, will the Government inform this Council:*

- (a) whether it has plans to conduct the same review in Hong Kong, including the conflict of interests on the part of securities intermediaries in having to give investment advice to institutional and direct investors on the one hand and promote their corporate clients on the other hand;*
- (b) of the requirements for securities analysts to disclose their interests to customers, and whether the relevant authorities plan to tighten these requirements; and*
- (c) of the number and nature of complaints made against securities analysts that the relevant authorities received in the past two years?*

**SECRETARY FOR FINANCIAL SERVICES:** Madam President,

- (a) As in all major financial markets, Hong Kong operates a disclosure-based regulatory regime which emphasizes the need for segregation of and controls over different functions and information flow between functional areas in a firm offering financial intermediary services. Where potential conflict of interests arises, whether at the analyst or corporate level, detailed disclosure should be made so that investors can make informed decisions.

This principle is embodied in the Code of Conduct for Persons Registered with the Securities and Futures Commission (SFC) (Code of Conduct) and the Management, Supervision and Internal Control Guidelines for Persons Registered with or Licensed by the SFC (Internal Control Guidelines).

Since the recent downturn of technology stocks, concerns have been expressed over analysts' conflict of interests. The International Organization of Securities Commissions (IOSCO) is developing a set of guidelines to address a number of specific areas pertaining to analysts' conflict of interests issue, for example, the practice of linking analysts' pay to corporate banking revenue.

We are monitoring closely international developments in this regard and shall continue to review our regulatory regime from time to time to ensure that it is on par with international standards and best practices developed by international bodies such as the IOSCO.

- (b) Dealers and investment advisers registered with or licensed by the SFC are required to observe the Code of Conduct and the Internal Control Guidelines. As part of the SFC's registration requirements, they are required to act honestly, fairly, and in the best interests of their clients and the integrity of the market. They are required to avoid conflict of interests, and to ensure that their clients are fairly treated. Paragraph 10.1 of the Code of Conduct specifically provides that "where a registered person has a material interest in a transaction with or for a client or a relationship which gives rise to an actual or potential conflict of interest in relation to the transaction, it should neither advise, nor deal in relation to the transaction unless it has disclosed that material interest or conflict to the client and has taken all reasonable steps to ensure fair treatment of the client".

The Internal Control Guidelines further require a firm in the business of offering investment advice for remuneration to adopt measures and procedures to ensure that such advice is based on thorough analysis, taking into account available alternatives, and that such advice is appropriate for the clients concerned.

The Internal Control Guidelines also require the management of intermediaries to establish procedures to ensure that its staff's trading activities are not prejudicial to the interests of its clients. Staff members are required to disclose to the intermediary, on joining and regularly afterwards (at least semi-annually), details of holdings and trading activities in which they have an interest in relation to specific securities, futures and other investment products in which the firm deals in or in respect of which the firm acts as an investment adviser or commodity trading adviser. All transactions for staff accounts must be separately recorded and closely monitored by independent senior management.

Contravention of the Code of Conduct and the Internal Control Guidelines could lead to disciplinary sanctions by the SFC, including reprimands, and suspension or revocation of licences. Under the newly enacted Securities and Futures Ordinance, such sanctions will be broadened to include fines and partial suspension or revocation of licences.

The SFC conducts inspections on registered intermediaries and monitors their activities to ensure compliance with regulatory requirements including the relevant Code and Guidelines mentioned above. If there are suspected breaches, the SFC will initiate inquiries or investigations. If breaches are proven, the SFC will consider imposing disciplinary sanctions.

Under section 168(2)(f) of the Securities and Futures Ordinance, the SFC may make rules to require an intermediary, when making any recommendation concerning any financial product to any client of the intermediary, to disclose to the client in the specified manner any interest the intermediary may have in the financial product. The SFC would monitor international developments and consider the need to make any further rules in respect of disclosure of interest by intermediaries.

- (c) The SFC has received two complaints about analysts' possible conflict of interests over the past two years. One concerned allegations that a broker had sold specific securities after having made a "buy" recommendation. The other concerned allegations

that a placing agent had made misleading statements. The allegations in both cases could not be substantiated.

As mentioned in (b) above, the SFC will continue to conduct its supervisory work to ensure the fitness and properness of registered intermediaries.

### **Assisting the Visually Impaired to Use MTR Services**

10. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that, after installing passenger lifts in some Mass Transit Railway (MTR) stations, the MTR Corporation Limited (MTRCL) has removed all existing tactile guide paths for the visually impaired in these stations and installed new tactile guide paths which lead only to passenger lifts, and the removal of the original tactile guide paths has been criticized by some visually impaired persons as causing inconvenience to them. In this connection, will the Government inform this Council whether it knows:*

- (a) *which MTR stations have passenger lifts, and if the MTRCL plans to install such facilities in all MTR stations; if so, of the installation timetable; if not, the reasons for that;*
- (b) *the existing facilities, apart from tactile guide paths, to assist the visually impaired to move safely in MTR stations; and*
- (c) *the existing facilities to guide the visually impaired to use escalators or staircases when the passenger lift service is suspended?*

**SECRETARY FOR TRANSPORT** (in Chinese): *Madam President, according to the MTRCL, the Corporation has originally planned to replace all existing rubber guide paths in stations with ceramic guide paths by 2005. In the light of views expressed by visually impaired groups, the Corporation has temporarily suspended replacement works, pending further discussions with the groups concerned.*

The MTRCL has so far provided internal and/or external passenger lifts in 32 MTR stations. A list of these stations is at Annex. The Corporation plans to have at least one internal lift to be provided between concourse and platform in

all MTR stations, including the Tseung Kwan O Line, by 2008. Ramps or stair lifts have been or will be provided in stations where installation of external lifts is not feasible.

Other than tactile guide paths, the following facilities are available at MTR stations to assist visually impaired passengers:

- (i) platform tactile yellow lines;
- (ii) obstructions fitted with cane detection bars and visual bands;
- (iii) escalator audible signal device;
- (iv) platform announcement of train destination; and
- (v) Braille lift numbers, level information and call buttons in new and retrofitted lifts.

If a passenger lift is out of order, a Braille "Out of Service" board will be posted at the lift entrance to notify visually impaired passengers. MTRCL staff attending the Customer Service Centres will provide assistance to visually impaired passengers in entering or leaving MTR stations and using MTR facilities.

Annex

#### MTR stations with passenger lifts

##### *Kwun Tong Line*

1. Shek Kip Mei
2. Kowloon Tong
3. Lok Fu
4. Wong Tai Sin
5. Diamond Hill
6. Choi Hung
7. Kowloon Bay
8. Ngau Tau Kok
9. Kwun Tong
10. Lam Tin

*Tsuen Wan Line*

1. Kwai Hing
2. Kwai Fong
3. Lai King
4. Mei Foo
5. Prince Edward
6. Mong Kok
7. Yau Ma Tei

*Island Line*

1. Central
2. Wan Chai
3. Causeway Bay
4. Fortress Hill
5. North Point
6. Quarry Bay
7. Tai Koo
8. Heng Fa Chuen
9. Chai Wan

*Tung Chung Line*

1. Hong Kong
2. Kowloon
3. Olympic
4. Tsing Yi
5. Tung Chung

*Airport Express Line*

1. Airport

**Erection of Noise Barriers to Divide Dual Carriageways**

11. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding the noise barriers erected on existing roads and flyovers to divide dual carriageways, will the Government inform this Council:*

- (a) *of the road sections and flyovers on which such noise barriers have been erected, and how the number of such noise barriers compares with that of the noise barriers erected on either side of road sections or flyovers;*
- (b) *of the average, maximum and minimum height of such noise barriers installed; and*
- (c) *given that traffic incidents often result in heavily congested traffic in the same direction, whether the Administration has, before deciding to erect such noise barriers, taken into account the need for fire engines and ambulances to arrive expeditiously at the scene of the incident, and whether it has come up with a solution in this respect, particularly with regard to the Tolo Highway where such noise barriers are being erected?*

**SECRETARY FOR TRANSPORT** (in Chinese): Madam President,

- (a) There are three roads and three flyovers with noise barriers erected in the middle of dual carriageways. The roads in question are Tsing Yi Heung Sze Wui Road, Tsing Yi Road and Tin Wah Road in Tin Shui Wai, whereas the flyovers concerned are West Kowloon Highway near Cheung Sha Wan Wholesale Food Market, a section of West Kowloon Highway between Mei Tsing Road and Hing Wah Street West, and Tsing Kwai Highway near Lai King. Also, noise barriers are erected on either side of 100 road sections and 36 flyovers.
- (b) The height of the above-mentioned noise barriers installed in the middle of dual carriageways ranges from 2 m to 7.3 m, with an average height of 4.3 m.
- (c) In carrying out strategic highway projects, the project proponent will conduct an environmental impact assessment in accordance with the Environmental Impact Assessment Ordinance. If the result of the assessment identifies a need to erect noise barriers on certain road sections, the project proponent will, apart from assessing the effectiveness of these barriers, consider other factors; for example,

whether the barriers will hinder fire fighting and rescue operations, obstruct the sight-line of drivers, and other road safety considerations. During the assessment process, the government departments concerned will advise on areas within their purview to ensure that the erection of barriers complies with the relevant requirements. The Fire Services Department will assess the accessibility of fire engines and ambulances, and take appropriate measures to ensure that emergency vehicles can arrive at the scene expeditiously. On Tolo Highway where such noise barriers are being erected, a total of 37 emergency doors have been added to the noise barriers erected along the central divider and the roadside. In addition, two emergency openings have been provided at the central divider for emergency use.

### **Uploading Information of Registered Drugs onto Website of Department of Health**

12. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, will the Government inform this Council whether it will consider uploading onto the website of the Department of Health (DH), and in both Chinese and English, the information on each registered drug on sale in the market (including its name, registration number, usage, ingredients, properties, dosage, curative effects, side effects and points to note, and so on), for inspection by the public; if it will not, of the reasons for that?*

**SECRETARY FOR HEALTH AND WELFARE** (in Chinese): Madam President, at present, the DH's Pharmaceutical Service makes available for public inspection, through its website, information on all the pharmaceutical products registered in Hong Kong, including the product name, active ingredients, registration number as well as the name and address of the holder of registration certificate. This will facilitate verification of the registration status of pharmaceutical products and enable healthcare professionals and the pharmaceutical industry to find out the active ingredients of registered drugs. The DH has initiated work to improve the existing drug information system by introducing a quick search function, for example, searching by product name or by registration number. The DH also plans to expand the database by indicating whether the drugs in question are prescription-only medicines.

The above-mentioned website does not provide information relating to the curative effects of pharmaceutical products, because this would be inconsistent with the intention of the Undesirable Medical Advertisements Ordinance (Cap. 231), which prohibits or restricts advertisements likely to lead to the use of any medicine, surgical appliance or treatment for certain diseases, and seeks to minimize improper use of medicinal products by the public for self-medication. The usage, dosage, curative effects and side effects of a drug may vary depending on the actual circumstances in which the drug is used and the condition of the individual patient. Members of the public are advised to seek professional advice from doctors and pharmacists prior to taking any medication.

### **Selection of Banks to Provide Services to Government**

13. **MR ALBERT HO** (in Chinese): *Madam President, it is learnt that a bank which currently provides payment and collection account, autopay, direct credit and other services to government departments such as the Treasury, the Social Welfare Department and the Student Financial Assistance Agency has closed down a lot of its branches in recent years, including those situated in public housing estates in remote areas. In this regard, will the Government inform this Council:*

- (a) *whether, in selecting banks to provide services, it takes into account the number of the banks' branches and their distribution; and*
- (b) *regarding the revelation by the authorities in May last year that the Treasury was carrying out a study on the scope and arrangements for the tender regarding provision of banking services to the Government in order to enable more banks to provide such services, of the latest progress of this study, and whether the number of the banks' branches will be taken as a selection criterion?*

**SECRETARY FOR THE TREASURY** (in Chinese): Madam President, the reply to the two-part question is as follows:

- (a) The Government is committed to providing cost-effective and convenient services to the public. Depending on the nature of the

banking service involved, the Government takes into account, as appropriate, the number of branches and their geographical distribution in selecting the banks for provision of services to the Government. That said, it is worth noting that with regard to payments to the public, the Government pays by cheque or electronic transfer, including autopay. Cheques are sent by mail to recipients and may be deposited by the recipients into any bank. Payments by electronic transfer are made directly into the recipients' accounts in the banks of their own choice. With regard to payments to the Government by the public, these may be made electronically, or by post, or across the counter at post offices, or at designated shroff offices of the departments concerned for specific cases such as certain licence fees. Thus, the number of branch offices of the banks which provide services to government departments should not affect the quality and convenience of government services to the public.

- (b) The Treasury has already completed the study and has embarked on a phased programme for tendering of banking services for the Government. Where appropriate, the number of branches that a bidding bank has is one of the selection criteria for tender assessment.

### **Customs Clearance Time for Cross-boundary Container Trucks**

14. **MR HUI CHEUNG-CHING** (in Chinese): *Madam President, it has been reported that a reporter accompanied a container truck on a return trip between Hong Kong and Dongguan via the Man Kam To Crossing during non-peak hours, and spent nearly eight hours on travel and customs clearance, including a waiting time of five hours for customs clearance. The report has also pointed out that currently only one lane is opened at night at the Huanggang checkpoint, and the Logistics Development Council is planning to set a target clearance time. In this connection, will the Government inform this Council:*

- (a) *given the Government's incessant efforts to improve the efficiency of customs clearance, of the reasons for container trucks still having to wait for hours to complete the clearance formalities;*

- (b) *whether the Administration has discussed with the mainland authorities increasing the number of lanes opened at the Huanggang checkpoint at night; if it has, of the details of the discussion; if it has not, the reasons for that; and*
- (c) *whether it knows the details and implementation date of the target clearance time mentioned above?*

**SECRETARY FOR SECURITY** (in Chinese): Madam President, our reply to the Honourable HUI Cheung-ching's questions is provided in the ensuing paragraphs.

- (a) The Administration has been making persistent efforts to improve the efficiency of clearing cross-boundary goods vehicles at our control points. The Customs and Excise Department (C&ED) has started an exercise to streamline the customs clearance procedures for goods vehicles in phases in March this year. When the whole set of simplified procedures is implemented, the average clearance time for processing a laden cross-boundary vehicle will be reduced from 45 seconds to approximately 30 seconds. In addition, the C&ED will install "Automatic Vehicles Recognition System" (AVRS) at the 42 customs kiosks at the three land boundary crossings in phases. The AVRS installation programme will commence in June this year for completion by the end of this year. By then, the efficiency of clearing goods vehicles at our control points will be significantly enhanced.

The cargo vehicle mentioned in the news article in question is a "transit vehicle". The cargo vehicle started its journey from a container depot in Sheung Shui, Hong Kong, crossed the boundary via Man Kam To and headed for Dongguan. During the journey, the vehicle had to go through three customs checkpoints located at Man Kam To Control Point on Hong Kong side and in the Mainland and Huangjiang, Dongguan. After completing the customs clearance procedures at Man Kam To Control Point in Hong Kong, the vehicle then proceeded to Man Kam To in the Mainland. As the destination of the vehicle was Dongguan, the mainland customs

authorities at Man Kam To only attached a seal to the container without conducting customs clearance. The seal of the container was detached when the vehicle reached the customs checkpoint at Huangjiang, Dongguan where customs clearance was conducted.

According to the news article, the journey of the cargo vehicle from Hong Kong to Man Kam To, Shenzhen was smooth. Major problem emerged when the vehicle arrived at Huangjiang, Dongguan. As the computer system thereat broke down on that day which caused delays in the customs clearance process, the vehicle stayed at that customs checkpoint for more than two hours. We believe that that the incident reported in the article was caused by an untoward event. It is an isolated incident and does not reflect the general situation.

- (b) Starting from 1 December last year, the number of clearance lanes at Lok Ma Chau/Huanggang operating from 10 pm to midnight every day was increased to two and four for northbound and southbound traffic respectively. After midnight, one lane remains open on each side of traffic. The number of lanes to be opened depends on the volume of cross-boundary flow of vehicles. Up to the end of May this year, on average less than 800 vehicles crossed the boundary via Lok Ma Chau from midnight to 7 am every day, constituting about 3.5% of the daily vehicular throughput of the Control Point. As such, opening one clearance lane on each side of traffic at night is sufficient to cope with the demand.

A designated telephone hotline has been set up between the C&ED and the mainland customs authorities at Huanggang. Both sides can communicate direct on cross-boundary traffic situation so that swift and appropriate contingency arrangement can be made when needed.

- (c) The P-logistics Project Group of Hong Kong Logistics Development Council takes a keen interest in the clearance time for cross-boundary freight vehicles, and is discussing a proposal to set a target crossing time.

**Technical Study on Interconnection of Electricity Supply Systems**

15. **MR FRED LI** (in Chinese): *Madam President, the Government commissioned a technical study on the interconnection of the electricity supply systems of the two power companies in February 2001 and estimated that the study would be completed in June this year. In this connection, will the Government inform this Council:*

- (a) of the current progress of the study;*
- (b) whether it will publish the report of the study; if not, of the reasons for that;*
- (c) of the preliminary conclusions of the study on power interconnection; and*
- (d) whether the study contains an estimation of the amount of investments required of the two power companies for further interconnection; if so, of the amount involved, and whether it has assessed the impact of such investments on the level of electricity tariffs in the future?*

**SECRETARY FOR ECONOMIC SERVICES** (in Chinese): *Madam President, with regard to the technical study on increased interconnection between the two power companies commissioned by the Electrical and Mechanical Services Department (EMSD) (the Study), our reply to the four parts of the question is as follows:*

- (a) The Study is underway and is expected to be completed end of this month.*
- (b) On receipt of the final report of the Study, the EMSD will examine in detail its findings and recommendations, and take them into consideration in the context of the electricity market review currently in progress. The EMSD will release the report of the Study at an appropriate time.*
- (c) As the Study is still in progress, it is premature to talk about conclusions of the Study at this point in time.*

- (d) The Study is a detailed technical study aimed at identifying issues involved in increasing interconnection between the power companies. It also examines the impact of interconnection on the existing transmission network of the two power companies, including interconnection transfer capacity, system stability, load flow, routing, timing and issues relating to reliability of electricity supply. Economic issues arising from this technical study, such as the impact of increased interconnection on tariff, would need to be further considered in the light of the findings and recommendations.

### **Hospital Authority Assisting Private Hospitals in Procuring Medicines Collectively**

16. **DR LO WING-LOK** (in Chinese): *Madam President, a senior staff member of the Hospital Authority (HA) suggested earlier that the HA negotiate with medicine dealers to investigate the feasibility of assisting private hospitals in procuring medicines collectively with a view to reducing the drug costs of private hospitals. A senior medical practitioner of a public hospital has recently claimed to have obtained permission from the authorities concerned to procure medicines at low prices on behalf of all private hospitals and private medical practitioners in the territory. In this connection, will the Government inform this Council:*

- (a) *whether it knows if the HA has:*
- (i) *formulated plans to assist private hospitals and private medical practitioners in the procurement of medicines; if it has, of the reasons for not announcing the details of such plans so far;*
  - (ii) *formulated the rules and approval procedures to be followed by its staff engaging in outside work or commercial activities; if so, of the details; and*
  - (iii) *planned to become the sole medicine buyer of the territory and thereby control the medicine market; and*
- (b) *whether it has assessed if the suggestions and arrangements proposed by the HA are contrary to the principle of free economy?*

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

- (a) (i) The HA has been approached by private hospitals on the possibility to assist private hospitals in the bulk purchase of medicines from pharmaceutical companies so as to reduce their drug costs. The HA, the Hong Kong Private Hospitals Association and Hong Kong Association of Pharmaceutical Industry are now exploring the feasibility of proposal(s).
- (ii) The HA has a policy governing paid or unpaid outside work undertaken by HA employees during or outside their normal working hours. All HA employees must obtain prior approval from the Chief Executive of HA or the relevant Hospital Chief Executive, as appropriate, before undertaking outside work, except for unpaid outside work outside normal working hours. Permission for staff to undertake outside work is granted subject to established guiding principles which, among others, include:
- The HA has a prior call at all times on all its employees;
  - Any outside activity (whether paid or unpaid) which may impair an employee's performance of his/her duties or distract the employee's attention from his/her duties must be avoided; and
  - Any outside work which conflicts with the employee's official duties or causes embarrassment to the HA will not be permitted.
- (iii) At present, there are multiple buyers in the local drug market, including the HA, the Department of Health, private hospitals and private practitioners. The HA has no wish, need nor intention to become the sole medicine purchaser in Hong Kong.

- (b) There will continue to be multiple buyers in the local drug market, and any viable proposals will be considered in the context of the market mechanism at play in the territory in the pharmaceutical sector.

### **Trades Allowed to Operate in Shopping Arcades of Housing Authority**

17. **MR HENRY WU** (in Chinese): *Madam President, in reply to my question on 16 January this year, the Government advised that securities companies were not included in the List of Permitted Trades because their services were considered to be not essential, so they were not allowed to set up branches in shopping centres under the Housing Authority (HA). On the other hand, the Commercial Properties Committee of HA approved a new set of guidelines last month, which stipulates that retail businesses which are not on the List may be allowed, on a case by case basis, to operate in the HA's shopping centres. In this connection, will the Government inform this Council:*

- (a) *of the criteria adopted by the HA for determining whether a certain trade is of an "essential" nature;*
- (b) *of the other factors, apart from whether or not the services of certain trades are "essential", taken into consideration by the HA in determining the types of trades to be included in the List;*
- (c) *as the Government has advised that it would review the List from time to time, whether the HA plans to include securities business in the List in the near future; if not, of the reasons for that; and*
- (d) *of the specific requirements to be met by the securities companies when they apply to set up branches in the HA's shopping centres under the new guidelines and the restrictions to be imposed on the operation of their business, and which of these requirements and restrictions apply to securities business only?*

**SECRETARY FOR HOUSING** (in Chinese): *Madam President, commercial facilities in public housing estates are designed to meet the daily shopping needs of residents. Therefore, the list of permitted trades maintained by the HA covers mainly trades which provide daily necessities and services, such as banks,*

restaurants, markets, supermarkets, garment shops, hair salons, house ware stores, and so on. The list is reviewed from time to time to reflect changes in retail trends and customers' preferences.

The HA recently conducted a review of the establishment and operation of the list of permitted trades, and endorsed a set of guidelines on 30 May 2002 to allow the Housing Department to consider proposals from trades outside the list to lease vacant shops not reserved for other purposes. Retailers of these trades, including securities companies, will be considered for operation in public housing shopping centres subject to their meeting of the following criteria:

- (i) the premises are technically suitable and use for the proposed trade would be compatible with any relevant licensing requirements;
- (ii) letting for the proposed trade is compatible with existing uses and the balance of trades and would not result in the loss of any essential trade in the centre;
- (iii) the nature of the proposed trade is not such that there is a likelihood of noise or other nuisance to other tenants or to residents of the estate; and
- (iv) the proposed trade would not adversely affect the image of the HA and the shopping centres concerned.

Based on the above criteria, securities companies may be allowed to tender for shop spaces in larger shopping centres. However, as their services are not essential, they will not be included in the list of permitted trades for the time being. As in the case of other businesses, securities companies leasing the HA premises need only to meet the requirements generally applicable to their own trade, such as holding a valid licence and observing relevant operational rules. The HA will not impose additional restrictions.

## **MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese): Members' motions. Two motions with no legislative effect.

First motion: Associate degree.

**ASSOCIATE DEGREE**

**DR RAYMOND HO** (in Cantonese): Madam President, I move that the motion as printed on the Agenda be passed.

In his policy address of 2000, the Chief Executive set down the objective of increasing the tertiary education popularization rate to 60% within 10 years. According to an information paper on increasing tertiary education opportunities, submitted by the Education and Manpower Bureau to the Legislative Council Panel on Education in April last year, about 30% of those belonging to the age bracket of 17 to 20 can now have the opportunity to receive local tertiary education. The Education and Manpower Bureau explains in the paper that the rate of 60% is just a planning objective, and new tertiary education programmes will have to be operated on a self-financed basis. That is why the pace of development will depend on the actual supply and demand situation of tertiary education places. Based on the size of the 17 to 20 age bracket, it can be computed that we must provide an additional 30 600 first-year tertiary places. And, the number of students (assuming that we are talking about programme duration of two to three years) will increase by 82 400.

Besides, in the Report on "Higher Education in Hong Kong", released by the University Grants Committee in March this year, it is pointed out that associate degree programmes will likely be the most rapidly developing segment of the local tertiary sector, and it is also expected that many more community colleges will be established. Some of these community colleges will be operated by universities currently offering first-degree, continuing education and lifelong education programmes. Others will be new institutions.

Associate degrees originate from community colleges in the United States, the development of which has a history of more than one century already. But they are a new tertiary qualification in Hong Kong. Whether such programmes can tie in with the future development of Hong Kong is thus a natural concern of the community.

I am sure Members can still remember that in its five-year manpower demand forecast released in 2000, the Government estimated that by the year 2005, there will be an excessive demand for people with tertiary qualifications or above, and the shortage will be close to 110 000. This is presumably one of the reasons for the Government's active development of tertiary education in recent years.

As pointed out by the Chief Executive in paragraph 66 of the 2000 policy address, "In developed countries and some major cities in Asia, up to 60% of senior secondary school graduates pursue tertiary education. For Hong Kong, however, the rate is just about half that, not only are we lagging far behind, but we are failing to meet the needs of a knowledge-based economy. It is imperative we catch up. Our objective is that within 10 years, 60% of our secondary school leavers will receive tertiary education." As a matter of fact, if Hong Kong is to catch up with other developed countries or regions, besides working for a tertiary education popularization rate close to those of them, we must also ensure that the standards of local tertiary graduates must be close to or even higher than those of their foreign counterparts.

Higher education has all along been a major concern in the Hong Kong community. There have been many reports in recent years that the standards of local university graduates are declining, and that some employers have even complained about the unsatisfactory language standards of local graduate job applicants, particularly in respect of their English and Putonghua. Does this mean that it is indeed true that there are some problems with our higher education? Naturally, there are also some commentators who argue that this is just a natural phenomenon, because higher education is now more widely available than before, and those who are admitted to our universities are no longer a handful of elites we used to have, so it is only natural to see a relatively wide spectrum of abilities among university graduates. If this argument holds, and if no positive measures are taken to ensure the quality of higher education, then I must say that any further attempts to raise the tertiary education popularization rate to 60% may only make our tertiary institutions even more like secondary schools, thus further widening the spectrum of abilities among tertiary graduates. In that case, even when the majority of our young people can possess paper tertiary qualifications, this may not necessarily imply that the competitiveness of Hong Kong has thus increased. For those who have received tertiary education but do not meet the practical demands in the manpower market, they may be plunged into a situation where they find that they are "too low for high positions, but too high for low ones".

To begin with, I must clarify that I personally do not oppose the idea of raising the tertiary education popularization rate of Hong Kong, but I must also add that we must place equal emphasis on quantity and quality. What is more, I am not trying to cause any necessary alarm, as the situation depicted above, one that causes great concern among us, is a precise portrayal of what is happening to some tertiary or even university graduates.

For this reason, I am particularly concerned about the quality of associate degree programmes. As far as my understanding of the existing regulatory arrangements and quality assurance mechanisms of tertiary institutions goes, the associate degree programmes run by institutions with the authority of "self-accreditation" or the continuing education and professional education divisions under them are all required to undergo the same internal quality assurance procedures as those applied to publicly-funded, regular, first-degree courses. For those institutions which do not have the authority of self-accreditation, their associate degree programmes must be accredited by recognized quality assurance institutions such as the Hong Kong Council of Academic Accreditation.

I was once the Chairman of the Executive Committee of the Hong Kong Council for Academic Accreditation and the Chairman of the Managing Board of the City University of Hong Kong and its forerunner, the City Polytechnic of Hong Kong. I thus have quite a good understanding about the work of academic accreditation, and I do know that the accreditation work concerned is very stringent. But in view of the varying standards of university graduates now, we must not take the quality assurance for associate degree programmes in any light manner. What is more, since associate degree programmes will be organized on a self-financed basis, we must squarely face the problem of whether or not the institutions concerned can give priority to quality assurance under the pressure of market competition.

At present, associate degree programmes are mostly offered by the continuing education and professional education divisions under the universities. Many institutions can thus provide very limited facilities. Their students, who often have to attend classes in classrooms in commercial buildings, are completely deprived of any campus life. And, even when they want to use library facilities and services, they have to travel a long way back to their campuses. The situation as such, these students will never be able to experience any tertiary campus life, thus lacking any sense of belonging to their institutions. But the fact is that campus life is an important element in the cultivation of interpersonal relationship and social life skills among students. An associate degree education devoid of any campus life can at best play the role of passing on knowledge, in very much the same way as secondary school education. Can the students trained up in such a "defective" environment really be equipped with the skills and knowledge required by modern-day society?

It has recently been reported that the Government has reserved five lots which it intends to grant to non-profit-making tertiary education institutions at a low cost of \$1,000 each for a period of 10 years, so that they can operate associate degree programmes on a self-financed basis. If the relevant report is true, the campus facilities and environment of the institutions receiving the lands will be greatly improved. But if there are more than five institutions interested in organizing associate degree courses, then what criteria will the Government adopt to determine which of them should be granted the lands? In the case of those which are not granted any land, will they be greatly disadvantaged? Will they then fail to offer a good learning environment to their students, thus affecting their studies?

The quality of teachers with respect to self-financed associate degree programmes should also warrant our concern. Owing to resource constraint, institutions running these courses may employ teachers whose salaries are lower but who are less experienced, and this may affect the quality of teaching. Besides, will the institutions lower their admission requirements for the sake of enrolling more students? As far as I understand it, there is currently no uniform admission requirements among various institutions. Since tertiary education in Hong Kong does not adopt the policy of "easy admission but difficult passing out", admission requirements have in some measure a bearing on the problem of varying standards among university graduates. When it comes to self-financed education programmes, we have even more reasons to look squarely at this problem.

With respect to the question of whether or not self-financed associate degree programmes can suit the needs of society, I also have some reservations, despite the Government's thinking that the operation of market forces can help these programmes respond more quickly to changes in the labour market, thus reducing the mismatch of labour supply and demand.

I of course do not doubt that institutions will be able to grasp the trends of manpower demand through their market connections. But the thinking of the Government will require that students, as the clients of institutions, must also be able to grasp the same market information. Unfortunately, as shown by how students choose their disciplines of studies, only a handful of students can accurately grasp market trends, and most of them will choose a certain discipline, rush to apply for admission to related programmes, only after some obvious changes in the labour market have occurred. But then, two to three years later,

when they complete their programmes, a complete change in manpower demand may have taken place in this rapidly changing world, thus causing an excessive supply of labour.

Institutions can grasp the correct information about the trends of the labour market, but students may well get such information at a much later time. So, in the end, institutions may be forced to follow the wishes of students in deciding which kinds of programmes to offer, because the latter are the ones who exert ultimate influence in the market of education programmes. The Government has decided to set up a manpower development commission next year; this commission will conduct regular manpower demand assessments and analyses of the labour market, and it will also publish reports to better enable employers and employees to grasp market trends. Unquestionably, this can effectively reduce the possibility of the above situation arising.

Even though institutions and students may refer to the same assessments and analyses on manpower demand, there may still be the possibility of mismatch between manpower supply and demand. Since institutions will operate their courses on a self-financed basis, they may, in the absence of any co-ordination, rush to offer certain kinds of programmes when they notice that these programmes are particularly well-received by students. Then, when students complete these programmes, there may be more graduates than vacancies in the market. An imbalance between manpower supply and demand may thus result, leading in turn to a waste of human resources.

The Government has made it very clear that direct subsidy will be granted only to some specific programmes — mainly those which can promote social development, but which are not in great demand or are extremely expensive to operate. But in view of the possibility mentioned above, I hope that even in the case of those programmes with market demand, the Government can still refrain from holding any blind faith in market adjustment. When necessary, some mechanisms should be formulated to co-ordinate the development of associate degree programmes.

One of the main reasons for the Government's vigorous efforts to develop associate degree programmes is probably its intention to bring manpower development into line with our social development. But this academic qualification is still new to employers. That is why one of the prime tasks of the

Government should be to introduce this new qualification to employers. The Government should of course take the lead in recognizing the qualification. We are pleased to note that associate degrees were given recognition by 13 civil service grades between last year and early this year. This is a good beginning. The Government must, however, step up its promotion efforts among private-sector organizations. I must of course add that private-sector employers' confidence in this new qualification will be determined largely by the work performance of its holders in the future.

Besides choosing to work, some associate degree-holders may also be interested in furthering their studies. The Government must therefore ensure that our associate degrees are recognized by both local and overseas institutions, and it must also make sure that our associate degrees can be bridged-over to their relevant disciplines.

The cultivation of talents is very important to the development of Hong Kong into a knowledge-based economy. Madam President, I very much support the Government's plan to increase the higher education popularization rate of Hong Kong. But while the Government strives to attain this target, it must ensure the quality of associate degree programmes, so that the holders of this qualification can meet the needs of their career or furthering their studies. I sincerely urge Members to support my motion. Thank you, Madam President.

**Dr Raymond HO moved the following motion: (Translation)**

"That, as the Chief Executive proposed in the 2000 policy address a rather ambitious target of raising the tertiary education popularization rate to 60% within 10 years, it is expected that the associate degree sector will be the most fast-growing area in the future development of higher education; and as the local higher education sector is undergoing reforms, this Council urges the Government to ensure, in its vigorous pursuit of the target, the quality of associate degrees so that the holders of such degrees can fulfil the requirements for employment and further studies and meet the needs of a knowledge-based economy."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr Raymond HO be passed.

**PRESIDENT** (in Cantonese): Mr CHEUNG Man-kwong will move an amendment to this motion, as printed on the Agenda. The motion and the amendment will now be debated together in a joint debate.

I now call upon Mr CHEUNG Man-kwong to speak and move his amendment.

**MR CHEUNG MAN-KWONG** (in Cantonese): Madam President, higher education in Hong Kong is undergoing drastic changes. The most controversial policy is the one put forward by TUNG Chee-hwa on making higher education available to 60% of our youngsters within 10 years. TUNG Chee-hwa's "impulse" is described by academic Ivan CHOY as another "Great Leap Forward" and "Great Steel Making Campaign". This means that TUNG Chee-hwa is tackling the development of education with a "senior officer's will", and what he is doing is just another version of "85 000" in the field of education, involving extremely high risks.

The issues involved in TUNG Chee-hwa's Education Great Leap Forward which have aroused the greatest public concern are the quality and funding of courses. Tertiary education which lays emphasis on quantity instead of quality will at best have an attractive veneer only. That is why I support Dr the Honourable Raymond HO's motion on ensuring the quality of associate degree programmes. Quality is the lifeline of tertiary education, which cannot be compromised under any circumstances. But I have still, at the same time, moved a well-intentioned amendment to his motion, asking the Government "to correspondingly allocate additional resources to enable students to have equal opportunities for receiving subsidized education, and to enjoy a school life they are entitled to". For this, I oppose "the withdrawal of or the reduction in the existing funding support for associate degree and comparable programmes". I am of the view that subsidy and quality are mutually complementary in tertiary education and cannot be separated. The withdrawal of subsidy will do harm to higher education, in particular to the quality of the existing associate degree programmes and their equivalents, higher diploma and diploma courses. Some higher diploma and diploma courses have existed in Hong Kong for a long time, and these qualifications have long since received recognition both locally and overseas. Hundreds and thousands of people have graduated from such programmes and become the professionals much treasured by Hong Kong. If the Government really withdraws the subsidy for these programmes, it will ruin or do harm to them, in very much the same way as breaking the purple sand tea

pot belonging to local tertiary education. In the end, students will suffer, and so will education and Hong Kong. This will lead to a three-lose situation, and is a very stupid step to take.

Madam President, in the following part of my speech, I shall try to refute the six viewpoints of the Government on withdrawing the subsidy for associate degree and other equivalent programmes, so as to put things in the proper perspectives.

The Education and Manpower Bureau (the Bureau) says that "the Government has no intention of reducing its commitment to associate degree programmes". But the Government has failed to proportionately increase the resources for tertiary education. The reduction of university funding for six years in a row is already a regression. The move to make existing associate degree and higher diploma courses self-financing is yet another. Students will no longer receive any subsidy from the Government, which means that they will have to borrow money for their studies and thus become heavily indebted upon graduation. TUNG Chee-hwa's wishful thinking is to replace student subsidy by loans; that way, he hopes to attain the 60% popularization rate without having to increase the amount of subsidy. This is a regressive policy of subsidization in education.

The Bureau says that at present, university students also have to borrow money for their studies. The Bureau undertakes that "no students will be deprived of higher education through lack of means". But the Government has avoided mentioning one important difference; the Government now provides an 82% subsidy for existing undergraduate courses, so even if a student has to borrow money for his studies, the most he has to borrow will just be 18% of his tuition fees. But for the associate degree programmes in the future, there will be zero government subsidy, meaning that students will have to rely solely on loans to cover all their tuition fees. Undergraduate students and associate degree students are both tertiary students, are both young people, but just because of a small difference in status, there is such a vast difference in subsidy. This is an extremely unjust education subsidy policy.

The Bureau says that the tuition fees of associate degree programmes are "not so high as to be unaffordable". This argument simply reflects a total ignorance of the people's plight. At present, the average tuition fee for a self-financing associate degree programme is about \$100,000. A survey conducted by Mr WONG Hung, lecturer at the City University of Hong Kong, indicates

that the annual total expenditure of each of the 400 000 households with the lowest expenditure in Hong Kong is even less than \$100,000, which is just enough to pay the tuition fees for an associate degree course. In other words, one such household will have to go without any food for one whole year if it is to put its child through an associate degree programme. The self-financing policy for associate degree programmes will inflict the severest harm on the poorest families of our community. This is an education subsidy policy which hurts the children of poor families.

The Bureau says that "the Government expects to increase its injection of resources into tertiary education". In order to attain the 60% popularization target, the Government plans to incur an expenditure of \$20 billion. But this \$20 billion will not be used to subsidize institutions and students. It will just be used for extending loans to universities, for providing them with revolving "ready cash". The money borrowed has to be repaid — children and old people alike, fair enough to everybody. Out of the sum mentioned above, \$11.4 billion will be used for providing student loans, and \$10 billion will be lent to institutions. So, students borrow money to pay their tuition fees and institutions do the same to construct campus premises, the costs of which will be borne by students in the end. In other words, while associate degree students have to pay all their tuition fees, they also have to bear the costs of campus construction. This is just like "a candle burning at both ends", a doubly unjust education subsidy policy that discriminates against young people.

The Bureau says that "the Government will allow a reasonable transition period" for changing its subsidization of associate degree programmes. But where to from this transition? The Report on Higher Education in Hong Kong released by the University Grants Committee states clearly that the Government thinks that most associate degree courses should be self-financing. So, the transition period will ultimately end up in the complete withdrawal of subsidy. And, more may still come after the transition period — following the withdrawal of subsidy for associate degrees, the axe may then be turned to first degrees. In the end, all tertiary students, whether reading for first or associate degrees, will have to borrow money to finance their studies, and they may even have to pay the full costs. This is no wild imagination, but is based on noticeable signs instead. Antony LEUNG once said, "The government subsidy for each undergraduate now is as high as 82%. This may not be an appropriate percentage." Autumn has come, so can winter be far away? This is an education policy aimed at the withdrawal of subsidy. The public must not take it lightly. Institutions must not watch with folded arms.

The Bureau says that "the tuition fees for existing self-financing associate degree courses are just \$30,000 to \$50,000." This is precisely the focus of today's debate. What kind of tertiary education does TUNG Chee-hwa want tertiary students to receive after attaining the 60% target? If the existing subsidy is withdrawn and students are unable to pay the full costs, institutions will be forced to sacrifice quality because of cost considerations: teaching facilities may be reduced, library services may be curtailed, there may be no campus life at all, class sizes may have to be increased, and there may be fewer tutorials. In brief, quality may be reduced to the minimum level required by the Government, so as to maintain market competitiveness. Such a phenomenon has already emerged. In the end, the bad will purge the good, low-priced programmes will out-compete quality ones and commercial principles will take precedence over principles of education, leading to the complete elimination of quality tertiary education. Then, institutions may schedule their classes in commercial buildings, where the learning environment is even worse than those of primary and secondary schools. Students will have no sense of belonging to their institutions; instead of giving students the fondest of all memories, tertiary education may well become a nightmare of discrimination or even abandonment for them. That is why this is an education policy which leads ultimately to the sacrificing of quality education.

Recently, the Hong Kong Professional Teachers' Union and the Hong Kong Polytechnic University have conducted respective surveys on students and parents. Both surveys obtain the same finding that about 45% of the respondents, whether they be parents or students, will not choose associate degree programmes because of the withdrawal of government subsidy. It is found out that once the tuition fees charged by local institutions become too high, 65% of those parents who have the means would rather send their children abroad for studies. So, in the end, poor children and those young people who cannot afford overseas studies will be deprived of tertiary education, or become up to the neck in debt after graduation. This Education Great Leap Forward initiated by TUNG Chee-hwa will do us harm before bringing us any good at all. The policy is self-contradictory and stupid beyond imagination. It is sure to repeat the disaster of "85 000", becoming "55 000" in the field of education, the Emperor's New Suit and a fairy tale believed only by the Chief Executive.

Madam President, I hereby request the Government to maintain its subsidy for the existing associate degree courses, so as to ensure their quality and social justice. With these remarks, I beg to move.

**Mr CHEUNG Man-kwong moved the following amendment: (Translation)**

"To delete "and as the local higher education sector is undergoing reforms" after "the most fast-growing area in the future development of higher education;", and substitute with "in this regard"; to add "opposes the withdrawal of or the reduction in the existing funding support for associate degree and comparable programmes, and" after ", this Council"; to delete "to ensure" after "urges the Government"; to add "popularization rate" after ", in its vigorous pursuit of the"; to add "to correspondingly allocate additional resources to enable students to have equal opportunities for receiving subsidized education, and to enjoy a school life they are entitled to, while ensuring" after "target, "; and to add ", " after "the quality of associate degrees". "

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHEUNG Man-kwong to Dr Raymond HO's motion, be passed.

**MR TOMMY CHEUNG** (in Cantonese): Madam President, ever since the announcement by the Chief Executive in the policy address that the popularization rate of higher education will be raised to 60% within 10 years, the various tertiary institutions have started to offer associate degree courses one after another, and the quality and recognition of these courses have thus aroused widespread concern in the community.

The Liberal Party understands that the original intent of the authorities' efforts to develop associate degree courses is to train up more local talents to push the future development of Hong Kong. That is why the Government is determined to offer one more channel to those students who will otherwise have no opportunity to receive university education. The Government once said that the policy of "easy admission but difficult passing out" would be adopted to ensure the quality of associate degree courses. This explains why the admission requirements will be set at a comparative low level.

But I wish to raise one point here. If the admission requirements are set too low, can we still ensure that after completing a two-year "upgrading" course, the graduates can attain the level which will enable them to bridge over to the

second year of university? And, since associate degree courses will be operated on a self-financing basis, will the course providers be forced by financial constraints to sacrifice teaching quality because of cost considerations? This is a concern of the Liberal Party.

In the debate on higher education held in June last year, I already expressed my concern about whether associate degree courses can keep abreast of the times, whether the skills training provided can meet the needs of industry and commerce and whether the graduates can meet the manpower demand of society.

I am of the view that the authorities should seek to enhance the practical value of associate degree courses. They should discuss with the financial, information technology, logistics and biochemical industries to ascertain what vocational skills they need. Then, institutions should design and draw up the courses required to train up local talents.

The Liberal Party is of the view that the authorities should encourage internationally renowned academic institutions to operate associate degree courses in Hong Kong and offer their graduates the opportunity to proceed to the second year of university. Besides offering more university places, this can also enhance the quality of associate degree courses. The Australian authorities have, for example, held an exhibition in Hong Kong on associate degrees, and lots of students who can see the opportunity of overseas studies have applied for admission.

Besides, only 1% of associate degree graduates can be admitted to the second year of local universities each year; even if the authorities can increase the number of university places by 1 000 per annum, there may still be the problem of bridging-over. Therefore, land grants for campus construction as a means of encouraging world-famous academic institutions to operate courses in Hong Kong may well be a feasible way of attracting people to take associate degree courses, for the costs and tuition fees involved will not be too high.

Actually, the associate degree courses advocated by the Government are focused on liberal arts and general education, but the emphases on diploma/higher diploma courses, which have been in existence for a long time, are on pre-vocational training and commercial and industrial expertise. So, these courses should not be treated as associate degree courses.

Diploma/higher diploma courses provide hotel and catering training, for example, but associate or even first degree courses may not necessarily be able to do the same. The fact is that for two to three decades already, graduates of the diploma/higher diploma courses offered by some institutions and the Vocational Training Council have made very substantial contributions to the Hong Kong economy, particularly to industrial and technical trades. The graduates of these courses have been working as middle-level management personnel in the commercial sector, and some have even become technical professionals. So, even if Hong Kong is to become a knowledge-based economy in its development, our commerce, industries, financial businesses and services will still need people with diploma/higher diploma training.

In view of the obvious contribution of diploma/higher diploma courses, the Liberal Party does not wish to see the withdrawal of subsidy for these courses by the Government. We agree that associate degree courses should be self-financing, but this does not mean that associate degrees should be treated as equal to diplomas/higher diplomas. Nor does this mean that we agree to the idea that diplomas/higher diploma courses are no longer required or should be made self-financing.

Some individual diploma/higher diploma courses are indeed not up to the desired standards, and the institutions concerned must of course make improvements. But if subsidy is reduced across the board, the institutions will lose 30% or more of their existing funding, and the impact on higher education eventually is very obvious. The resultant drastic increases in tuition fees to \$60,000, \$70,000 or even some \$100,000 will greatly increase the burden on students' families. In the long run, this may lead to social problems. This is the last thing the Liberal Party wishes to see.

At present, many of those admitted to diploma/higher diploma courses are Secondary Five graduates. If the Government is to maintain its subsidy for Secondary Six and Secondary Seven students, why should it not offer the same treatment to diploma/higher diploma students?

Besides, drastic increases in tuition fees may also make working adults less willing to further their studies. This runs counter to the objective of lifelong learning, and may even block the channels of training up talents for the various trades and industries, thus producing far-reaching impact on the economy. It is hoped that the Government can think twice before it acts.

With respect to the Honourable CHEUNG Man-kwong's amendment, the Liberal Party agrees that the popularization rate of higher education should attain the objective of 60 % within 10 years, and it also agrees that the subsidy for existing courses must not be reduced. However, given the very stringent finances of the Government now, we do not think that it is at all realistic to ask the Government to further increase higher education funding by any drastic proportions, or to ask it to reduce the funding for the various existing diploma courses just for the purpose of fully or partially subsidizing the new associate degree courses. Therefore, the Liberal Party cannot support the amendment.

In the future, if it is found that some associate degree courses must receive government subsidy, either because they cannot become self-financing due to their special nature and high operating costs or because such courses are not provided in the market, the Liberal Party will render its acceptance.

The Liberal Party is of the view that if we can concentrate our resources on enhancing our existing strengths, and at the same time introduce new courses through private-sector participation, it will not be difficult to attain the 60% participation rate of higher education.

In recent years, the Hong Kong Government has been stressing the importance of developing a knowledge-based economy and high value-added activities. The Liberal Party thinks that associate degree courses can definitely assist our development in these respects.

The various institutions should also liaise closely with the industries, so that students can undertake practical training in the relevant organizations. That way, graduates will be able to meet market demands as soon as they start working in society.

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

**DR LO WING-LOK** (in Cantonese): Madam President, in his first Budget, Financial Secretary Antony LEUNG said the Government's role in economic development is to have a clear vision of the direction of economic development and be a proactive market enabler. However, the *Fortune* magazine soon criticized his remarks and questioned it as a socialist approach. While I do not

agree the above criticisms, I think that the policies of the SAR Government in recent years have an increasing flavour of "planned economy".

One of the characteristics of "planned economy" is to set various unrealistic targets, such as the "85 000" public housing target and the "assumption" on a 4.75% reduction in civil service pay that cannot possibly be achieved within this year. As regards the objective of raising the tertiary education popularization rate to 60%, will this target be slowly phased out like other targets that I have just mentioned?

I think that the role of the Government in education should not be setting and meeting objectives, but rather creating a favourable environment to meet the following two needs:

The first need is social needs. Since human resources are very important to social development, the Government should ensure that the education policy of Hong Kong could cultivate the necessary manpower resources to meet our present needs, and to tie in with the long-term development of Hong Kong.

The second need is the needs of those who are seeking education and employment. For those who attend associate degree courses, their working capability should be higher than that of secondary school graduates upon completion of the courses. Therefore, they should stand a better chance of employment; and though their salaries may not be on a par with that of university graduates, it should be higher than that of secondary school graduates.

Associate degrees should not be the final stop of continuing education. Therefore, it is also very important to link up local and overseas avenues for further education for those who have completed associate degree courses, so that they can have an opportunity to study for undergraduate or higher degrees. It is also very important to look at the issue of transfer of credits. The objectives of the above measures are to clearly determine the position of those who attend associate degree courses in terms of their employment and future.

In order to meet the two aforesaid needs, the task of the Government should not be setting and meeting targets but rather putting in place a sound mechanism to ensure that future courses can meet these two needs. Furthermore, it is also very important to set up a good academic accreditation mechanism to ensure that the courses and its graduates can meet the recognized

standards. Similarly, we should not neglect our work on monitoring the fiscal stability and internal administration of the school sponsoring bodies.

All in all, I oppose the Government's move in setting blind targets for any policies and I object even more to squandering money to offer lots of subsidies to encourage badly-run and designed courses that emphasize quantity instead of quality for the purpose of achieving its targets. To become a knowledge-based society, the key lies not in the number of degree holders in Hong Kong, but rather in the quality of its education and whether its education can tie in with Hong Kong's development.

Madam President, I so submit.

**MR LAU CHIN-SHEK** (in Cantonese): Madam President, there is a very strange phenomenon in Hong Kong. On the surface, it seems that we have a broad "consensus" on many issues but when it comes to the consolidation of this "consensus", serious divergence of views will arise and very often, this "consensus" may disappear without a trace amidst arguments. A very good example is the Government's proposal on increasing tertiary education places and to actively develop associate degree courses.

The Government often stresses that Hong Kong's future lies in the direction of knowledge-based economy and the expansion of tertiary education places is a necessary means to achieve that end; the business sector also hopes that Hong Kong will have a highly educated workforce and thinks that the competitive edge of our local enterprises could be maintained under the globalization of world economy only by doing so; and, the ordinary people have always thought that education is an ideal avenue for moving up the social ladder, so if they could afford it, they would let their children to receive as much education as possible. It could be said that the increase of higher education places and the development of associate degree courses is a consensus among the Government, business sector and the public at large. Unfortunately, the proposal made by the University Grants Committee in respect of the future development of associate degree courses has totally wrecked this consensus.

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

The Government invariably commits a mistake and that is "while it wants to be a good guy, it refuses to make any commitment". While it wants to make grand plans on social development, it is often restricted by its miserly financial strategies. The Chief Executive made a bold and glorious speech and indicated that irrespective of the performance of the Hong Kong economy, the Government would not reduce its investment on education. But when it came to implementing the policy on "expanding the number of tertiary education places to 60%", it did not want to allocate additional public funds to subsidize our education institutions. It hoped that the ideal prospect of achieving a two-fold increase in tertiary education places within 10 years could be realized through self-financing arrangements. Could this wishful thinking become a reality? Dr Anita POON, Assistant Professor of the Department of Education Studies, Hong Kong Baptist University has put it rightly: To strive to expand the number of tertiary education places and enhance the quality of education while cutting costs is only a self-deceiving act. To think that its objectives could be achieved through administrative restructuring and governance efficiency enhancement is actually wishful thinking. The Government wishes to equate education and learning to business, but while gimmicks could be used to promote business, the running of higher education could not rely solely on a few slogans, for a lot of money have to be invested.

Similarly, the business sector of Hong Kong also wishes to have free lunches in the labour market. While they want a highly educated labour force in Hong Kong, they are not willing to spend their own money on training and do not give financial support to local universities for researches. Moreover, though Hong Kong enjoys the lowest tax rate among the advanced economies, they are still unwilling to pay more taxes to subsidize the development of local education. When shortage of talents actually occurs in Hong Kong, they resort to only forcing the Government to import mainland talents. Since the Government is unwilling to make any commitment and the business sector is unwilling to spend any money, who is going to foot the bill if the number of tertiary education places is to be increased two-fold within 10 years? The general public who has the weakest financial capability must certainly shoulder the responsibility.

Many scholars have pointed out that students who enrol in associate degree courses mostly come from the lower strata of society. The tuition fees they pay each year are almost equivalent to the expenses of the whole family on food, clothing, rental and transport for the entire year. We can imagine that if the

Government really withdraws its funding support for associate degree courses, the financial burden of these people will certainly increase. Furthermore, when the number of tertiary places is increased to 60%, "academic qualifications" will certainly experience inflation and associate degree places will naturally depreciate in value and completion of the courses may not necessarily bring satisfactory returns. Even if the Government is willing to play the role of a "loan shark" and lends money to those who wish to further their studies, many grass-roots families will have to think carefully in deciding whether an associate degree is a good investment. The survey results announced by the Hong Kong Professional Teachers' Union and the Centre for Social Policy Studies of the Hong Kong Polytechnic University two days ago rightly proved that the expansion of tertiary education places to 60% may become another "85 000" target. Of course, the Secretary for Education and Manpower may give us a piece of significant advice, saying that education will bring lifelong benefits and we should not adopt such a short-sighted, philistine and utilitarian view towards this issue. If the Secretary really says that, I cannot agree with her more; but I also hope that the Secretary would step back and think. In fact, the Government's report on "Higher Education in Hong Kong" is also money-minded and the Government is also watching its purse closely.

Finally, I must also talk about the impact of the withdrawal of funding support for associate degree on the academic staff. Prof POON Chung-kwong, President of the Hong Kong Polytechnic University, has claimed that once this policy is implemented, the University will certainly be forced to resort to massive layoffs or even close down certain departments. It is estimated that some 900 people would be affected. It was reported that the salaries of newly employed lecturers for the associate degree courses of the City University of Hong Kong had already been cut. If the funding support for associate degree courses were really withdrawn and if full market competition was introduced, the salary for lecturers would certainly be once again be subject to pressure for downward adjustment. On the first day of this month, more than 1 500 teaching staff of the Vocational Training Council staged a protest against the reduction of government funding support for diploma and higher diploma courses. It fully reflected the worries of existing academic staff over their employment prospects. If the Government does not wish to repeat the history of the half-baked civil service reform in 1999, it must think twice before it acts.

With these remarks, Madam Deputy, I support Mr CHEUNG Man-kwong's amendment.

**DR YEUNG SUM** (in Cantonese): Madam Deputy, in the report on "Higher Education in Hong Kong" issued by the University Grants Committee at the end of March this year, the Government will, in consideration of the future prospects of associate degree, introduced a theory known as "using the private sector concept to run public associate degrees". Looking at the content of the whole report, the education sector feels that the argument of the Government is built around the pledge of the Chief Executive in the 2000 policy address, that is, raising the participation rate of tertiary education to 60% in 10 years. Since the tight financial position of the Government is an open secret, the report suggested that the majority of students studying in associate degree courses have to meet their own tuition fees on a self-financed basis in the future. Doubtless this proposal is made with the intention of further reducing government expenditure on education. Though the Democratic Party is in support of the government policy on increasing the tertiary education participation rate to 60%, we have great reservations about the policy of achieving this target within 10 years. In fact, the Democratic Party thinks that instead of cutting its expenditure on education, the Government should increase its investment on higher education in order to enhance Hong Kong's competitiveness.

Firstly, with the increase in the weighting of associate degree as a result of raising the tertiary education popularization rate to 60%, students, parents and members of different sectors of the community alike will view the associate degree as an indispensable stage of education. It would certainly be ideal if this stage of education could be linked up with university education. Therefore, the associate degree programme should form part of formal education sponsored by the Government and it should not be privatized without justifications. Take the current general undergraduate programmes of the eight universities as an example; the funding support by the Government is around 82%. Since the Government intends to raise the popularization rate of associate degree and promote it as part of formal education, it should naturally continue to provide funding support for degree, associate degree and higher diploma students.

Secondly, apparently, it seems that there is a huge market for associate degrees and the Government even envisages that there will be fast development in this market. But, in reality, the "neat calculations" of the Government may be defeated because the self-financing model alone may serve to eliminate many associate degree students who lack the means. Moreover, those who can afford the exorbitant tuition fees and are interested in continuing their studies for associate degrees may not necessarily stay in Hong Kong to pursue their studies;

on the contrary, it is most likely that they will choose to study abroad. According to the results of a questionnaire survey released by the Hong Kong Polytechnic University yesterday, of the 500-odd parents interviewed, 44% indicated that if the Government withdrew funding support for associate degree or higher diploma programmes, their children would most certainly not or might not choose such programmes. The current tuition fee for subsidized associate degree or higher diploma programme is about \$30,000 and 66% of the parents interviewed considered it too high.

Thirdly, as a front-line education worker, I am most worried about the blow that will be dealt to society as a whole, if future associate degree students are admitted on a self-financed basis. We must understand that given 18% of the students of suitable age from different sectors of the community are currently admitted to tertiary institutions, they are more widely representative in terms of family background as compared to tertiary students admitted in the past, who represented only a few percent of the age bracket. Moreover, the objective of gradually raising the university education popularization rate will certainly be realized. However, during recent discussions with my colleagues at the university on the form of funding support and positioning of the associate degree, after the report on "Higher Education in Hong Kong" was released, we were concerned that the Government was creating another "85 000" target for associate degrees. A recent survey conducted by the Hong Kong Polytechnic University shows that the average family income of its students is about \$20,000; in other words, despite the availability of government grants and loans, university tuition fees still constitute a heavy financial burden for most parents. According to information provided by the Census and Statistics Department, the monthly income of 24% of the families in Hong Kong is less than \$10,000. It is virtually impossible for these families to afford the tuition fees for self-financed courses. The future tuition fees of self-financed associate degree courses will be in the range of \$100,000 to \$200,000, so this will indirectly deprive students from poor families of the opportunity to university education. This will greatly reduce the possibility of students improving their lot through social mobility, and the development of society as a whole will be slowed down as a result.

Fourthly, as at the end of March this year, the total number of repayment accounts under the government loan scheme for local students of tertiary institutions is 98 903. The number of default cases is 1 898, which amounts to 1.92%. As compared with the 1.25% for the same period of last year, this has increased by more than 50%, while there is a 1.28 times increase in the amount

of outstanding loans. The above figures rightly reflected that the government loan repayment ability of tertiary students has gone down, and there are also cases where students have defaulted payments due to bankruptcies. As such, even if the Government offers loans to the students, their financial burden is still very heavy. Is this the correct attitude of a far-sighted government?

Fifthly, the Democratic Party is also worried that the contents of the associate degree courses will become too generalized and non-specialized, thus failing to meet the needs of the market. Take the higher diploma courses of the Hong Kong Polytechnic University and the City University of Hong Kong as an example, after years of development and refinement, such courses have become an important outlet for students who were not admitted to degree courses. I think they would be dealt a severe blow if associate degree education becomes fully privatized.

As such, I support the amendment and strongly oppose the withdrawal of or the reduction in the existing funding support for associate degree and comparable programmes. I also urge the Government, in its vigorous pursuit of the popularization rate target, to correspondingly allocate additional resources to enable students to have equal opportunities for receiving subsidized education, and to enjoy a school life they are entitled to, while ensuring the quality of associate degrees so that the holders of such degrees can fulfil the requirements for employment and further studies and meet the needs of a knowledge-based economy. Thank you, Madam Deputy.

**MR ABRAHAM SHEK:** Madam Deputy, the first batch of associate degree students will graduate this summer. By the end of this decade, the number of associate degree graduates will have soared to more than 30 000 annually — a target which the Government would have to meet in order to carry out the Chief Executive's proposal to offer higher education opportunities to 60% of our youngsters by 2010.

A rate of 60% is a noble and ambitious target. Therefore, it is only right that the Government should achieve this goal. At present, only 18% of youngsters can enter local universities. Since the Government has no proposal to increase the first year degree places at universities, the increase in participation rate will be achieved mainly through the provision of additional associate degree places. It is, therefore, reasonable to predict that the

development of associate degrees will reshape the landscape of the entire higher education sector, bringing advances and challenges both qualitatively and quantitatively.

How will the Government realize this vision into a practical policy? The Government has yet to give a convincing answer to the public. It has so far failed to explain how associate degrees would integrate into the current higher education system, in particular, how this newly emerging qualification will link to degrees. As a result, society at large does not fully understand the nature and meaning of associate degrees and, in particular, their position and role in the higher education system. There have been no satisfactory answers to some fundamental questions. For example, is the academic level of associate degrees equal to that of diplomas? Will associate degree holders be considered on an equal footing with diploma holders in university admission exercises? What chances do associate degree graduates have in securing a place in the second year of degree programmes in universities? How will employers receive associate degree graduates?

The Government has been slow in establishing a common set of performance indicators for associate degrees. Without an internationally comparable benchmark, universities are generally reluctant to recognize the qualification of associate degrees or to admit associate degree students to their degree programmes. The situation has been grossly unfair to associate degree students. They have to pay an enormous school fee, as much as \$80,000 for the two-year course, and in turn, they receive a dubious academic qualification which fails to help them move up the "progression ladder" in the tertiary sector. For them, the programme is just a dead end.

So far, the Government has only focused on quantity. It has devoted to encouraging more education institutions to join as providers of associate degree programmes. Recently, it went a step further to provide land at \$1 for the building of a new campus exclusively for associate degree courses. But I must caution the Government that land is not the sole contributor to the success of the scheme on associate degrees.

It is disappointing that the Government has failed to relieve the public's uncertainties in the recent review on higher education in Hong Kong. The review, conducted by the University Grants Committee, concentrated on funding strategies for associate degrees. It failed to make any strategic

recommendations to help overcome the difficulties in implementing the associate degree programmes.

The education sector is particularly disappointed that the review failed to advise on the development of a common credit transfer system for all associate degree courses, and a credible quality assurance mechanism to provide a common, internationally comparable benchmark for associate degrees. The review also suggested the introduction of a division of labour in the provision of associate degrees. Education institutions currently offering degree and postgraduate studies and researches are not expected to cover associate degrees. They would become unacceptably large if they did so. The review prefers specialization, and views that it is not desirable for a tertiary institution to put its finger in too many pies. However, the current development is quite the opposite of what the report has suggested. Both old and new universities are eager to take a larger slice of this expanding and lucrative business. The two older universities have expanded their respective continuing education divisions, and expressed interest in building their own teaching buildings for associate degrees. Again, the Government needs a major rethink of its regulation policy on the provision of associate degree programmes.

Madam Deputy, I support the broad aims of the associate degree programmes. It is essential for the higher education sector to grow into a diversified, multi-channel and multi-layer system. The relevant participation rates in the higher education sector in Taiwan and Singapore are over 70% and 60% respectively. We need urgently to boost up our participation rate in order to keep up with our competitors who have already achieved these targets. We urge the Government to accomplish this reform with both decisiveness and caution, targeting not only at quantity, but at quality as well.

As regards the amendment proposed by the Honourable CHEUNG Man-kwong, I cannot see any good reasons why I should not support him, for he asks the Government to invest more into our future generation.

With these words, I support both the motion and the amendment.

**DR DAVID CHU** (in Cantonese): Madam Deputy, the upgrading of manpower resources is of critical importance to whether or not Hong Kong can meet the needs of development towards new economy in the future. Actually, our

neighbouring places are all making vigorous efforts to develop tertiary education, so Hong Kong should not lag behind them in this respect. The Hong Kong Progressive Alliance (HKPA) supports the Government's proposal to increase the number of associate degree places, so that more people can have the chance to receive higher education. But the Government must pay proper attention to two issues. First, the Government must ensure that the graduates of associate degree courses can meet the expected standards, meaning that it must lay equal emphasis on quantity and quality. Second, the contents of associate degree courses must suit the social and economic needs of Hong Kong. To achieve these two goals, the Government must maintain very effective monitoring on the admission, course contents and assessment criteria relating to associate degree courses.

Madam Deputy, to ensure the quality of associate degree students, the Government should see to it that course providers do lay down appropriate admission requirements which can ensure quality intake. The authorities should make sure that all course providers will take the screening work seriously instead of lowering admission requirements for the sake of admitting more students. Besides admission, course contents, their degree of difficulty and also mechanisms for assessing students' performance are all the factors determining the success or otherwise of associate degree courses. With respect to course contents, besides the professional knowledge relevant to the disciplines concerned, other aspects such as language competence, power of thinking and the application of information technology should also be enhanced, so that students can acquire all the skills necessary for their future career and studies. In order to ensure that course contents can suit the practical social and economic needs of Hong Kong, the Government, the various educational institutions, the industrial and commercial sector and the professions should enhance their communication. That way, associate degrees can obtain the recognition of the industrial and commercial sector and professional bodies. That will of course mean that a stringent assessment mechanism is necessary. Allowing substandard students to graduate will only waste our resources and reduce the recognition of associate degrees.

Madam Deputy, one of the major concerns of the public now is the role to be played by the Government in the financing of increased associate degree courses. The Government's intention is that the majority of associate degree courses should be self-financing. But some educationists and students are thus worried that this may lead to drastic increases in tuition fees or even layoffs by

institutions. The Government has recently announced that it has no intention of withdrawing the subsidy for higher diploma courses, and that its main concerns at the moment are the extent of subsidy for higher education and how best to rationalize the form of subsidy. I am of the view that the Government should not reduce its overall commitment to higher education; as for how the form of subsidy should be adjusted to make more effective use of resources, we can always sit down and discuss. Since the relevant proposals will affect many teachers and students, the Government should offer a much more detailed explanation to them, so as to allay their anxieties. And, in any case, the interests of existing students should not be injured. The Government should make sure that no students will be deprived of the chance to take associate degree courses because of their inability to pay tuition fees.

With these remarks, Madam Deputy, I support the original motion of Dr Raymond HO.

**MS AUDREY EU** (in Cantonese): Madam Deputy, it is stated in the Chief Executive's 2000 policy address that the higher education participation rate for suitably aged young people will be raised to 60% within 10 years. Since the Government is not going to drastically increase the number of first degree places, associate degree courses will thus become the fastest-growing segment of tertiary education. Their success or otherwise will also determine whether or not the Government's ambitious plan of popularizing higher education can be realized.

In the Report on Higher Education in Hong Kong recently released by the University Grants Committee (UGC), it is said that future associate degree courses will mainly be privately operated. The UGC has also made it very clear that the subsidy for existing associate degree/higher diploma or diploma courses will be withdrawn gradually. At present, these courses are offered mainly by the Hong Kong Polytechnic University (PolyU), the City University of Hong Kong (CityU) and the Hong Kong Institute of Vocational Education under the Vocational Training Council. The last of these has a total enrolment as large as 50 000, including full-time and part-time students. Therefore, the withdrawal of subsidy by the Government will lead to very far-reaching consequences. In fact, Prof POON Chung-kwong, President of the PolyU, has already stated that if the Government withdraws its subsidy, the University will have to lay off 800 staff members. And, Prof H.K. CHANG, President of the CityU, has also pointed out that the University may thus have to recruit new lecturers with lower

salaries. Layoffs by academic institutions will definitely affect staff deployment and morale. Likewise, the recruitment of lecturers with lower salaries will also affect the quality of teaching staff. Ultimately, students will suffer. When making a decision on whether to withdraw subsidy, the UGC should consider the interests of students. If associate degree courses are to operate on a self-financing basis, tuition fees will inevitably become higher than they are now. It is reported by the press that Prof KO Jan-ming, Assistant Vice-President of the PolyU, has disclosed that if the full costs are to be recovered, the annual tuition fee for an associate degree course will be as much as \$150,000. This is a sum beyond the means of an average family. Even if the Government can provide loans, students will be heavily indebted before graduation. This is absolutely unfair to them.

Madam Deputy, in principle, I do not oppose the application of market principles to higher education. But the change from government subsidy to privatization is fundamental. There should of course be a sufficiently long transition period in which academic institutions, teaching and other staff and students can adapt gradually to the change. This is especially important, considering the fact that the institutions of Hong Kong have never before operated under any commercial principles. That is why when it comes to doing business, all of them are just "beginners". Moreover, since associate degree courses in Hong Kong are still at the stage of inception, the Government should assist the institutions in their co-ordination, and it should also provide subsidy, so as to ensure that all these courses can be run successfully. If all is left to the market mechanism, tuition fees may become too high, and what is more, we may fail to ensure the diversity of the courses offered. The lack of co-ordination among institutions may lead them to offer some so-called popular courses all at the same time, while other more academic ones, or those considered not practical enough, may be ignored.

Madam Deputy, the underlying problem with associate degree courses is in fact the lack of a clear positioning for them. This reflects the Government's sole emphasis on statistical objectives without the backing of pre-designed matching measures. The objective of these courses may be pre-vocational training, but so far, we have not seen any clear-cut qualification structure that can let students know what kinds of jobs — and at what ranks — they can take up after graduation. What is more, the relevant qualifications have not yet received any widespread recognition in the commercial sector. The objective of such courses may be further studies, but that again, the Government has failed to

provide enough university places to associate degree holders. Those who wish to further their studies can only place their hope on the small number of withdrawals every year, or on the very limited number of places made available by the institutions' over-admission. Although some associate degrees are recognized by overseas universities, overseas studies are very costly, very much beyond the means of an average family. That is why given such uncertainties, it will be very difficult for both students and parents to have any confidence in associate degree courses. Also, it seems that associate degree students and their first degree counterparts are not accorded equal treatment by institutions. Last year, before the results of the Hong Kong Certificate of Education Examination and the Hong Kong Advanced Level Examination were released, some institutions operating associate degree courses requested some successful applicants to pay the first instalment of tuition fee in advance, and they even made it clear that if the student concerned was subsequently offered a university place, the tuition fee already paid would not be refunded. This seems so similar to the practice adopted by private tutorial centres. One really cannot help asking whether these institutions in fact regard students as a tool of money spinning. Besides, some associate degree students have complained to the mass media that they were barred from participating in some activities organized by their student unions. This more or less reflects that they cannot enjoy the same status as first degree students in their institutions.

As pointed out by some academics, the full-scale privatization of associate degree courses may affect course quality, and will deprive students of equal opportunities to receive subsidized education. The fact is, if the Government wishes to expand tertiary education, it will inevitably have to inject more resources. It should never expect a horse to run fast without giving it any food. Any hasty attempt to bring in privatization in total disregard for realistic circumstances will only victimize students, teachers and institutions in the end.

With these remarks, Madam Deputy, I support the original motion and the amendment.

**MR LAW CHI-KWONG** (in Cantonese): Madam Deputy, in fact, the subject of this debate has once again let us see that the whole issue of setting the objective of raising the tertiary education popularization rate to 60% is a living example of obsession with greatness and success and pursuing high targets.

I would like to focus my discussion on the key issue of not increasing subsidies. I would look at this issue from two angles. First, the Honourable LAU Chin-shek has actually touched on this issue earlier and that is: The issue of asking people to pursue further studies, but not offering subsidies. Those who wish to study are asked to borrow money to finance their own studies. In fact, this is in contradiction to our understanding of economic behaviour and the whole idea is also in contradiction to all we know about social development. Why? This is also a very basic question. This has to do with how we view education, whether we view it as a personal investment or social investment?

According to our understanding of social development, all researches show us that we are investing on human capital and this is one of the most important directions. And, all researches show us that this is a basic act in social investment. This is an indisputable consensus. Therefore, when we wish to develop tertiary education, we must first consider how we view this issue? Should we consider this as a personal investment or social investment behaviour?

If we consider this as a personal investment, then we have to quote certain concepts of economic behaviour. If tertiary education is only the right of the minority in society, then the rate of economic return on university education is naturally very high. As in the case of 20-odd years ago, when only 2% to 5% of the people could go to universities, university graduates could almost certainly join the ranks of the middle class after graduation and their qualifications are certificates. In those days, if we should promote the practice of borrowing money to finance one's education, I believe many people would be willing to borrow money to attend universities granting the opportunity because their future economic benefits would far outweigh their university tuition fees.

However, today, as tertiary education becomes more and more popularized, the supply of people who have attained tertiary education will naturally increase and the rate of return on tertiary education will naturally decrease. Nowadays, many university graduates may only be working general clerical or bank teller posts instead of executive or professional posts after their graduation.

Therefore, with the gradual popularization of tertiary education and decrease in the rate of return on investment in this aspect, the desire to treat it as a purely personal investment will certainly dwindle. I certainly do not wish to sound so philistine, and education should not solely be for economic purposes.

It could be viewed as something that is related to such ideals as the avenue to promote personal growth, to meet the ideal of personal enrichment or to search for self actualization. However, only the rich could afford to pursue such ideals. If you do not have any money, need to borrow money to finance your studies, suffer losses in income in pursuing studies, need to pay tuition fees, and if the value of the economic return after obtaining the associate degree will even be lower than that of today, then will you pursue studies? Who will be willing to do that?

Therefore, we have to look at the problem in this way. If somebody is rich, he may not be thinking about economic returns when he pursue studies. To put it in a philistine way, that person may be thinking of getting a few more titles, but if it is a title that he is after, will he wish to pursue an associate degree in Hong Kong? He would certainly go abroad to pursue a bachelor, master or even a doctorate degree in a reputable private university. However, if one has to pay from his own pocket for university education, then to pursue studies is naturally not a right of the general public but has obviously become a privilege of the rich.

However, if we look at popular education from my viewpoint, we naturally have to consider it as a social investment rather than a personal investment.

Some Honourable Members (in particular Members of the Liberal Party) mentioned earlier that we must bear in mind the money shortage problem of the Government. So, they said it is impossible to invest in education for the Government has no money at the moment, then how could we ask the Government to increase funding to improve education? To put it simply, if the Government has no money, then it should not require itself to do so much. If we hold an optimistic view and think that the economy of Hong Kong will achieve continuous sustained growth, we can expect that we will naturally and gradually have the resources to expand our tertiary education by then. That is to say we can increase subsidies as we develop. The Government can go ahead if it has the money and no one will ask the Government to do so if it does not have the money. The Government definitely cannot say that "I request you to do it, but this has to be at your own expenses".

I do not know whether this policy is the expectation of the Government of us or whether it is our expectation of the Government. This discussion has,

therefore, turned into a discussion on whether we should see the popularization of tertiary education as personal behaviour instead of a government act. If this is personal behaviour and such a market is in existence, then it does not need the Government or anyone else to promote it. Naturally, someone will come forth to operate private schools and there will also be community education. Why is this not happening? Basically, it is because there is no market and thus no investment activities, so why should it be promoted? As such, the promotion of tertiary education has become an act of the Government, and since this is an act of the Government, it cannot avoid offering basic subsidies in this area.

Therefore, I earnestly hope that when we look at this issue, our arguments should not only be castles in the air. We should not be only thinking about how to compete with overseas countries (such as Singapore) or other places or to compete in terms of numbers, that is, to think that it would be grand to have more people receiving tertiary education. I hope we could adopt a more pragmatic attitude. If we consider the development of tertiary education as our aspiration and regard this as a social investment, then this should be accorded priority when it comes to resource allocation. I believe that the people of Hong Kong should not have any disputes over according priority to investment on education. Then why do we still have to argue that the popularization of tertiary education is a personal investment and should not be treated as a social investment?

Therefore, Madam Deputy, I hope that everyone would consider supporting Mr CHEUNG Man-kwong's amendment. Thank you, Madam Deputy.

**MR YEUNG YIU-CHUNG** (in Cantonese): Madam Deputy, we hold that we must first make clear four issues if we are to develop associate degree programmes.

First, the importance of associate degree programmes. Some people have wantonly hurled criticism at the policy objective of the SAR Government to raise the current 30% tertiary education popularization rate to 60% within 10 years. In addition to equating it with the "Great Leap Forward" campaign conducted in mainland China in 1958, these people also consider the policy objective an "85 000" education target, which is "impractical, lofty and hollow"

and will give rise to "substandard" problems in the education sector. All these criticisms are both untrue and unfair. At present, many countries and regions have already achieved a 60% tertiary education popularization rate or even higher. Taiwan and Singapore, for example, have achieved a 60% tertiary education popularization rate, whereas in the United States and other advanced countries in the West, an 80% or even higher rate has been achieved. Besides, certain mainland cities like Shanghai have also achieved a 45% rate. However, the rate of Hong Kong is only about half of that of such countries and regions. Hong Kong is not only lagging much behind others but also unable to cater for the development needs of knowledge-based economy. Hence, to raise the current 30% tertiary education popularization rate to 60% within 10 years should by no means be considered an "impractical, lofty and hollow" target. Moreover, the Government has already stressed that this is only a soft target proposed as a development direction for the provision of more tertiary education opportunities, and that the target would be reviewed from regularly. As such, Members really should not feel overly concerned.

Actually, the Government is going to increase substantially only the number of associate degree places but not that of bachelor's degree. The Government will still be stringently maintaining an 18% intake rate of first year bachelor's degree course students, thereby addressing to fully the concern expressed by Members over the quality of university students. Some people love to talk about paying regard for the interests of the lower sectors of society and offering them humanistic care; but then, these people oppose this measure which benefits children from the lower sectors by enhancing their chances to receive tertiary education. What absurdity!

The second issue is related to the subsidies for associate degree programmes. The report of the University Grants Committee (UGC) entitled "Higher Education in Hong Kong" points out that the majority of these programmes should be provided on a self-financing basis. In that case, how should the publicly-funded associate degree programmes and higher diploma courses currently operated by the City University of Hong Kong (CityU), The Hong Kong Polytechnic University (PolyU) and the Vocational Training Council (VTC) be handled? It seems that the UGC intends to handle such programmes and courses in accordance with the new rules of the game. The Democratic Alliance for Betterment of Hong Kong (DAB) considers that in view of the various historical and practical reasons, instead of "reshuffling" the subsidies and

thereby affecting the funding for the associate degree programmes operated by the three aforementioned institutes currently, the Administration should apply the new rules of the game to new programmes only. In other words, while the amount of subsidy provided for the existing associate degree programmes should not be cut, the new associate degree programmes may be handled in accordance with the new principles. Given their longer history and higher quality, the higher diploma courses operated by the CityU, PolyU and the VTC are extensively accepted by the public. During the time when associate degree programmes offered by private providers have yet to establish their reputation, these publicly-funded associate degree programmes should be retained as a quality benchmark for the market, so as to prevent the situation in which tertiary institutions, in the face of keen competition, seek to compete for students by lowering their tuition fees at the expense of the quality of the programmes. We hold that there is a need to retain a certain number of publicly-funded associate degree programmes, and that providing a level playing field for associate degree programmes offered by private providers should not be used as an excuse for turning the existing publicly-funded associate degree programmes into associate degree programmes offered by private providers. As we all know, there are public universities as well as private universities, but we still cannot turn all public universities into private ones just because we have to provide a level playing field for private universities. The situation in the provision of primary and secondary education is also the same. In view of the financial constraints, the Government hopes to achieve the 60% tertiary education popularization rate by operating the associate degree programmes on a self-financing basis. This is a pragmatic approach and the only alternative available. It is expected that a new venue for providing tertiary education by social resources can be opened up to draw on the higher efficiency and greater flexibility of private education programme providers. Given that associate degree programmes provided on a self-financing basis do have substantial room for development in the market, why must all associate degree programmes be publicly-funded? Actually, even if the Government has sufficient resources, we still would not agree to having all associate degree programmes offered and subsidized by the Government, thereby denying private providers any room for offering such programmes. We always support allowing private providers some room for development in the provision of university, secondary and primary education, and our stance on the provision of associate degree programmes is no exception. Hence, the DAB cannot support the latter half of the amendment proposed by Mr CHEUNG Man-kwong, which urges the Government to enable students to have equal opportunities for

receiving subsidized education and to subsidize all associate degree programmes. Certainly, we do hope that the Government will gradually increase the number of subsidized places in associate degree programmes when its financial position permits in future, so as to benefit more students.

Madam Deputy, one point worth mentioning is that some institutions are currently using other income to subsidize the already subsidized associate degree programmes. This practice has given rise to unfair competition and should therefore be rectified. At the same time, some other institutions are using part of the subsidy earmarked for associate degree programmes to subsidize their bachelor's degree programmes or other purposes. This is both unfair and unreasonable. Not only will the resources earmarked for associate degree programmes be wasted, the development of associate degree programmes will also be unfairly affected. If these tertiary institutions consider the resources for associate degree programmes too bountiful, they should increase the number of subsidized places in associate degree programmes to benefit more students.

Third, the prospect of holders of associate degrees. The popularity and success of associate degree programmes will depend on two factors, namely, the acceptability of such degrees among employers and the smoothness of the path of holders of such degrees to pursue further studies, with the latter of the two factors being particularly more important. If the percentage of associate degree programme graduates who can successfully secure places in universities should be too small, the associate degree programmes could hardly be considered as a significant bridge leading to university education. In the United States, 40% of the associate degree programme graduates can enrol in degree programmes offered by universities. Even though Hong Kong can hardly compare with the United States, our ratio in this respect still should not be too low. Otherwise, our associate degree programme graduates will just be "prospect-less" graduates.

Madam Deputy, the Government has all along maintained an undertaking to enable 18% of the students of the right age group to enrol in bachelor's degree programmes every year. However, while the actual rate in recent years has fallen below 17%, the figure recorded last year was only 16.1%. The DAB suggests the Government allocate, at the present stage, the remaining 1.9% places to holders of associate degrees. This is certainly something the Government can do, as no additional places or resources will be required.

Fourth, the quality of associate degree programmes .....

With these remarks — how I wish I could finish reading out my speech (*Laughter*) — Madam Deputy, I support the original motion on behalf of the DAB.

**MR LEUNG YIU-CHUNG** (in Cantonese): Madam Deputy, the Honourable YEUNG Yiu-chung considered it inappropriate for us to liken the target proposed by Chief Executive TUNG Chee-hwa to enable 60% of the people in the relevant age group to receive tertiary education in 10 years to such targets as the target of "85 000". It is definitely not our wish to make such an inappropriate accusation. What we are most concerned is whether this goal can be achieved.

I think it will delight everyone if the target of enabling 60% of the people in the relevant age group to receive tertiary education can really be reached. Most importantly, however, has the Government considered whether we have enough resources and time to make this happen? My greatest worry is that this target will eventually turn into a complete mess since we have set such a high expectation, despite the good intentions.

I would like to ask the Government this question: How many additional places will be required if we are to enable 60% of the people in the relevant age group to receive tertiary education? A rough estimation indicates that 30 600 places, or roughly double the present number, will be required. As funding will be required for the provision of these additional places, how much additional funding will be required? The answer is an additional \$2 billion per annum. Of course, the Government has no intention to do this. Neither will the Government do so. What can be done then? In my opinion, there are only two alternatives.

What are the two alternatives? The first one is to freeze the number of degree places. At the same time, the associate degree programmes should be privatized or commercialized. However, this will give rise to problems. To start with, degree places will be retained and continue to receive funding. Yet what can be done to resolve the consequences arising as a result of the commercialization of the associate degree sector? Let me cite an example to illustrate my point. At present, a student enrolling for a higher diploma

programme at the City University of Hong Kong, the Hong Kong Polytechnic University, the Hong Kong Academy for Performing Arts or the Vocational Training Council is required to pay an annual tuition fee of approximately \$31,575. However, this is for a higher diploma course only. How much will a student need to pay to complete an associate degree programme? The amount will definitely be higher than this. A number of Honourable Members have also tried to make an estimate. Some suggested \$150,000, and some suggested \$100,000. Be it \$100,000 or \$150,000, the tuition fees charged by associate degree programmes will be double, triple or even several times that of the tuition fee of \$30,000 or so levied for a higher diploma programme. How can grass-roots families afford such exorbitant tuition fees?

Earlier on in the meeting, Mr YEUNG Yiu-chung questioned why the grassroots were deprived of the opportunity to study. Actually, we are not trying to deprive them of the opportunity. But the crux of the issue is: If their academic results are not good enough to qualify them to enrol for degree places, what else can they do in order to continue their study? How can the grassroots afford such a huge sum of money? This sum of money is already enough for a poor family to meet its expenses for an entire year. Moreover, the heads of these families are mostly middle-aged. The major problems confronting middle-aged people at the moment are threats of unemployment and salary cuts. Can they afford such an exorbitant tuition fee and support their children to pursue associate degree programmes? This is the first question I have to raise.

It does not matter if these people can definitely perform well to qualify for higher studies, or if their financial problems can be resolved. However, it is impossible for these problems to be resolved at the moment. As a result, we see that there is a new phenomenon. I have the feeling that the Government is returning to its old path. What I mean is, under the education policy, the rich can study in universities. High achievers can also study in universities because the Government will provide funding to them. However, students enrolling for associate degree programmes are required to pay their tuition fees. Those who cannot afford will be deprived of the chance to study. Low achievers are therefore required to buy a school place. But how can the poor afford such an exorbitant tuition fee? This is indeed a serious problem.

Moreover, there is another problem that is worrying me. It has been suggested that students can borrow from the Government or by other means after the associate degree programmes are privatized or commercialized. Though

loans seem to provide a solution, we will face a problem like what we are facing today: What will happen after several years, even though today's problem seems to be resolved after it is "lent" to someone? We will still be required to resolve the problem and repay the debts.

As Members are all aware, under the present economic situation, even a university graduate can only earn \$8,000 to \$9,000 a month (or even less than this amount according to Miss Cyd HO). An associate degree graduate can earn even less. If a university graduate cannot earn \$8,000 to \$9,000 a month, how much can an associate degree graduate earn? Is it a sensible option for people to pursue an associate degree since they will then be required to repay their loans in addition to meeting their daily expenses with their meagre salary?

Furthermore, there are a number of people with negative assets in society at present. The spending power of these people has already shrunk drastically. If a group of so-called "debtors" emerge in society in future, what will the economy of Hong Kong be like? What will happen to the consumer market? Do we really want to see this socio-economic consequence brought about by a social policy?

Actually, if we look back at the United States, where the associate degree programmes were first launched (I am not sure whether the information is correct), each associate degree place receives 70% to 80% funding support from the government. In spite of such a high ratio of funding, the rate of enrolment only reaches 27%. In other words, the associate degree is not very popular despite huge funding is provided. What is the expectation of our Government today? The Government is expecting an enrolment rate of 42%. In addition, the students enrolled for associate degree programmes will not even receive 1% funding from the Government. I must ask the Government this question: How can it attract the students to enrol on the associate degree programmes?

I really do not know whether this policy is feasible and whether the target can be achieved. I have already expressed my worry earlier. In fact, it is our earnest wish to see the target of enabling 60% of the people in the relevant age group to receive tertiary education achieved. However, it might not work in practical implementation. Many Honourable colleagues pointed out earlier that if we really do so, it will have profound influence on the tertiary institutions. Prof POON Chung-kwong was quoted by an Honourable colleague as saying that should this policy be really implemented, manpower might be cut and salaries of

tutors might be cut too. Should this really happen, the quality and workload of tutors will be directly affected. This will in turn affect the quality of education. Under such circumstances, can Mr TUNG's goal of turning tertiary institutions in Hong Kong into world-class education providers be reached? I really have great doubts about it. At the same time, I am also gravely worried that if the associate degree programmes are really privatized, the Government will definitely fail to achieve its original target of nurturing more talents.

**MISS CYD HO** (in Cantonese): Madam Deputy, I would like to speak in support of the original motion moved by Dr Raymond HO and the amendment moved by Mr CHEUNG Man-kwong. The part concerning the associate degree programmes as contained in the report on "Higher Education in Hong Kong" published by the University Grants Committee is disappointing. Actually, some tertiary institutions have already started operating associate degree programmes, despite the programmes are still found to be flawed. However, the report has failed to review the matter and propose a comprehensive solution. On the contrary, it has proposed to privatize the associate degree programmes and considered slashing funding for the associate degree programmes. This will only cause greater worries among students and parents.

It is actually impossible for the existing flaws in the associate degree programmes to be fully removed solely by way of privatization. The authorities must face the problem, rather than tackling the matter from the resource perspective, thinking that the best solution is to provide a level playing field upon privatizing the associate degree programmes. This is because the rationale of providing the so-called level playing field is untenable. If it were tenable, does it mean that all universities should, by a logical extension of this rationale, be privatized to enable degree programmes to compete in a level playing field? By the same token, will it be necessary to cease all university funding? The Government is now responsible for some 82% of funding for degree programmes, but it is thinking of slashing funding for associate degree programmes. May I ask if the Government is actually intending to make use of this proposal to reduce its commitment to higher education, and unfairly treat associate degree students, who are the first target for funding cuts?

The Chief Executive has actually set a terrific target by proposing to enable 60% of the people in the relevant age group to receive tertiary education.

This is because if we are to transform into a knowledge-based economy, we must raise the quality of the population. The skill of the labour force has to keep pace with the times too. Though we are talking about the provision of more places, no additional resources are provided; on the contrary, funding is going to be slashed. Under such a poor economic condition, and at a time when average households cannot afford much, it will be extremely hard to achieve the goal if funding is going to be cut at the same time. At present, tuition fees for associate degree programmes range from some \$80,000 to \$100,000. In other words, the annual tuition fee for an associate degree programme is \$45,000 on average. Nonetheless, according to the Household Expenditure Survey just published by the Census and Statistics Department, the annual household expenditure of more than 400 000 households in Hong Kong is only \$93,000. For a family having a child who is an associate degree programme student, half of the family expenses will go to the tuition fee. How many families can afford that? Though the Government maintains that students will not be deprived of education because of a lack of means, and a loan fund has been established for associate degree students, we must not forget that students have to repay the loans in future.

In the previous fiscal year, a total of 1 501 cases of default in repayment were recorded under the Local Student Finance Scheme, involving up to \$25.8 million. The number of cases of default in repayment under the Non-means Tested Loan Scheme has risen four times too. We can see that the rise in default payment is actually due to the poor employment situation of graduates. The Honourable LEUNG Yiu-chung remarked earlier that graduates could make little money. Actually, not only do they make little money, many students are virtually unable to secure a job. As a result, they are forced to default on their repayment. It will affect the decision of students to enrol on associate degree programmes since they definitely do not wish to owe the Government a huge debt after graduation for they will not be able to repay it.

Education is actually a good means of enhancing social mobility. Through their own efforts, many grass-roots students have succeeded in overcoming environmental constraints and obstacles and gained admission to universities. This is very encouraging indeed. Nevertheless, we must not forget that many grass-roots students are affected by such family problems as lack of support from their poorly educated parents when they received primary education in primary and secondary schools. As a result, they lag behind in the matriculation examination and thus do not qualify for degree programmes. In

addition, a pluralistic standard is now being adopted in assessing their admission to universities. Besides the results of their major subjects, their accomplishment in music or other sports and arts fields will be considered for the purpose of encouraging students to develop themselves in a diversified manner. Though this is a good direction, how can grass-roots students afford a dancing course that costs more than \$10,000 a year? How can they afford a violin course that charges several thousand dollars a month? Insofar as grass-roots students are concerned, their chances of being admitted will be even poorer if there is no expansion in the number of university places and their pluralistic ability has to be taken into account as well. As a result, they can only enrol on associate degree programmes. Nevertheless, according to the guiding principle currently adopted by the Government, only high achievers can receive funding to cover 80% of their tuition fees. Low achievers will have to finance their own studies. A social investment is thus turned into a personal investment. Should we not fairly treat young people whose academic performance lagged behind temporarily during their adolescence?

Madam Deputy, the Government is not incapable of providing funding to associate degree programmes; it is actually not willing to do so. Insofar as the students who aspire to pursuing studies and their parents are concerned, it is not because they do not want to do so; rather they simply cannot afford it. The Government must adjust its policy on funding the associate degree programmes if it is to achieve its 60% target within a short period of time. Thank you, Madam Deputy.

**MR NG LEUNG-SING** (in Cantonese): Madam Deputy, the Government has proposed to spend \$20 billion within the next 10 years to vigorously expand the associate degree places in a bid to achieve the target of raising the tertiary education popularization rate to 60%. In other words, a total of 55 000 higher education places will be provided annually. Today, it has become an inevitable trend for tertiary education to be extended to all given our goal to develop Hong Kong into a knowledge-based economy. In order to achieve such an ambitious target, it is imperative for the Government to accord priority to inject resources in this area and co-ordinate various policies in a balanced manner, and for all sectors of the community to give support and make a concerted effort and, most importantly, for taxpayers to accept and understand this goal.

According to the information, the idea of associate degrees originates in the two-year community college system implemented in the United States. Strictly speaking, the number of teaching hours and contents of an associate degree programme only account for half of those of a degree programme. Therefore, an associate degree graduate is not qualified for a university degree. The Government is indeed adopting an enrolment policy of "easy admission but difficult passing out". Secondary Five students with passes in five to six subjects are qualified to enrol on associate degree programmes. For students not qualified for matriculation programmes or accepted by the so-called desired tertiary institutions, associate degrees nonetheless provide a new way out. The Government is undeniably well intentioned. Through the expansion of associate degree places, it is hoped that the keen demand for talents with tertiary education qualification be met, thus giving impetus to economic development.

Nevertheless, the effectiveness of the associate degree programmes has, since its operation, been questioned by various sectors of the community. In particular, there are worries about the quality of associate degree programmes, their articulation with degree programmes, the future employment of associate degree graduates, and so on. Although the Government is providing a large number of associate degree places, it has failed to make enough efforts in designing corresponding programmes. It has even failed to decide a clear positioning specifically with respect to whether emphasis should be placed on academic or vocational training. The provision of more places can only guarantee the supply. What will the Government do to respond to the need of society with respect to quality? It is definitely not our wish to see holders of associate degrees to find dead ends upon graduation, as mentioned by a colleague earlier, or be considered as inferior, thereby leading to a serious wastage of private and public resources. Furthermore, what will the Government do to resolve the problem pertaining to the convergence between the associate degree programmes and the degree programmes? Although 700 university places are likely to be made available to associate degree graduates, the number is far from enough. Apparently, the Government will once again be forced to provide sufficient university places in advance for associate degree graduates to give people interested in enrolling on associate degree programmes a booster. This will help give them a clear direction to advance themselves, thereby promoting the formal development of higher education. An issue raised earlier concerns the prospects of associate degree graduates. How far will holders of associate degrees be accepted by employers? During this extraordinary period when

even many degree holders find it hard to land jobs, how can associate degree graduates compete with degree holders and strive for survival? It is therefore essential for the Government to make extensive efforts to enhance the acceptability and competitiveness of associate degrees. Otherwise, graduates or employers will be reluctant to move forward.

It was recently opined that the Government had the intention to commercialize the associate degree programmes through requiring various providers to operate such programmes on a self-financing basis. Many people worry that students will thus be required to pay higher tuition fees. At the same time, providers will jostle to organize "profit-making" programmes. As a result, it might lead to mismatch between human resources and social demand. At present, associate degree programmes are still at the trial stage, and a considerable number of people are still adopting a wait-and-see attitude. Should the Administration fail to handle the matter in a timely and reasonable manner, it is very likely that this novelty will come to a premature end. I believe this is the last thing Honourable Members would like to see.

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

**MR LAU PING-CHEUNG** (in Cantonese): Madam Deputy, before I speak in support of Dr Raymond HO's motion, I should like to declare that I am the Chairman of the Advisory Committee for Land Surveying and Geo-Informatics, The Hong Kong Polytechnic University. About 50% of the students under the Department of Land Surveying and Geo-Informatics are enrolled on higher diploma programmes. If the funding provided for such kinds of programmes should be withdrawn as recommended in the Report of the University Grants Committee (UGC), "Higher Education in Hong Kong", the various departments concerned would be gravely affected.

In his policy address in 2000, the Chief Executive proposed to raise the tertiary education popularization rate of youths at the appropriate age to 60% within 10 years. I support the Government making investment in and undertakings for this proposal which will have a direct bearing on the quality of our population in future. Subsequently, the 11 tertiary institutions in Hong Kong as well as other private institutions have offered associate degree programmes in different disciplines, providing a total of over 9 200 places in the current academic year.

Madam Deputy, I support this newly introduced academic structure in principle because it is a multi-level learning structure leading to many development prospects and offering youths who cannot enrol in universities an additional channel for pursuing further studies. Moreover, with greater flexibility, the various associate degree programmes can offer students, on top of the existing ones, courses that can cater better for economic development and employment needs like software application, and so on. That way, students can apply the things they learn in their job upon graduation or proceed to complete a university programme on the basis of their associate degrees.

Even though this newly introduced academic structure has been in operation for only two years, it is expected that the number of places in associate degree programmes will be gradually increased to 30 000. Thus, there should be much room for development. From another point of view, however, this academic structure has yet to establish a very sound foundation in terms of quality, articulation arrangements and acceptability; the various associate degree programme providers and relevant academic accreditation authority must work hard in this direction.

Right at this juncture, the UGC put forward in its "Higher Education in Hong Kong" Report a number of recommendations that give people cause for concern. With regard to the three aspects mentioned by me just now, namely, quality, articulation arrangements and acceptability, I do not worry too much about the quality of the associate degree programmes. After all, the tertiary institutions or education providers organizing the programmes are rather well-experienced, so the associate degree programmes they offer should be of a certain standard. According to the recommendations made in the Report, in the long run, a Further Education Council will be established to ensure that the associate degree programmes offered by different providers can reach a similar standard, which will serve as a basis for credit recognition among various providers.

Further still, as I said before, since these associate degree programmes can tide in better with the economic and technological developments, I believe a percentage of the students completing such programmes will certainly apply for admission into the second year of bachelor's degree programmes offered by universities. Given the difference between the contents of the associate degree programmes and the general studies taken by the university students, there are bound to be adaptation difficulties. So, the convergence arrangements should warrant attention.

The third aspect is acceptability. The Government expects the associate degree programmes to be offered mainly by private providers in future, and that even some overseas institutes will come to Hong Kong to offer higher education programmes. The merit of this trend of development is that since private providers can cater more closely to the needs of the market and employers, so a wide variety of programmes can be offered to train up the different manpower resources required by the economic development of Hong Kong. But then, if viewed from another angle, since different education institutions have their own respective strengths, even if the programmes they offer should be of similar contents and standards, the quality of their students would still differ enormously and might seem rather confusing to others.

Madam Deputy, since the Report recommended it as a direction for higher education development to combine associate degree programmes with higher diploma courses, the existing protection for the relevant education institutions and their teaching staff will be affected, while the development of a new academic structure will evolve into a reform of the education framework. This is indeed worrying, particularly because the development of associate degree programmes is not yet on track. As regards the amendment proposed by Mr CHEUNG Man-kwong, I do agree in principle that more funding support should be provided for education institutions and students during this transitional period to enable more private providers to enter the market and participate in healthy competition, thereby enabling the students and the market to have more choices. Seeing that the Report has set a timetable for the development of the associate degree academic structure, I believe we should observe the development of this newly introduced academic structure for two to three more years before deciding on the allocation of resources for higher education. But in the long run, the objective should still be to enable more private providers to play a more important and leading role in offering tertiary education programmes that can best cater for the needs of society.

I so submit.

**MR JAMES TIEN** (in Cantonese): Madam Deputy, I did not intend to speak originally, but some Members have mentioned the point that if we wish to offer associate degree courses, to improve education for the benefit of the next generation, we will have to ask the industrial and commercial sector to pay more taxes, to provide more resources in support. But they are not sure whether the

industrial and commercial sector is willing to do so. That is why I now wish to say a few words in response.

Madam Deputy, the main political platform of the Liberal Party contains "3 E's", that is, "economics, education and environment". This shows that we attach great importance to education. Education to the industrial and commercial sector is just like infrastructure investments to the community. To the Liberal Party, education is a long-term and permanent investment, not any one-off or annual expenditure. But while we make investment in education, must we not also look at how much social resources are available? Should we always insist on investing in education regardless of how much is required and what returns there may be? The industrial and commercial sector is equally puzzled. The Government has, over all these years, spent so much money on primary and secondary education and even university education. But why are the standards of university graduates still so poor now? They are not only poor in English, but also in all other aspects. The standards of secondary school-leavers are equally poor. What has gone wrong anyway?

It is not so much because the Government has failed to inject resources. At times, we also discuss these matters with Presidents of overseas universities, asking them whether money is the only key to successful education. I know several IV Presidents in the United States, and they often say that money alone is not enough, for the matter is not so simple. That reminds me of Members' frequent assertion that we must allocate more resources and funding to schools. But can money alone bring about success? If yes, the industrial and commercial sector will definitely give its support, total support.

But this may not be the case in reality. According to statistics, the funding for universities in Hong Kong is almost bigger in amount than the sum required for sending all our undergraduates overseas for studies. This tells us that the problem is not connected with resources. We support educational development. But the problem is not caused by the sector's refusal to render support, not caused by their unwillingness to pay more in tax. Such an argument is simply unfounded. If people ask me where we should spend our public money, I would definitely say that more money should be spent on education. This is far better than giving civil servants such high salaries. Or, I would say more should be spent on health care, housing and various kinds of training. I think we will support spending money on all these.

I have also heard Members belonging to the industrial and commercial sector ask this question: What actually is the highest level targeted at by our education policy? They say that the funding for our universities is by no means small, for we are employing many famous foreign professors whose salaries are each as high as some \$100,000. But these professors' main duty is not teaching; most of the time, they are engaged in research and paper writing. These professors can of course enhance the international reputation of Hong Kong universities. But can they offer any practical assistance to our next generation, those who are still pursuing their studies, or the associate degree students we are talking about? I notice that some local teachers have been complaining that their situation is very miserable compared to that of foreign professors. They say so because foreign professors need only to teach very few classes. But their salaries are very high, and they can spend most of their time on research and writing up academic papers. In comparison, local teachers who earn just \$20,000 or \$30,000 a month have to teach many, many classes, work long hours and practically toil and sweat. Should our community say something about such a situation? Can we just say that we should not do any more research, but should instead use all our resources on improving education, so as to better the academic standards of our next generation?

The Honourable LAW Chi-kwong was right in saying that education is not just for making money. We must also consider our interests, preferences and the paths we would like to take in our life. We should give the young people this kind of choice. In the process of selection, people will of course wish to secure a well-paid job after graduation. Following this line of reasoning, is it true to say that we have used our resources in the wrong ways? I am not talking about manpower mismatches, but about using resources in the wrong ways. I mean, we have spent so much on education, but have we ever thought about what kind of education system we wish to have? Should teaching be the objective? Or, should we also consider the reputation of our universities? Or, should we also consider the impact of university ratings on Hong Kong?

The views of the industrial and commercial sector in this regard may be divided, but I personally think that we should really be more realistic. Since so many universities all over the world (including the Beijing University) lay emphasis on research, do we really, and still, have to spend so much money on research, on academic papers, on making our professors and universities internationally famous? Or, should we instead spend more resources on those teachers whose only duty is teaching? If yes, the associate degree courses we

are talking about may well provide the correct answer. The Government may not have to spend so much, and the tuition fees paid by students themselves may not be so high. That way, and as long as the industrial and commercial sector knows that our resources are used properly, it will definitely agree to pay more taxes as requested to finance the education of our next generation. Thank you, Madam Deputy.

**MR FREDERICK FUNG** (in Cantonese): Madam Deputy, in the policy address he presented last October, the Chief Executive has stressed that he would make significant investments in education. However, half a year later, the Report of the University Grants Committee (UGC), "Higher Education in Hong Kong", is full of signs pointing to the Government's intention to commit less in matters relating to higher education. The 12 reform recommendations made in the Report are based mainly on the two major principles, namely, the market-led principle and the non-government-led principle. In this connection, the recommendation having the most far-reaching impact on the grassroots of society should be the one under which the Government mentions for the first time that the majority of associate degree programmes should be operated on a self-financing basis. Both the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I are disappointed with this recommendation.

At present, the associate degree programmes in Hong Kong are mainly provided by The Hong Kong Polytechnic University and the City University of Hong Kong (CityU). In future, the community colleges to be established by the various education providers will also have a certain role to play in this. With regard to financial commitments, all along, the Government's attitudes towards bachelor degree programmes and associate degree programmes are identical, as both are subsidized by the Administration. However, if the Government should really reduce the funding support for associate degree programmes on a full scale, both the ADPL and I would consider this measure unfair to the students who are unable to enrol on bachelor's degree programmes just because their public examination results are slightly inferior.

To begin with, the Government has never given to the public a clear account of the fundamental positioning of associate degree programmes. Are these programmes a stepping stone for students interested in pursuing a bachelor's degree to achieve their goal, or are such programmes aimed at providing a skills training centre for society? Given that these two functions are

being performed under seemingly right but actually wrong circumstances, people cannot help but query strongly whether these programmes are offered just to serve the target proposed by the Chief Executive in the 2000 policy address to raise the tertiary education popularization rate of youths of the relevant age group to 60% within 10 years, or the programmes are just an administrative measure of the Government to strive to bring down the unemployment rate of young persons.

If the objective of the associate degree programmes is to provide students whose public examination results are slightly inferior with an academic basis for pursuing further studies, so that they can eventually enrol on bachelor's degree programmes, why must associate degree programme students have to pay the exorbitant tuition fees by themselves when students enrolled on bachelor's degree programmes can receive as much as 82% tuition subsidy from the Government? The Government has stressed repeatedly that the Administration will ensure that no student would be denied the chance of receiving education due to a lack of means, and that it would provide grants and loans for students enrolled on associate degree programmes. However, as indicated in the figures provided by the Education and Manpower Bureau in answering a written question raised by me in March this year, the tuition fee for a two-year full-time self-financing associate degree programme would range from \$78,000 to \$104,000. According to a research conducted by Dr WONG Hung of the CityU, the relevant sum is equivalent to the total household expenditure of a family of the lowest 25% income groups, representing 38 times the annual expenses on education of these families. From this we can see that to many lower-income families, the tuition fees of associate degree programmes are just way beyond their means.

More ironical is that the findings of another academic research conducted by Prof WONG Chack-kie of The Chinese University of Hong Kong show that members of the lower strata of society still have some hope about the theoretical social ladder function of education. Unlike the middle class who are dissatisfied with the existing education system in Hong Kong, these toiling masses of lower education level and poorer financial position can never afford the costs of studying abroad or sending their children on studies overseas in the face of unsatisfactory academic results. On the contrary, these people just hope that they or their children can study hard in Hong Kong to strive to enrol successfully in a local university, and then secure a better remunerated job upon graduation to help improve their lot as well as that of their families. If the

Administration should really stop providing funding support for associate degree programmes, a percentage of youths in society would certainly be denied the opportunity to achieve their goal due to the limited income of their families. What is more, given that the Government will cap the various items of expenditure one after another, and the "easy in, easy out" policy of the bachelor's degree programmes offered by the tertiary institutions, the graduates of associate degree programmes will certainly have to go through a prolonged path filled with keen competition before they can be enrolled on a bachelor's degree programme.

In a nutshell, the ADPL and I are dissatisfied with the Government's attempts to wantonly introduce market forces into the field of education services while gradually shirking its responsibility as an education services provider at the same time. Besides, reducing the funding support for associate degree programmes will also deal a further blow to students from poorer families whose objective qualifications for receiving tertiary education or employment are comparatively less favourable. Having fallen from the education-based social ladder, these young persons will have even greater difficulty improving their lot as well as that of their families. For these reasons, the ADPL and I support the amendment and oppose the Government's proposed withdrawal of or reduction in the existing funding support provided for students enrolled on associate degree programmes.

Thank you, Madam Deputy.

**MR CHAN KWOK-KEUNG** (in Cantonese): Madam Deputy, the plan of the Government to gradually withdraw its subsidy for higher diploma and associate degree courses has given rise to a controversy in the education sector. Across the community there have been criticisms that the policies of the Government are self-contradictory in that they seek to achieve the goal of having 60% of our senior secondary school leavers attain post-secondary qualifications but fail to make financial commitment for it.

A particular example in mind is the Vocational Training Council (VTC). Most of the courses offered by it are diploma or higher diploma courses and the Hong Kong Institute of Vocational Education under it will have to meet very tall challenges. Representatives of the VTC unions pointed out that if course run by the VTC had to be self-financing, 43% of the courses would be affected and 600-odd teachers would have to be laid off; so would the 1 000-odd staff there.

Though the Education and Manpower Bureau has repeatedly emphasized that it will not withdraw the subsidy for all courses operated by the VTC and that only some of the course will have to be self-financing, teachers are still ill at ease with the assurance provided by the Government.

In fact, subsequent to the release of the report on "Higher Education in Hong Kong" by the Government, criticisms were unleashed by tertiary institutions. More than a thousand VTC staff took to the streets. After that, the senior management of The Hong Kong Polytechnic University (PolyU) and the City University of Hong Kong (CityU) urged the Government to continue to subsidize higher diploma and associate degree courses that are beneficial to the economy of Hong Kong. Nevertheless, the Government has so far declined to state clearly its stance and therefore failed to command the trust of the public. Worse still it has caused unrest among staff, thereby affecting the feelings of teachers and students and indirectly causing harm to the quality of higher diploma and associate degree courses.

Data from the PolyU show that it has 22 higher diploma courses and two diploma courses. There were 1 749 graduates last year and 1 814 this year. At the CityU, there are about 13 subsidized higher diploma courses and comparable associate degree courses, which include architecture, surveying, computer, social subjects and language education, creating 1 507 graduates last year and 1 000-odd this year. Thus, there are 3 000-odd course participants each year in these two universities, excluding those taking part in self-financing associate degree courses at the VTC, the Lingnam University, the University of Hong Kong and other institutions. How can the Government treat the education of 3 000-odd people in such a rash manner?

Dr POON Chung-kwong, President of the PolyU, has taken the lead to give warning to the effect that if funding support for higher diploma and associate degree courses were withdrawn, 900-odd staff at the PolyU would lose their jobs. The Vice-President of the CityU, Prof WONG Yuk-shan, also indicated that subsidized higher diploma and associate degree courses at the university are training talents in middle-level management in Hong Kong. Cancelling subsidy abruptly and requiring the institutions to self-finance may push school fees up and hinder the training and development of local talents.

Recently, at the beginning of this month, the PolyU conducted a survey on parents' views regarding the further studies of their children. It interviewed

500-odd parents over the telephone. Results showed that nearly 90% of the parents thought government subsidy should be provided to higher diploma and associate degree programmes. 45% of the parents indicated that if subsidy were cancelled, they would not allow their children to attend associate degree programmes. Over 65% of the parents even indicated that if school fees for associate degree courses are similar to those for similar courses abroad, they would rather send their children abroad for further studies than allow them to attend associate degree programmes in Hong Kong. The situation is further proof that education policies in Hong Kong are often misdirected, encouraging students to receive further education on the one hand but discouraging them to do so on the other.

Already, associate degree courses are not well-received. Though one or two students may have received recognition for their potential by overseas universities so that they may enter well-known universities by skipping one or two levels, many students still feel dubious about the associate degree qualifications. We must understand that associate degree courses are an alternative route for further education to be undertaken by young people when unemployment rate among them has reached double digits. The route is a channel to help them prepare themselves to become tertiary students, which represent 60% of the relevant age group. If the Government sets up hurdles unnecessarily by cancelling subsidy for these courses, this would mean that it will single-handedly drive associate degree courses into distinction.

Associate degrees first came into existence several years ago, under the auspices of the Government of the Hong Kong Special Administrative Region. At a time when they have not yet developed fully and the prospects of their students are not clear, the authorities announce its plans to cancel subsidy for higher diploma and associate degree courses. The confusion in policies is evident. The 60% popularization rate for tertiary education is, I believe, another failure in government policy.

Madam President, I so submit.

**Mr JASPER TSANG** (in Cantonese): Madam Deputy, Mr YEUNG Yiu-chung stated clearly the views of the Democratic Alliance for Betterment of Hong Kong (DAB) in respect of the motion and the amendment earlier in the debate today. I just wish to add a few points.

The DAB supports the motion proposed by Dr Raymond HO because central to the motion is the intention of assuring the quality of higher diploma and associate degree courses, which have greater room for development in future. I believe no one will dispute this. When we develop associate degree courses, we must not let them become certificate generators only. We must make sure that course participants get real benefits from the courses to really enhance their competitiveness. In his speech earlier, Mr YEUNG Yiu-chung stated the views of the DAB pinpointing the issue of quality of associate degree courses. However, due to the time constraints, he was unable to cover every detail, so I now wish to add some views of the DAB.

In fact, the DAB supports the idea of asking the Hong Kong Council for Academic Accreditation to assess the quality of institutions that provide associate degree courses. When non-government organizations apply for accreditation in respect of associate degree courses, we think the Government should provide the necessary financial assistance. The DAB is of the view that there should be a monitoring mechanism following the launch of the accredited courses. The DAB would therefore suggest that a Further Education Council be set up to co-ordinate matters relating to associate degree courses. This is a necessary step. In addition, the Further Education Council must set up as soon as possible a mechanism to effectively carry out quality assurance for the courses so that graduates from the courses may reach a standard level on graduation. On the other hand, institutions running associate degree courses should take the initiative to cut costs to maintain the tuition fees for such courses at a level affordable to students.

THE PRESIDENT resumed the Chair.

Regarding the amendment of Mr CHEUNG Man-kwong, we fully support the first part of his amendment. As quite a number of colleagues have said, the Government should not reduce the existing funding support for associate degree and comparable programmes just because of anticipated development in higher education in future. This cannot stand to reason if fairness is used as a justification. Fairness should mean deficiencies are to be eliminated. It is not reasonable to reduce the existing funding support to drive existing recipients into a position comparable to students who do not receive any funding. This is certainly not right. Thus, the DAB fully supports Mr CHEUNG Man-kwong's

amendment in that it opposes the withdrawal or reduction of existing funding. The latter part of the amendment is, in our view, however, difficult to define. For example, how can we enable students to have equal opportunities for receiving subsidized education? How can we ensure that happens in the context of higher education? Even if we achieve the target of having 60% of the people of the relevant age group enjoy the opportunity to receive higher education, higher education will not and cannot provide completely equal opportunities to education. It cannot provide completely fair opportunities. This is simply not possible. I trust this is still not possible even if the 60% popularization rate is achieved.

Mr LAW Chi-kwong said, in support of Mr CHEUNG Man-kwong's opinion, to popularize higher education, investments in higher education should be regarded as social investment, not personal investment. The DAB will not dispute that education is a form of social investment because return from investment in education benefits the entire community. But can one say education, especially higher education, does not contain an element of personal investment? Mr LAW Chi-kwong said when elitist education only allowed a very small number of people to enter university, university education yielded a high return on investment and it was therefore reasonable to expect university students to be willing to self-finance their studies for a university degree because it was a personal investment. While in the past, the qualification of a university graduate was a passport to the middle class, the passport is not valid now when higher education has been popularized.

Academic qualifications are relative, however. If higher education is popularized and all or most of the people have attained the qualification, those without the qualification will be less competitive, right? In order to maintain a certain level of employment opportunities, there must be some new courses for the individual. In enrolling on courses, there is investment by the individual. So, if one says the individual should not be expected to make any commitment when there is a 60% popularization rate of higher education, and the education should not be treated as a personal investment, I feel this does not seem to be tenable.

There is one point that I hope the Secretary can clarify in her reply later. From today's speeches, I have been given the impression that, firstly, when higher education achieves a 60% popularization rate, it is the associate degrees

that are being development. Do degree courses have to be developed too? It is not reasonable to say that the development of degree courses has to be suspended now. There is only an 18% participation rate now and the rate will be kept constant. In future, development will take place only for associate degrees. I do not think this works. Secondly, if an agreement is reached after discussion, a line will be drawn according to this standard. That means, those who can succeed in enrolling on degree courses will be given subsidy but those who cannot will have to resort to associate degrees, which are second to degree courses; and they will then have to pay out of their own pockets without any subsidy. I do not think this is tenable either.

Insofar as the development of higher education is concerned, I think both degree courses and associate degree courses have to be developed. A reasonable commitment and allocation of resources should be shared by the Government, the community and the private sector. Thus, the DAB can only abstain from voting on Mr CHEUNG Man-kwong's amendment.

**MISS CHAN YUEN-HAN** (in Cantonese): Madam President, I am very much interested in this motion today because we, as service providers for the grassroots, have very profound feelings when we heard the Government proposing to raise the existing tertiary education popularization rate to 60%. In the past, because places in tertiary institutions were so limited in number that many wage earners were denied the opportunity to receive tertiary education. As we all know, given the very limited chance, the fate of students in Hong Kong is often determined by a single public examination. Thus, in order to seek personal enhancement, many people have to painstakingly look for evening schools to pursue further studies. So, this is the present situation.

Let us look at some figures — I have requested my co-workers to look them up for me. From these figures, we can see that among the 130 000 students sitting the Advanced Level Examination in 2001, only some 10% can enrol at universities as first year students, meaning that the majority of the youths are not admitted to universities. Where do these young persons go? Under the circumstances, we consider it necessary to develop associate degree programmes. In addition to resolving the problem mentioned by me just now, developing associate degree programmes can also provide one more choice for youths who cannot be admitted to universities presently.

I have no idea how other members of society think. For my part, I hold that associate degree programmes should not be regarded as a second choice for secondary school graduates who cannot be admitted to universities, or any temporary appeasement measure to delay the problem unemployment being aggravated substantially by the unemployed secondary school graduates. This is my personal view, and perhaps people providing services for the grassroots may share this view too. In the past, since there was not any education policy attaching importance to the need for post-secondary education below university level, many members of society who really had such education need had to rely on themselves to look everywhere for chances to receive tertiary education. Recently, the situation has improved slightly after the establishment of several institutions similar to the Open University of Hong Kong (OUHK). This is of course a better scenario. At any rate, we can see that the education system has all along failed to address this issue.

The associate degree system the Government tries to introduce now is certainly not any new invention. A hundred years ago in the United States, the system of junior college was introduced and eventually developed into the community college system offering associate degree programmes. I hope that the Government will draw on not only the outlook of this system but also its substance. I consider it not a satisfactory approach to draw on only the outlook of something but not its substance. I paid a site visit to such colleges during our study visit to the United States last year, and I believe the Government should actually reconsider its overall education policy rather than just laying down this target of raising the tertiary education popularization rate to 60%. The impression the Government gives me is that it has conveniently introduced this associate degree just to achieve the 60% target. Should that be the case, the associate degree would not be anything we want.

I should like to repeat that under the past system, our grass-roots wage earners were unable to enrol on university programmes or pursue further studies through other channels. They thus found two problems with the education system in Hong Kong, namely, unclear policy and lack of diversity. To cite an example, we generally consider that while formal education is to be provided in universities, vocational training is another form of education. In reality, however, there are also many other forms of "non-prestigious" colleges. People generally know that students may not necessarily be enrolled at universities upon completing courses offered by the Vocational Training Council, and the chance of graduates of the "non-prestigious" colleges is even smaller

because there are not any articulation arrangements between such colleges and the universities. That is why I hold that when considering the associate degree academic structure, the Government should also take into account our overall education system in future, which should include both formal academic training and vocational training. Besides, the Government must also consider how these two streams of education should be linked with each other.

Madam President, the Hong Kong Federation of Trade Unions (FTU) recently paid a study visit to Australia. We visited two institutions offering these two streams of education and noted that many measures could in fact be formulated to link up vocational education with formal education. Just now I said I wish the Government would do more than just introducing the associate degree programmes, Project Springboard, and so on. In this connection, I hope that the Government can put in good efforts to find out ways to establish a qualification recognition structure and a ladder of further studies for these education institutions, with a view to enabling the different forms of education available in Hong Kong to really bridge with each other both horizontally and vertically, thereby rendering them more diversified.

I just hope the relevant new Bureau Director can consider this issue in the coming five years, and I believe accountability is also pivotal to the development of this policy. In my view, apart from formal education, the provision of vocational education or alternative education should also be an important responsibility of the Government.

Madam President, now I should like to switch to the issue of tuition fees. My FTU co-workers inform me that they and their friends have conducted some surveys and noted that in general, students enrolling on diploma programmes, associate degree programmes, and so on, are comparatively poorer — certainly, there are also less well-off people enrolled on university programmes. According to my co-workers, the Government does not provide any funding support for associate degree programmes currently. I consider this a very unhealthy situation. At present, both The Hong Kong Polytechnic University and the City University of Hong Kong offer associate degree programmes. Why does the Government not provide them with any funding support for the students enrolled on these programmes? Certainly, the funding support provided by the Government will not be 100%; the current percentage is slightly over 80%. Given that the various programmes are already existing, and that

some people really need such funding support to enable them to pursue further education, why does the Government not provide the resources required? Certainly, some may argue that it is the personal choice of these people to pursue further education. I believe we are all willing to strive for chances to receive further education, only that the question remains whether we can have many choices to choose from and whether we can have more room for development.

In my view, when considering implementing this measure, the Government should not withdraw its funding support just because many of the private providers in the market do not require any subsidy. If I were one of the students, I would ask this question: Although I cannot be admitted in any universities, I still wish to take a similar course; why does the Government not provide me with one more choice? To me, the notion hiding behind the existing education policy is that the Government will subsidize only those who can enrol at universities but not those who cannot. I hold that the Government must reconsider this point, because there should be diversified combinations of the different forms of education.

Moreover, I should like to make one more point. The Government should give special consideration to those people who have the commitment to operate such kind of education institutions or institutions similar to the community colleges offering associate degree programmes. With their participation, the current situation, which lacks a sound foundation and diversity, can then be made healthier. I hope the Government will consider this suggestion seriously. In fact, even though The Open University of Hong Kong has all along been operating on a self-financing basis, it has already provided considerable amounts of tuition fee subsidy for its students. In my personal view, the Government should really consider this point.

Madam President, I so submit.

**MRS SELINA CHOW** (in Cantonese): Madam President, having listened to the speeches made by a number of Honourable colleagues, I believe a core issue has to be clarified in this debate today. Are we discussing here the question of whether or not education opportunities should be provided, or the question of how public resources can be suitably allocated while providing education opportunities at the same time?

Regardless of where their seats are located in this Chamber, Members will all agree that the strong consensus of this Council is that there must be investments in education. In this connection, however, I feel that Members probably have divergent views on the question of whether or not such investments should be made by the Government alone. So, this is the first point. The Liberal Party supports the policy on offering associate degree programmes because we believe that this policy can provide youths interested in pursuing further studies with an additional opening. That having been said, we must say we do not think the costs for such a policy should be borne fully by the Government or taxpayers. Are we saying that the Government does not have to play any role in this respect? Not really! The Government's responsibility is to ensure the quality of associate degrees, and that other aspects like the qualifications of teaching staff, programme structure, and so on, are up to a certain standard. Hence, the Government does have a very important role to play in this context, only that it is not the one playing all the roles involved. As Members have mentioned earlier on, many local private providers or private providers run by overseas tertiary institutions will also offer such programmes in Hong Kong. That being the case, how should the responsibilities of education provision be shared by all parties concerned? Who should be responsible for supplying the resources required (or who should be responsible for footing the bill)? Should the costs involved be borne by the taxpayers, the youths enrolled on such programmes or their parents?

Apart from that, we have also heard Honourable colleagues (particularly Members representing the labour sector, albeit they are not the only ones who say that) mention a very shocking statement made by Prof POON Chung-kwong. According to these Members, Prof POON Chung-kwong said, to this effect, "If no funding support should be provided for the institutions offering the existing associate degree programmes, these institutions might have to resort to layoffs." Certainly, nobody would wish to see that The Polytechnic University of Hong Kong has to lay off 800 employees all of a sudden. However, if offering associate degree programmes is a desirable policy, the associate degrees should be able to command recognition and support in the market. Otherwise, why should such associate degree programmes be offered? Just nobody would wish to enrol on such programmes. If these associate degree programmes can receive recognition, the market will gradually prove that such programmes merit support.

The Liberal Party pointed out a very long time ago that we would support this policy if the various associate degree programmes should operate on a self-financing basis. Moreover, since diploma and higher diploma programmes are pre-vocational training courses, we do not support reducing the funding support for such programmes. And since the amendment moved by Mr CHEUNG Man-kwong urges the Government to not withdraw or reduce the funding support for associate degree programmes, which is a point we do not agree, we cannot give it our support. But then, we do agree with the point raised in the amendment in respect of programmes comparable to associate degree programmes (I am not sure whether the comparable programmes refer to diploma and higher diploma programmes). On the whole, since we do not agree with his objection to the withdrawal of or any reduction in the funding support for associate degree programmes, we cannot support Mr CHEUNG's amendment. If we agree to his amendment, we will be breaching our belief that the tuition fees of associate degree programmes should be shared by the parties concerned in the light of the market needs, and the choice of the students and their parents. For these reasons, we cannot support Mr CHEUNG's amendment.

I should also like to point out (the Honourable James TIEN has already made that very clear earlier on) that the Liberal Party actually attaches great importance to education and agrees that education is an important social investment. However, we hope that when we debate the motion to be moved by Mr YEUNG Yiu-chung on the next occasion, we can debate the issue of higher education from a more macro point of view and look more detailedly into other relevant issues as well. Even though the subject of our debate today is only associate degree, we should still look at the overall allocation of public resources from a macro point of view, so as to find out how public resources can be suitably allocated to give real play to their cost-effectiveness. Certainly, some Honourable colleagues may question why we have to talk about such practical issue as cost-effectiveness of resources when we are discussing education. I believe this is an issue any society must consider in this context, bearing in mind that the resources we have are not unlimited. Given that we have to work with limited resources, we have to make some selection decisions. In my view, while the Government should provide quality or up-to-standard education, it should not be held responsible for everything. The Government just cannot afford to offer substantial funding support for every policy or waive all fees and

charges. I believe this policy, which is also a world trend, is currently being implemented step by step in the field of school education, and that the same policy will also be applied to tertiary education gradually.

Thank you, Madam President.

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

(No Member responded)

**PRESIDENT** (in Cantonese): Dr Raymond HO, you may now speak on Mr CHEUNG Man-kwong's amendment. You have up to five minutes to speak.

**DR RAYMOND HO** (in Cantonese): Madam President, first of all, I should like to take this opportunity to extend my gratitude to the 20 Honourable colleagues for the invaluable views they have enthusiastically expounded on the motion. In their speeches, colleagues have clearly expressed their concern over and expectations of the quality of associate degrees, and they have rather unanimous views on this matter.

With regard to the quality of associate degrees, I do understand that the quality of the various associate degree programmes and the provision of subsidy for such programmes are closely related. Indeed, during the debate earlier, I have also raised questions on the subsidies provided by the Government for institutions offering associate degree programmes, such as land grant, and so on. As regards the amendment proposed by Mr CHEUNG Man-kwong, I believe the major difference lies in the form and level of the subsidies to be provided by the Government.

Speaking of the Government's proposal to raise the current 30% higher education popularization rate to 60% within 10 years, however, if the present way of funding for university degree programmes should be maintained, a very huge amount of resources would be involved. Even if education is our society's future investment, we still have to take into account the objective fact that our social resources are limited.

In selecting the programmes for subsidization purposes, the Government should handle the matter with greater flexibility, so as to enable the needy members of society to receive appropriate education and training via the associate degree courses, and to ensure that aspiring students will not be denied of opportunities to enrol on such courses just because they cannot afford the exorbitant tuition fees.

Given that the students enrolling on associate degree programmes are mostly Form 6 and Form 7 graduates, while those enrolling on the existing diploma and higher diploma programmes are mainly Form 5 graduates, the two types of education programmes should not be considered together as one. Hence, the Government should continue to provide subsidies for the various diploma and higher diploma programmes.

Besides, the Government should also provide subsidy for programmes which require the use of laboratories; otherwise, the tuition fees will just rise to so high a level that most probably no institutions will be willing to offer such programmes.

The amendment moved by Mr CHEUNG Man-kwong urges the Government to correspondingly allocate additional resources to enable students to have equal opportunities for receiving subsidized education, and to enjoy a school life they are entitled to. This is certainly the ideal approach. However, maintaining the funding support for the existing associate degree programmes at the present level and applying the existing mode of funding to the new associate degree programmes just may not necessarily be the best option. The unsatisfactory standards of local university students in recent years should have given us some important enlightenment in this respect. It would just be a waste of social resources if we should increase the funding support without paying any regard for the effectiveness of such subsidies. That way, not only will our society suffer losses, even the students receiving government subsidies may also become victims if the programmes they enrol on fail to meet the desired standards, as they will not be able to achieve their goals after wasting much time on the relevant programmes. For these reasons, I cannot support the amendment moved by Mr CHEUNG Man-kwong.

In order not to make the motion deviate from the original focus, I hope that Honourable colleagues will support my motion to urge the Government to square

up to the quality of associate degree. Then, on the basis of this consensus, more detailed discussions on the provision of subsidies for associate degree programmes and funding support for higher education should be conducted together, with a view to enabling the relevant subsidies and funding support to achieve the best results.

Madam President, I so submit.

**SECRETARY FOR EDUCATION AND MANPOWER** (in Cantonese): Madam President, on 27 June last year, the Legislative Council debated a motion on the Government's plan to achieve a 60% tertiary education popularization rate within 10 years. Today, Dr Raymond HO has proposed a motion on the quality and future development of associate degree. First of all, I wish to thank the 20 Members who have spoken for their quite unanimous views. Meanwhile, I wish to take this opportunity to report to Members our work progress.

Over the past year, our efforts in the expansion of tertiary places have made encouraging progress both in terms of quality and quantity. In the 2001-02 academic year, about 40 additional courses operating on a self-financing basis were available for Form 5 and Form 7 graduates, providing a total of 7 000 places and covering a wide range of disciplines, including humanities, science and technology, information technology, business administration, design, architecture, and so on. At present, about 38% of youths aged 17 to 20 can receive tertiary education, and it is estimated that an additional 2 000 places will be provided in the new academic year. Among these places, about 65% will be provided by the continuing education divisions of the seven self-accrediting universities, whereas the other 35% will be provided by seven institutions. In the last academic year, one in every three students on average had applied for an associate degree place, and programmes most welcomed by students had even been oversubscribed by 10 times. According to the information given to us by the course providers, 80% of the teachers of these programmes are full-time teachers, many of whom have a Master Degree or even higher qualifications. Serving professionals are also recruited to teach some vocation-oriented programmes on a part-time basis to ensure that the programmes keep tabs on the needs of the market. Some of the programmes are recognized by professional bodies, and their recognition absolutely compares no less favourably with that of programmes subsidized by the Government.

The motion proposed by Dr Raymond HO mainly concerns associate degree. Let me start by clarifying the definition of some terms. Post-secondary education generally refers to education opportunities after the fifth form education and includes the sixth form and associate degree programmes. Sub-degree includes higher diploma and associate degree. Higher diploma is more commonly known in the local community, whereas associate degree has a long history in the United States. But as it was only two years ago when associate degree was introduced into Hong Kong, Hong Kong people are not familiar with this qualification and so, it is only natural for concern to arise in the community about the quality assurance of associate degree programmes as well as the recognition of this qualification. The Honourable Mrs Selina CHOW specifically mentioned earlier on that the Liberal Party supports that associate degree programmes be run on a self-financing basis but it has reservations about making higher diploma courses self-financing. But in fact, there are self-financed programmes or courses in both categories now. There are vocation-oriented higher diploma courses and vocation-oriented associate degree programmes.

Basically, associate degree already has a clear positioning and stringent quality assurance. Firstly, to guarantee the standard of associate degrees conferred by Hong Kong, last year the Government, in joint effort with the Hong Kong Council for Academic Accreditation (HKCAA) and Federation for Continuing Education in Tertiary Institutions (the Federation), drew up a set of common descriptors for associate degree with reference to the international standard and the local situation. In last year's motion debate, I mentioned this set of common descriptors, and a copy of it was sent to Mr TSANG. I will send a copy of these descriptors to Members who have questioned the positioning of associate degree today. This set of descriptors includes programme objectives, learning outcome, programme structure, entry requirements, quality assurance and exit requirements of associate degree. In designing and accrediting these programmes, members of the Federation and the HKCAA will adopt the same set of descriptors. Earlier on Dr Raymond HO expressed concern over the quality of associate degree students. In fact, the common descriptors require applicants to have completed Form 6 and passed in five subjects (including Chinese and English) in the Hong Kong Certificate of Education Examination. Form 5 school leavers can apply for these programmes upon successful completion of the one-year access programme to associate degree. Therefore, there is basic assurance in respect of entry requirements. As for the quality of graduates, we will assess the standard of associate degree graduates and their

adaptability to working environment by conducting opinion polls among employers next year, that is, one year after associate degree graduates have worked in society.

Moreover, the Government requires providers of associate degree programmes to put in place stringent quality assurance mechanisms. The quality assurance arrangements made by self-accrediting universities for self-financed associate degree programmes must be comparable to those for publicly-funded programmes, and the results of accreditation requires the personal confirmation of the Heads of Universities. The University Grants Committee (UGC) will extend the scope of Teaching and Learning Quality Process Review, commonly known as TLQPR, from degree programmes to the continuing education divisions of universities, to ensure that the self-financed associate degree programmes meet the requirements with respect to the teaching and learning quality. The UGC has just completed the TLQPR of two universities, and is very satisfied with their quality assurance arrangements.

Course providers that do not have self-accrediting status are subject to the institutional review and programme validation by the HKCAA. The purpose is to establish that they can fully meet the prescribed standards in respect of the institutional structure, facilities, teachers' qualifications, course contents, operation, procedures and academic environment. After the accreditation process, the HKCAA will continue to monitor and regularly review these course providers and their programmes to ensure that quality is maintained.

We have compiled a list of accredited programmes which has been uploaded onto the webpage of the Education and Manpower Bureau for public reference. This will enable students and parents to acquire accurate information when selecting programmes. This kind of quality-labelling system is helpful to them in that they can instantly know whether or not the programmes are recognized by the Government. Moreover, our financial assistance for students and sponsoring institutions are only confined to accredited programmes. I believe such financial assistance can serve as positive leverage in upgrading the quality of programmes.

As the new associate degree programmes are run on a self-financing basis, course providers must directly face the market. This can ensure that the course contents are in keeping with the times and responsive to the needs of society. Market force can also make course providers attach greater importance to such

factors as the quality and reputation of programmes, prospects of graduates and comments from employers, and this will help enhance quality assurance.

We believe this mechanism, which combines stringent academic accreditation, reasonable assistance for students and institutions, and market force, can effectively guarantee that the quality of self-financed associate degree programmes meets the needs of society.

To make associate degree programmes a success, the qualification of associate degree must be widely recognized. Therefore, it is imperative that we develop a clear progression ladder for students to pursue studies and qualification development.

The Government has repeatedly emphasized that associate degree is a valuable qualification in its own right. Associate degree programmes can help students build a good foundation in specific academic disciplines and upgrade their learning ability, so that they can pursue further studies at the degree level or in professional programmes. The qualification of associate degree can also equip students for employment, particularly for jobs at the para-professional level. It is expressly stated in the common descriptors for associate degree programmes that associate degree graduates are expected to possess qualities as follows:

- (1) A solid foundation of generic skills, including languages, information technology, interpersonal, communication, quantitative and analytical skills, as well as self-learning ability;
- (2) In the case of vocation-oriented programmes, students are expected to possess focused, vocational knowledge of the discipline and hands-on expertise at the para-professional level;
- (3) An appreciation of the major socio-political, cultural and economic issues in the local, national, regional and international contexts; and
- (4) A better understanding of their own interests, inclinations and aptitudes.

Therefore, general education accounts for no less than 20% of the contents of associate degree programmes, with a view to preparing young people to meet future market changes.

In respect of employment, the Government announced in June last year that locally-recognized associate degree is recognized in the recruitment of civil servants or non-civil servant contract staff for posts with the general entry requirement set at higher diploma level. In February this year, the Government further announced that for the five grades of which an entry requirement is a qualification of higher diploma in the specified disciplines, an associate degree in similar disciplines is also accepted. So far, associate degree is accepted as an entry requirement for a total of 13 grades in the Government. The Government fully recognizes the quality of associate degree graduates and has taken the lead to recognize this qualification, hoping to play a leading role and put across a strong and clear message to the private sector.

I wrote to various major trade associations and employers' organizations months ago, in an effort to actively encourage employers and members of the community to learn more about associate degree and accept this qualification. The Government will also step up publicity in this regard. In March this year, we organized a talk on associate degree for secondary teachers who provide vocational guidance for students, and the talk was very well-received. In late July, we will organize major talks for parents and students to introduce to them the nature, contents, graduation requirements and prospects of associate degree programmes.

As for articulation with higher-level education, most course providers have connections with universities outside Hong Kong for articulation purposes. At present, the qualification conferred by at least 20 associate degree programmes is recognized by some 100 tertiary institutions in nine countries, and can be regarded as a qualification for enrolment on degree programmes or credit transfer. Moreover, as the UGC will submit reform proposals on higher education later, the Government will, in that context, explore ways to give more room to local institutions for them to admit associate degree graduates to the second year programme of their degree courses with greater flexibility. At present, some universities have spontaneously vacated second-year places for associate degree graduates with outstanding academic performance. Some universities have tightened the requirements on academic performance of their students, in that students with poor performance may have to give their places to associate degree graduates who aspire to further studies. In making grants to universities for the next triennium, we do not rule out the possibility of increasing the overall number of university places to provide associate degree graduates with more opportunities to pursue further studies.

Graduates can, of course, pursue development as professionals. Many self-financed associate degree programmes are recognized by professional bodies and graduates are exempted from parts of the professional examinations. Associate degree graduates can also choose to apply for self-financed degree programmes run by local institutions, such as the degree programmes run by The Open University of Hong Kong and Hong Kong Shue Yan College.

Mr CHEUNG Man-kwong's amendment mentioned the Government's funding support for associate degree programmes and resource allocation. I wish to take this opportunity to clarify a number of points.

Hong Kong is at present faced with unprecedented challenges. As the wave of globalization of economic activities is sweeping through the entire world, we must transform into a high value-added knowledge-based economy, in order to grasp the opportunities brought by economic development.

According to the information of the United Nations Educational, Scientific and Cultural Organization (UNESCO), it is estimated that between 2000 and 2020, the number of people who have received higher education will increase by 300% worldwide. From a manpower projection made by us in 2000, there will be a serious shortfall of manpower with tertiary education or above by 2005 in Hong Kong. The shortfall will be to the tune of 110 000, of whom 80 000 are of para-professionals whose qualification is equivalent to the associate degree level. In view of this, our tertiary education must be reconsolidated and new targets be set to cope with the demand of manpower development in Hong Kong. Against this background, the Chief Executive proposed in the 2000 policy address to gradually increase the percentage of young people aged 17 to 20 with tertiary education from some 30% then to 60% by 2010. This progressive policy objective takes account of the realistic circumstances and meets the needs of the long-term development of Hong Kong. Being the leader of the Government of the Hong Kong Special Administrative Region (SAR), there is a need for the Chief Executive to paint a clear blueprint on education, and this is precisely a salient point in the 2000 policy address. Indeed, since the Chief Executive announced the long-term target of expanding tertiary education, we have received wide support in the community and active response from training institutions. In a year's time, these institutions have provided opportunities for close to 7 000 young people to pursue studies, opening up another gateway to success for them. Without the vision of the Chief Executive, this group of young people might still be at a loss and remain in a state of helplessness.

In recent years, the SAR Government has not reduced its commitment to education despite resource constraints. Government expenditure on education has increased from \$37.9 billion in 1996-97 to \$61.4 billion in 2002-03, representing a growth of as high as 62%; and the expenditure on higher education accounts for about 30% of the overall education expenditure. But while we have injected enormous resources, we still cannot satisfy demands to the full. Given limited resources, we have only two options: Firstly, to heavily subsidize all students irrespective of their affordability and as a result, only a small number of students can enjoy opportunities to education; secondly, to provide subsidies based on students' financial condition. This can increase the number of places and enable resources to be channelled into areas with the greatest need. The Government has repeatedly made explicit commitments to ensure that no student will be denied access to education because of a lack of means. Education involves long-term and massive investments and requires participation from all sectors in the community. Therefore, tertiary institutions and course providers with the capacity are encouraged to run, on a self-financing basis, post-secondary courses that mainly consist of associate degree programmes.

The UGC's review report, Higher Education in Hong Kong, also touches on the future development of tertiary education. Given overlapping in the contents of the new post-secondary programmes with those of subsidized programmes, it is necessary to rationalize the funding criteria for post-secondary programmes, in order to avoid the application of double standards which would lead to unfairness. For example, information technology and business accounting courses have very high market value and many similar courses are already provided in the market. In view of this, should the Government divert the existing resources to develop other courses that are essential to the development of society but the market is not keen to provide? The UGC has proposed that three types of courses should continue to be funded by the Government. They include courses of which the start-up and operational costs are high, such as the engineering courses mentioned by Dr Raymond HO; courses that can satisfy individual demands in the labour market, and courses that are not attractive to the market but valuable to social development. They have proposed three principles of subsidization.

The report is still in the course of public consultation; members of the public and the higher education sector can express their views on it. We understand the concerns raised by tertiary institutions and their staff. We have

assured them that the affected institutions will be consulted individually and that the course contents and actual circumstances of each institution will be considered before a decision is taken as to which courses should continue to be subsidized and which others have room for a reduction of funding support. Reasonable transitional arrangements will be worked out jointly with them to avoid unnecessary impact on the institutions. Students who are already studying in publicly-funded programmes will not be affected by the changes in the mode of subsidy.

The UGC has repeatedly reiterated that the main purpose of the recommendations in the report is not to cut government funding for education, but to ensure a sounder use of the limited public resources. Given the rapid growth in higher education in future, the Government is set to plough in increasingly more resources for post-secondary education. So, it is most important to identify ways to ensure that public resources are put to good use and can achieve the best results.

While self-financed associate degree programmes are run on a self-financing basis and they mainly rely on the tuition fees to recover the costs, the Government will provide grants, low-interest loans and travel subsidies for eligible students, and a large number of students will benefit from these initiatives. Take this year as an example. About 20% of applicants are given a full waiver of tuition fees, and another 60% of applicants are granted low-interest loans. A number of Members are concerned that students would have to bear excessive liabilities for which they would not be able to repay in future. Let me cite some figures as examples to explain the present situation. The annual tuition fees for self-financed associate degree programmes now range from \$31,000 to \$50,000, and they are most commonly charged within the range of \$35,000 and \$40,000. The tuition fees for publicly-funded associate degree programmes cost about \$31,000 annually and so, the actual difference between them is not great. Assuming that a student who takes up a two-year self-financed associate degree programme has to borrow a means-tested loan of \$40,000 at a low interest rate of 2.5% per annum to pay for his tuition fees plus a non-means-tested loan at its upper ceiling of \$33,000 at an interest rate of 4.625% per annum for his living expenses each year, the student, upon completion of the two-year programme, has to repay about \$4,500 quarterly, which means about \$1,500 monthly. If the student is unable to land a job after graduation or immediately start repaying his loans for other family reasons, the Student Financial Assistance Agency will handle his case flexibly and permit deferred repayment.

After all, 60% is only a long-term target. While young people are provided with an alternative access to education, whether they will apply for these courses is purely a matter of personal choice. Apart from providing subsidies for students, we estimate that by the 2010-11 academic year, the annual provision of grants for students of self-financed programmes will total about \$400 million, and the travel subsidies for students will also exceed \$100 million. Last year, we obtained the approval of the Legislative Council to set aside \$5 billion for the provision of interest-free loans to eligible course providers to cover the start-up costs. In addition, we have also earmarked \$10 million to provide funding support for course providers to undergo academic accreditation. Recently, we have even reserved five sites for course providers to develop their campuses, in order to ensure that students will have a more enriching campus life. While these support measures are different from the normal mode of subvention for courses run by institutions, they have fully demonstrated the commitment of the authorities to the expansion of tertiary education.

I very much share the view of Mr James TIEN that the provision of education is different from the provision of other services, in that we cannot rely solely on resources to guarantee quality. Rather, the human factor is more important. The Honourable CHAN Yuen-han considered that Hong Kong should follow the policy in the United States in respect of their community colleges as well as their subvention policy, that is, providing full funding support. However, I believe we must first follow their high tax rate before this can be achieved.

Young people have different aptitudes and abilities. Matriculation or university education should not be the only avenue to success. The significance of associate degree lies in providing students who aspire to further studies with an additional access to development and a platform to achieve self-enhancement, so that they can lay a better foundation for their employment and studies in the future.

Over the past year, my colleagues and I have come into contact with students of associate degree programmes in various institutions to listen to their views. We have also witnessed that many students, after shaking off the yoke of public examinations, have developed a greater interest in studies and regained self-esteem, earning high praises from their teachers. Although they may need relatively more assistance in their studies initially, some associate degree students have developed a much more proactive attitude in learning. We are gratified to see that they do recognize the value of associate degree programmes and treasure their learning opportunities.

The Government actively supports the development of self-financed associate degree programmes, and ongoing efforts will be made to monitor their quality. We will endeavour to attain a balance in the number of various programmes in accordance with the demands in society and the latest manpower projections. Education requires the joint investment by society and individuals, and we call on all sectors in the community to join hands with the Government to give positive recognition to associate degree programmes, so as to provide more opportunities and hopes for these young people.

Madam President, I so submit.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr CHEUNG Man-kwong to Dr Raymond HO's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr CHEUNG Man-kwong rose to claim a division.

**PRESIDENT** (in Cantonese): Mr CHEUNG Man-kwong 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, Mr Abraham SHEK, Miss LI Fung-ying and Mr Michael MAK voted for the amendment.

Mr Kenneth TING, Mr James TIEN, Dr Raymond HO, Mr Eric LI, Mrs Selina CHOW, Mrs Sophie LEUNG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Henry WU, Mr Tommy CHEUNG and Dr LO Wing-lok voted against the amendment.

Mr HUI Cheung-ching, Mr IP Kwok-him and Mr LAU Ping-cheung abstained.

Geographical Constituencies and Election Committee:

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

Mr NG Leung-sing voted against the amendment.

Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Dr TANG Siu-tong, Dr David CHU, Mr YEUNG Yiu-chung and Mr Ambrose LAU abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 22 were present, seven were in favour of the amendment, 12 against it and three abstained; while among the Members returned by geographical constituencies through direct elections and by the Election

Committee, 26 were present, 15 were in favour of the amendment, one against it and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese): Dr Raymond HO, you may now reply and you have one minute 48 seconds.

**DR RAYMOND HO** (in Cantonese): Madam President, after almost three hours' debate, I believe Honourable colleagues should by now have gained a better understanding of associate degree as a proposal and a product. In particular, the terms mentioned by the Secretary just now have helped us to have a more in-depth understanding of associate degree.

As a matter of fact, the Government's education policies just kept changing so rapidly in the past that we were really at a lost as to what policies to follow. However, the associate degree proposal put forward this time seems to have won general support from the public at large, as they consider this proposal a very good development direction for the future. Having said that, I just hope the Government will not lose its head in seeking to achieve this ambitious target of raising the overall tertiary education popularization rate to 60%.

Insofar as associate degrees are concerned, I believe it is of utmost importance to monitor the quality of associate degree courses and to ensure that future graduates can really integrate into the various sectors of society to secure a job and thereby make up for the middle-level personnel shortage. Besides, efforts should also be made to find out whether it is possible to enable graduates with the relevant need, interest and ability to pursue further studies in universities.

I should also like to take this opportunity to speak briefly on the matters mentioned by Mr James TIEN earlier on, including research studies conducted by universities, qualifications and experience of teaching staff, huge salaries of professors, and so on. Since it is almost certain that Mr TIEN will be appointed as Member of the Executive Council, he should try to acquire a more profound understanding of these matters. In particular, research studies are the soul of a university while professors of remarkable qualifications and experience are very

useful assets to universities, both of which are helpful to enabling the students to secure a job more easily upon integrating into society. Thank you, Madam President.

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

(Members raised their hands)

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

(No hands raised)

**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: Population policy.

## **POPULATION POLICY**

**MR JAMES TIEN** (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed. In last year's policy address, the Chief Executive already proposed formulating a population policy that would suit the needs of Hong Kong. Besides, I also moved a motion on " Attracting eligible persons from the Mainland to invest and spend money in Hong Kong" last year, and population policy was in fact one of the elements contained in it. Hence, the motion proposed by me today can be regarded as a continuation of last year's motion.

The so-called population policy mainly means that the Government has to adopt a set of directive targets in relation to the local population, such as its structure, quality, skill level, and so on, to cater for the needs of social and economic development. However, Hong Kong has never had such a policy to monitor the quality of the local population, and that is why our population structure is so distorted today.

As we all know, the problem of an ageing population is becoming increasingly grave in Hong Kong (in the next 30 years, the percentage of elderly persons aged 65 or above will rise to 24%, more than double the present percentage of 11%), and the education level of the population is on the low side (only one sixth of the working population have tertiary education qualifications, while almost 50% are of Form 3 level or lower). As regards the 150 daily new arrivals, who are the major source of supply for our manpower resources, the education level of over 70% of them is below Form 3. Obviously, they can hardly have any positive effect on enhancing the quality of the local population.

Madam President, the Liberal Party does not discriminate against any new arrivals to Hong Kong. Nevertheless, the fact remains that judging from the trend of development of the local population, the quality of the Hong Kong population as a whole will certainly be dropping continuously. Meanwhile, the demands for education, housing, medical care, social welfare, and so on, will continue to rise, thereby adding substantially to the pressure on public expenditure.

Therefore, we hold that at present when our economy is undergoing restructuring while remaining in the doldrums, it is not enough to rely on a large population to enable the economy to thrive and prosper. The most important factor is still the quality of the population. Taking the United States as an example, even though the country has a population of some 280 million-odd, it tops the three major economies of the world and is China's biggest export market. All these are mainly attributable to the fact that the American working population is made up of mainly the middle class, and that the people there are rather highly educated in general.

For these reasons, the Liberal party holds that in order to enhance Hong Kong's competitiveness and to complement its long-term social and economic developments, it has already become an urgent task for the Government to formulate a comprehensive population policy.

Further still, we also consider that if the Government is to formulate a population policy that suits the long-term social and economic development needs of Hong Kong, it should make active consideration in relation to three aspects.

To begin with, as Members all know, the Government has also tried to absorb talents from overseas, only that the number of such talents absorbed is very small. At present, the arrangement whereby 150 one-way exit permit (OWP) holders can come to Hong Kong from the Mainland has become Hong Kong's major source of manpower resources. However, due to various reasons, the list of these 150 new arrivals is determined entirely by the mainland authorities; Hong Kong does not have any power to select or approve the applications. Moreover, since these new arrivals come to Hong Kong for family reunion purposes, in most cases they just cannot match the genuine structural needs of the Hong Kong population. As such, we believe that it would certainly be in the long-term interest of Hong Kong if the Government could discuss with the Central Authorities to enable Hong Kong to propose requirements in the selection process, with a view to striking a most appropriate balance between the conflicting needs of family reunion and social development.

The Liberal Party does not have any strong views on the OWP quota. However, according to the analyses made by a number of academics, the demand for one-way permit arising from family reunion needs has started to fall, and so there should be room for this quota to be adjusted downwards. Later on, the Honourable Howard YOUNG from the Liberal Party will expound our views on issues related to the OWP.

The second aspect is concerned with the question of how people from other places can be attracted to invest and settle in Hong Kong. This question is also an important part of the population policy.

I am very pleased to note that the Government has accepted some of the views raised by the Liberal Party and agreed to actively look into policies on enabling people to come to invest and settle in Hong Kong. In my view, the Government may draw on the experience of other regions and set up a points system to assess the applications in the light of such standards as the amount of capital to be invested in Hong Kong, the applicant's academic background and working experience, the number of jobs to be created, and so on. That way, the successful applicants should be able to give a substantial impetus to the economy of Hong Kong.

Madam President, with the economy of the Mainland developing rapidly in recent years, many private enterprises have also achieved good results and are actively seeking avenues to extend their businesses beyond China. If we do not make our best efforts to attract these enterprises to invest in Hong Kong, many invaluable opportunities may just slip through our fingers. Given our common language and culture, and the advantages arising from the implementation of the principle of "one country, two systems", Hong Kong is in a most advantageous position to attract the successful talents to invest and settle in Hong Kong. Nevertheless, if the Government should still stick to its practice of discussing without making decisions, remain lagging behind others in whatever it does and take no action to actively present the request to the Central Government, the sustainability of Hong Kong's advantageous position just could hardly be guaranteed.

Certainly, even if we invite these people to invest and settle in Hong Kong, they may not necessarily be interested because the Mainland has been developing so rapidly in these recent years that there are plenty of development opportunities in cities like Shanghai, Shenzhen, and so on. Thus, the competitive edge and appeal of Hong Kong just will inevitably be affected in some measure. We must therefore abandon the "goalkeeper's mentality" that we have been adhered to all along. Instead of passively processing and vetting applications received from interested parties, we should adopt a more proactive approach to market Hong Kong's merits overseas, with a view to attracting mainland professionals and overseas businessmen to work and invest in Hong Kong.

Further still, this investment scheme should not follow the example of the present Importation Scheme of Graduate Professionals from China which does not allow applicants to bring along their families with them; otherwise, the applicants' interest in coming to Hong Kong will be gravely affected. We believe that in order to enhance the appeal of Hong Kong, the new investment immigration scheme should allow applicants to bring along their spouses and non-adult children when they move here.

The Liberal Party holds that the Government should create, on top of the existing OWP quota, an additional daily quota of 50 persons to facilitate the immigration of mainland investors and professional experts into Hong Kong. That way, we should be able to absorb 18 000 such new arrivals annually. Having referred to the experience of other countries in this respect, we have

come to the view that if the Government should set the required investment level at around \$5 million, and if these investment migrants could create five to 10 employment opportunities on average, several tens of thousands of new jobs would be created every year, thereby contributing actively towards the efforts to stimulate economic development and to alleviate the unemployment situation.

Last but not least, as I said before, the quality of the local population is a key factor affecting the success or otherwise of Hong Kong's economic restructuring. It is true that Hong Kong has already implemented the Importation Scheme of Graduate Professionals from China and the Admission of Talents Scheme, but since these two Schemes only allow the professionals in a number of specified fields to come to Hong Kong, no significant results have been achieved. As indicated in the latest figures released by the Government, so far only 100-odd persons have come to Hong Kong under these two Schemes. For this reason, we believe the Government should expeditiously review the terms and conditions of these two Schemes to examine whether it should stick to the existing policy of allowing only the technological and financial professionals to come to Hong Kong or extend the application eligibility to professionals of all trades.

Madam President, the Liberal Party holds that it is only when we can maintain a competitive edge in terms of our manpower resources that Hong Kong will be able to maintain its economic vitality and competitiveness, and thereby complete the economic restructuring successfully. For these reasons, we hope that the Government can drum up its resolve and expeditiously formulate a comprehensive population policy without further delay. Thank you, Madam President.

**Mr James TIEN moved the following motion: (Translation)**

"That, in order to enhance Hong Kong's competitiveness and to complement its long-term social and economic developments, this Council urges the Government to expeditiously formulate a comprehensive population policy."

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

**DR RAYMOND HO** (in Cantonese): Madam President, our economy is still in the doldrums, the market remains sluggish and our unemployment rate stands high. What concerns people most regarding the unemployment problem is that among the jobless, most of them are people with low education attainment and skills. In the long run, to resolve the unemployment problem, the Government must formulate a policy to improve the quality of our population for this will not only help our economy recover but also help the development of society.

Prior to 1997, many Hong Kong people with skills and high education qualifications emigrated to other countries, while many people with low education qualifications and skills immigrated to Hong Kong over this past decade or so, thus creating an imbalance in the quality of our population. It has become a problem for us. Despite the fact that in recent years the Government has been promoting higher education vigorously, the proportion of professionals in the Hong Kong population is still no match for many other advanced countries, for otherwise we would not have to import professionals. I think the Government should do more with respect to improving the quality of the population of Hong Kong and formulate an effective population policy.

The importation of quality people or professionals is only an expedient measure. I think in the last analysis we must train up local people with high quality as our successors and work for the good of Hong Kong. In terms of education, the Government must improve the existing education system and train talents who are able to adapt to the changing environment, innovative and effectively biliterate and trilingual. In addition, the Government should attach greater importance to scientific research and development, for if not, Hong Kong will lag behind other countries and cannot be called an advanced city any more.

The importation of professionals is only an expedient measure because the training of people with high calibre takes a lot of time. The children now will someday become the pillars of society, but as to the question of whether these future pillars will contribute to maintaining the well-being our society, that we can only tell about 20 years or more from now. So at the present juncture, in order to make Hong Kong stay competitive, the importation of professionals or quality people is necessary and understandable. However, importation must be selective, otherwise, the local labour market is bound to suffer. As to how

many and what kinds of professionals we should import, that will have to rely on the guidelines provided by a population policy.

Given the ageing trend of our population, so when the Government formulates a population policy, consideration must be given to this. For example, we should consider whether the age of the people seeking residence in Hong Kong will suit our needs when we determine what kind of immigration policy or policy on the importation of professionals we want.

In sum, the quality of population will affect the development of a place and so a sound population policy is essential. When it formulates a population policy, the Government must also draw up other complementary policies to meet our future needs. Such policies include those on education, housing and medical services. I am convinced that the prospects of Hong Kong are bright and effective policies will speed up the pace of our economic recovery and so I hope that the Government will hear more views from all parties and formulate a sound population policy that will enable Hong Kong to stay on thriving with vitality.

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

**MR FREDERICK FUNG** (in Cantonese): Madam President, recently there has been a call for the formulation of a population policy in Hong Kong in the hope that this will attract more capital and professionals to come here and help improve our economy. Meanwhile, many people think that as Hong Kong does not have any authority in the selection of new arrivals, it is impossible to guarantee the quality of these new arrivals and so they are unable to meet the needs of a knowledge-based economy. These views may be true. But if consideration is made purely from the perspective of economic benefits when discussing the formulation of a population policy, then it is likely that this will not meet fully the realistic situation and needs of Hong Kong.

In recent years, it is common for men from Hong Kong to find a wife on the Mainland, so family union becomes both a demand and a need for many people in Hong Kong. In the quota for new arrivals, most places are given to the children and spouses of Hong Kong residents and it can be seen that the existing quota system has a positive impact on family reunion. The system is therefore able to respond to the desire for family reunion among many people in Hong Kong and so it is an effect more than economic.

As projected in the "Hong Kong Projections 2002-2031", natural increase would only account for 7% of the population growth during the period 2002-2031. New arrivals to Hong Kong will account for more than 80% of the population growth during the same period. Our ageing trend will become more marked and by the end of the projection period one quarter of our citizens will be aged 65 or above and the proportion of those aged 15 to 65 will fall from the present 72% to 64%. As the ageing trend will become more marked and as the lower age group is not boosted by a rise in fertility figures, the new arrivals become a source for substantial increase in the number of the lower age group, thus easing the impact brought about by the ageing population. This can be considered a contribution by new arrivals from the Mainland.

Many people tend to think that there is no guarantee as regards the quality of the new arrivals. However, figures of new arrivals in the third quarter of 2001 show that 9.7% have an educational attainment at post-secondary level or higher and 30.8% are at senior secondary level. As compared to the situation in Hong Kong where 16.4% have post-secondary education and 35.7% have senior secondary education, the education attainment of the new arrivals is not as poor as we would have imagined. It should be noted that as most of the new arrivals are children, their education attainment is understandably low, for they are still studying in kindergartens and primary schools. If they are able to receive good education after settlement here, I think their education attainment will definitely not be lower in any way as compared to the locals. Therefore, if the new arrivals are given a chance to receive good education and proper assistance in adapting to the life here, they can also fit in very well with a knowledge-based economy and be able to make contribution to Hong Kong in future. In no way will they become a burden to society as some of us would think.

With the continuous trend of new arrivals coming here for settlement, there is an increase in the demand for public housing. As we all know, many of these families of new arrivals are financially rather stringent and so they would live in sublet units or even wooden partition rooms and such like places where the rents are cheaper but the living environment poor. Such kind of living conditions would have negative impact on these new arrivals, in particular on the development of their children. In addition, the entry of these new arrivals into Hong Kong for family reunion purposes would cause greater demands for new public housing units. The units occupied by some existing public housing tenants may become insufficient to accommodate their new family members and so they should be relocated to larger units. As a result, there should be proper

assessment made by the Government in order that sufficient resources are provided to meet and cope with the housing needs of these families of new arrivals.

When we formulate a population policy, competitiveness and economic factors are important factors of consideration, but equal importance should be attached to the factor of family reunion and this should never be neglected. Apart from formulating a population policy, it is also vital that a sound education system which suits the social conditions should be provided to both the citizens of Hong Kong and the new arrivals. Likewise, it is essential that a living environment which is consistent with the current standard of living in Hong Kong should be provided to these new arrivals. In this way, our young people, irrespective of whether they are the children of our citizens or new arrivals to the territory, will all be able to enjoy equal opportunities of education. They will all enjoy a living and housing environment which is conducive to their development. The education of the children and young people of our next generation can therefore be raised. So this is the way to make Hong Kong more competitive in the long run. Madam President, I so submit.

**MR LEUNG YIU-CHUNG** (in Cantonese): Madam President, the Hong Kong population is expected to increase by 2 million and reach 8.7 million in 30 years' time according to the latest projections released by the Census and Statistics Department. That in this tiny place will house 8.7 million people is indeed a thorny problem. We should therefore have a sound population policy to tie in with our future planning and development. The crux of the problem is, however, what the objectives and targets of such a population policy should be.

Mr James TIEN has proposed a motion on population policy today. I do not know if it is sheer coincidence or some deliberate arrangement in that when Mr TUNG attended a forum some time ago, he also mentioned his views on population policy. He pointed out that Hong Kong was facing the problems of an aging population and economic restructuring. Hence the quality of Hong Kong population should be enhanced and that hi-tech industries should be given encouragement to increase our competitive edge. Given the low birth rate in Hong Kong, in order that these objectives be reached, a comprehensive population policy should be formulated with regard to such factors as the direction of our economic development, our manpower demands, land resources, migration (including the number of entrants from the Mainland) and the need to

protect the job opportunities of local workers, and so on. Apparently, the purpose of the population policy the Government has in mind is that it should be complementary to our economic development and in terms of its contents, emphasis is placed on an immigration policy which aims at admitting talents who are conducive to our economic development. This kind of immigration policy which is selective is precisely the same population policy advocated by Mr James TIEN. One just has the impression that the Liberal Party is striking the same chord with the Government and may be it is the first step towards the forging of a grand alliance of all those in the SAR holding the reins of power. In any case we have to ask some questions. How can a population policy which only sets its eyes on economic development help our development? Will this cause any problems for Hong Kong? If so, what are such problems?

Some people may think that a population policy oriented towards economic development is only natural and indisputable. However, we are worried that this kind of "instant noodles" way of admitting talents will not be able to achieve the intended results and will on the contrary be harmful to our long-term development.

First of all, the people who come and work here may not spend their earnings in Hong Kong and this is not beneficial to our economy. Now even the people of Hong Kong like to go to the Mainland to spend and this applies all the more to professionals from the Mainland. They come from the Mainland and all their connections and friends are there, so it is likely that their pattern will be to work in Hong Kong and spend in the Mainland. Thus more money will drain from Hong Kong and this will not help local consumption at all. Rather, it will create an adverse impact.

Another thing is many students from the Mainland study in the graduate schools in the universities in Hong Kong, but many of them are using Hong Kong as a stepping stone to pursue work or studies abroad. They would go to a foreign country without ever finishing their studies here. In the end, we lose these talents as well as the public money used to subsidize their tuition and living expenses. As for the talents admitted to Hong Kong, I would think it is likely that the same thing will happen. They would leave when they have made enough money here. It would do no good to our long-term development and may even give us the wrong impression that we have already got these talents but in fact we have not. Then what good will it bring to Hong Kong?

In the past when Hong Kong was under colonial rule, the people of Hong Kong were criticized for having a sojourner's mentality. And it is only after a long time that we have gradually built up a sense of belonging to this piece of land known as Hong Kong, but if we are only thinking of economic interest and admit some people who come here just to make money, in the end we will be back to square one, for they are merely sojourners. What good is this for Hong Kong?

We cannot harbour a mentality of "instant noodles" on this question of talents. Rather we should train up talents from among our children. Maybe some people would query that at a time when competition is so keen, it would be too late if we do not admit professionals as quickly as possible and it would have grave impact on Hong Kong. But I would like to ask: Can we not produce our own talents? As we have so many institutions of higher education, then why can we not do something more on these? If we think that we do not have enough talents now, should we not review the existing system instead of trying to avoid the problem?

So I would think that it is too fragmentary if a population policy is drawn up only from the perspective of economic benefits. Mr TUNG always stresses that he would like to turn Hong Kong into a cosmopolitan city and it would not be appropriate if we want to put such a population policy into practice. For if we want to become a cosmopolitan city, then we should first turn our city into a pluralistic society. In view of this, our immigration policy must complement our population policy and we cannot formulate a population policy only from the economic perspective. If our immigration policy can be more pluralistic, our society will be able to accommodate more people with different talents, cultures and lifestyles, and that can truly turn Hong Kong into a cosmopolitan city.

Unfortunately, the population policy Mr TUNG has in mind only puts emphasis on economic talents and as I have said, that will impede the development of Hong Kong into a pluralistic society. And what is more worrying is that the new proposal will make the existing immigration policy which is already unfair become even more unfair. At present, the children of Hong Kong citizens born outside Hong Kong will automatically enjoy the right of abode in Hong Kong, but the children of Hong Kong citizens born on the Mainland are constrained by provisions in the Basic Law and the interpretations made by the National People's Congress to enjoy the right of abode here. When these are added to the approval of the OWP applications by mainland

authorities, that has caused differential and unequal treatment among children of Hong Kong citizens. If in the future the quota of OWP remains the same and these permits are mainly issued to professionals, that will lead to a further reduction of the places in the quota for family reunion purposes. Hence this unfair policy will only go from bad to worse.

Some members of the public may criticize that the immigrants who have not undergone a process of selection are people of low quality. For not only can they not make any contribution to our economy, but also we have to provide them with all sorts of welfare benefits, thus forming a financial burden on our Government. I must point out that no one is born a talent and new arrivals to Hong Kong can be trained and educated to make contribution to society. So what happened in the past was mainly due to the fact that we were unable to let children who could have come to Hong Kong earlier to study enjoy a proper opportunity to education. These children have to wait until they are 10 to 20 years old before they can come here and as they have not received a proper kind of education, as a result it is very likely that they will have to receive assistance. So the root of the problem does not lie in these new immigrants but in an immigration policy which has failed flatly.

Madam President, I so submit.

**MR IP KWOK-HIM** (in Cantonese): Madam President, two months ago, the *Economist* made a downward adjustment of the global ranking of the business environment of Hong Kong. Our latest quarterly unemployment figure has risen to 7.1% and the number of bankruptcy petitions in the first five months this year has surged past 10 000. All these have sounded an alarm for Hong Kong, that we are at the rock bottom of an economic depression. The first and foremost task before us is to steer our economy out of the doldrums. When Moses led the people of Israel through the Red Sea, what was there was not merely a leader of such calibre as Moses, but also an adventurous people who dared to fight against all odds and follow the footsteps of their great leader. So this human element is an indispensable factor to any economy recovery. What kind of quality should the people of Hong Kong possess to guide them through this present quagmire? That is precisely the topic we have to discuss today. The DAB supports the idea that Hong Kong should be guided by a concept of sustainable development and that a comprehensive population policy should be formulated expeditiously to sustain our vitality.

The question of population quality can be approached from two aspects. The first is on those who are living in Hong Kong and the second is those who come here to settle and work. We all know very well that ours is a society of immigrants. On the first aspect, the Government is presently advocating lifelong learning and that is placing hope on raising the quality of our population through education. Now every stratum in society is threatened by unemployment, and more so are the young people. The problem of youth unemployment is a great cause of concern to us. According to figures for the second quarter released by the Census and Statistics Department, the unemployment rate among young people aged between 15 and 19 is 27.2%. The provision of training to these unemployed young people to enable them to become the future leaders of society is a daunting task we need to take on. The DAB plans to provide a small number of practicum places for the young people this summer as an effort by us in helping out the young people .

Apart from the young people, the DAB is also concerned about our elderly persons. With the concept of "one country, two systems" being in force here, it would only be a natural thing in our society when population mobility is noticed. While compatriots from the Mainland will settle here every day, many Hong Kong people will choose to return to the Mainland for settlement, of whom many are elderly persons. We should respect their choice and the Government should provide the elderly persons with assistance to enable them to choose a suitable place to pass their later years.

Figures from the Social Welfare Department show that as at the end of April this year, the number of elderly persons who have settled on the Mainland and applied for Comprehensive Social Security Assistance is about 2 700. As for the actual number of elderly persons from Hong Kong who live on the Mainland, there are no figures available. Some elderly persons have said to me that one of the main reasons they do not want to go to live on the Mainland is their fear that they cannot afford the medical expenses there and that they may not be able to return to Hong Kong in time for medical treatment when the need arises.

The DAB thinks that the Government should negotiate with the mainland authorities with regard to arrangements in helping elderly persons in their medical expenses on the Mainland. At the same time, the operating hours of the control points should be extended to 24 hours as soon as possible. We think that the 24-hour opening of control points would further increase trade between

China and Hong Kong and will allay the worries of the elderly persons so that they will be able to return to Hong Kong any time when the need arises. And this will also have a positive effect on the natural movement of the population.

At present, there is a daily quota of 150 for OWP issued to residents on the Mainland to enable them to come here for settlement. This quota includes persons who have the right to permanent residence in Hong Kong under the provisions of the Basic Law and those who have applied to come here on the ground of family reunion. However, the number of people who have applied to come here has decreased greatly since the reunification. According to information submitted by the Government to the Legislative Council some time ago, there are about 160 000 people who have submitted applications to come to Hong Kong. Therefore, the DAB thinks that there is room for a review of the existing quota system for OWP.

As for the suggestion made by Mr James TIEN that 50 places should be added to the existing daily quota of 150 to enable investment migrants and professional migrants to come here, the DAB supports this idea in principle. But we think that the actual number should be determined after further information is available.

Madam President, the DAB thinks that the quality of population is directly related to the prosperity of a country or region. Now Hong Kong is beginning to face the problem of an ageing population just like other advanced countries in Europe and America. Of course, this is not an immediate problem, but we can envisage that the problem of ageing population will become a serious problem 20 years from now and so this problem is put on our agenda. Notwithstanding the fact that the Chief Executive has directed the Central Policy Unit to study the issue of a population policy for Hong Kong, we hope that government efforts in this respect should speed up, for if not, our society would cease to be competitive any more.

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

**MR KENNETH TING** (in Cantonese): Madam President, it is essential that the right kinds of talents are available for the development of knowledge-based economy, but Hong Kong does not seem to have any edge on that. The Liberal

Party thinks that the major obstacle to this is the serious mismatch of manpower resources in Hong Kong.

On the problem of this mismatch in manpower resources, despite the undertaking made by the Government that it will inject enormous resources into education, make positive efforts to develop higher education, continuing education and lifelong learning, and that more funding will be given to retraining programmes, all these are long-term solutions and they are no immediate cures to the problem. So we think that a two-pronged approach should be taken, that is, while we vigorously take forward the education reform, attempts should also be made to attract people who have the necessary knowledge and skills from all over the world to come here. That will help enhance the quality of our population.

As a matter of fact, a government policy is in place to allow overseas professionals to come here to work. Holders of foreign passports may come here any time provided that they are employed by someone in Hong Kong. As for talents from the Mainland, there are stringent restrictions imposed by the Government. Despite the launching of the Admission of Talents Scheme and the Importation Scheme of Graduate Professionals from China, these schemes have merely been able to attract some mainland professionals in the information technology and financial services sectors. The effect of these schemes is also hampered by the cumbersome procedures involved. With the slow processing time, only a few hundred talents from the Mainland can come to work in Hong Kong annually.

The importation of talents policy as it is may make many small and medium businesses impatient. So they may recruit people from the Mainland or even relocate their companies there. As a result of this, the number of companies operating in Hong Kong will dwindle and jobs become scarce. I believe this is the last thing we wish to see. So the Liberal Party thinks that the Government should revise the existing schemes on the importation of talents from the Mainland and extend the scope of these schemes to other sectors so that more flexible arrangements can be made in these sectors.

In the long run, the Government may consider devising a general points system for the purpose of attracting professionals from all over the world to come here, including those from the Mainland. The criteria used in the points system may include age, academic qualifications, trade, working experiences,

and so on. This points system should replace the existing system which is trade specific. When adopted, the former system should have greater flexibility in meeting the needs of economic development. Applicants under the new system should also be allowed to bring their spouses and non-adult children to come here. This will enable them to concentrate on their work for the better development of Hong Kong.

Madam President, some people may worry that permitting more professionals to come here will lead to their competition with Hong Kong people for jobs in the local market. But I would like to point out that the fact is exactly the opposite, for not only will they not deprive Hong Kong people of their jobs, but also they will become a driving force for our economic development and hence create more job opportunities. A good example is the experience of the Silicon Valley in the United States where professionals from all over the world are concentrated there.

By comparison, Hong Kong lags behind other places in this scramble for talents, so we must expeditiously formulate measures that can attract talents from all over the world to come here. As a place closest to the Mainland, we must change our stringent policy on the importation of mainland professionals so that we can become a mecca for talents from all over the world, especially those from the Mainland.

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

**MR AMBROSE LAU** (in Cantonese): Madam President, there are three major latent problems existing in the population of Hong Kong. These are: the problem of ageing population; the high proportion of people with low academic qualifications and skills in the demographic structure; and the problem of excessive growth. To resolve these three problems, the Government should formulate expeditiously a comprehensive population policy.

The first latent problem. According to projections made by the Census and Statistics Department, the proportion of elderly people aged 65 or above in the population of Hong Kong 30 years from now will rise from the present 11% to 24%. The problem of an ageing population will become very serious. If the existing pattern of population growth remains unchanged, there will be a

great surge in the ratio of elderly persons and children who depend on the support given by the workforce. The overall dependency ratio will rise from 1 000 persons supporting 382 persons at present to 1 000 persons supporting 562 persons by 2031, making the burden of the working population very heavy indeed. Madam President, the birth rate of Hong Kong has dropped from 30 births per 1 000 women in the 1960s to only 10 births per 1 000 women at present. The rate is even lower than that in advanced countries in North America and Europe. Hence it is not practical to expect the problem of ageing population to ease as a result of natural increase.

Therefore, the first principle which should be adopted with regard to resolving the problem of an ageing population is to let children and young professionals to come here as soon as possible so that they can adapt to the local environment and integrate into the community early, while also creating job opportunities. It will be beneficial to these new immigrants and to maintaining a young population in Hong Kong. The second principle is to offer incentives to encourage elderly persons to go to the Mainland for settlement. For example, public housing benefits may be converted into rental subsidies to enable elderly persons to rent a unit in some of the quality housing estates on the Mainland. For minor illnesses, the elderly persons may make use of the out-patient services of the Mainland, and for more serious illnesses, they may return to Hong Kong for treatment. The elderly persons should be allowed to receive their Comprehensive Social Security Assistance payments on the Mainland and the requirement of residing in Hong Kong for a prescribed number of days every year should be lifted. These two principles, if adopted, should be able to slow down the pace of ageing of the population and they will also buy time for the authorities to prepare a safety net for the retiree population.

The second latent problem. At present, as much as 48% of the working population are people with an education attainment of Secondary Three or below. These people, with low education attainment and low skills, amount to 1.4 million. According to government information, of the 53 000 holders of OWP who came to Hong Kong last year, 39% had finished only primary education, 31% had finished secondary education and only 2 301 persons, or 4%, had finished post-secondary education.

For young children who come here for family reunion, the queue of applicants waiting to come here will disappear very soon by next year, so the

Government can make use of the opportunity to revise the number or composition of the daily quota for 150 OWP holders. The Government should model on the points system adopted in Singapore, Canada, Australia, and so on, in devising an immigration policy. Under the system, applicants are screened according to their academic qualification, skills, working experience and age. What the Hong Kong Government should do is to adopt a points system and attract young professionals to come here, launch a policy for investment migrants and offer incentives to attract owners of mainland private enterprises to come here to settle. As there are 150 places in the existing daily quota for OWP holders to come here for settlement, if we can put aside some places in the existing quota for the above-mentioned three categories of mainlanders, then it will be beneficial to both the community and its economic development.

The third latent problem. The population of Hong Kong will rise from the present 6.72 million to 8.72 million in 30 years. The growth in population by 2 million over a 30-year period would still be acceptable if it had appeared in the 30-year period before the 1980s. It is because the booming manufacturing industries then needed a lot of workers. However, with the decline of the manufacturing industries which took up a lot of workers over the past 20 years, the service industries which have stood in their place are now requiring less workers with the development in computerization, automation and the merger of companies into groups. In the next 30 years, there will be even less positions available as computerization and automation have become the features of knowledge-based economy. These three factors serve to illustrate an increase in population by 2 million over the next 30 years is simply unbearable to Hong Kong.

Madam President, Hong Kong is one of the most densely populated regions in the world with an average of more than 6 300 persons per sq km. It would be hard to imagine how the housing conditions here can accommodate 8 million to 9 million people. In addition, such a great number of people would pose problems in terms of environment, law and order, education and medical services. To solve this latent problem caused by excessively rapid growth in population which is also showing a marked trend of ageing, the Government is obliged to formulate a comprehensive population policy.

Madam President, I so submit.

**MR LAW CHI-KWONG** (in Cantonese): Madam President, the topic of population policy has been a topic of discussion for many years in this Council, however, as far as I can recall, there was no previous attempt at making a serious discussion like today. Now the Government has set up a Sustainable Development Unit, but the proposed Council for Sustainable Development has not been set up yet. If we are to consider the overall long-term development of Hong Kong, the first topic to be studied under the theme of sustainable development should be population policy. For if there is no population policy, there is practically no basis upon which any planning in sustainable development can be made. Of course, we are not saying that we do not have any figures, but the figures we have now are only projections, that is to say, these are projections on population based on existing and historical information. So, to put it in simpler terms, we only have projections instead of a policy, not to mention any planning at all.

Apparently, a population policy consists of two parts. From what I have heard so far today, many Honourable Members have mentioned immigration policy, but actually population policy includes immigration policy and fertility policy. Later on I would like to spend some time talking about fertility policy. I would like to point out one thing and that is, though the projections made by the Census and Statistics Department can be considered statistically correct, they cannot be regarded as accurate, for they are not based on many detailed studies. Moreover, these projections cannot be used to analyse the sensitivity of policies. In other words, we do not know what the situation will be when there are changes in policies. Some of these figures may even be problematic in themselves. An example is the fall in fertility rate. I think the latest figures released by the authorities contain an underestimation of the fall in fertility rate. In the first quarter of this year, our fertility rate has dropped one sixth as compared to the same period last year. And the rate of that fall in fertility rate is quicker than that in the past, so obviously this implies that the kind of demographic change that we expect to see in future will be very different.

Hong Kong does not have any expressly stated fertility policy as such. In the 1970s or before, we might have heard some family planning publicity slogans like "two are enough". Though we do not have any expressly stated fertility policy, in practice there is a slight bias towards discouraging people from giving birth to babies. Let me take the example of tax allowances. The allowance given for the first child is \$30,000. If we calculate on the standard rate of 15%,

an allowance of \$30,000 would mean a saving of \$4,500. How can \$4,500 be sufficient to raise a child for one year? So we can see that the Government discourages people to have children. The allowance for the third child drops to only \$18,000 and that is a clear indication that giving births to children is not encouraged. So we can see that there may not be any particular inclination in a fertility policy, but there is one certainty and that is, even when there is no such a policy in Hong Kong, there are some policy objectives which are not expressly stated. And these should be reviewed.

As I have said, the fertility rate of Hong Kong is falling, but the population of the world is increasing by 80 million to 90 million annually. As a member of the global village, we have the responsibility to discourage child birth. That should be clear. As we have a huge source of manpower in our backyard, that is, in the Mainland, so what we should consider is the immigration problem. As for a fertility policy, I would say that given the present circumstances, the most sensible stand is to remain neutral and we should not do anything to encourage people to have more babies, unlike what some countries are doing.

Honourable Members have talked a lot about immigration policy, but actually their speeches are centred around three categories of immigrants, namely, family members seeking reunion, investment migrants and professionals. The question is, if we do not have any authority to grant approvals to immigration applications, it would be useless for us to talk about immigration policy or population policy. And the practical use of all these talks is just minimal. Before the year 1997, the topic of the authority to grant approvals would be regarded as a politically sensitive issue. But now it has been so many years after 1997, why can we not bring this issue up with the mainland authorities for discussion? Just imagine if there is any city in China whose residence registration for any person is determined by a place other than the city itself? All applications for residence registration in any place in China are handled by the place for which residence is applied. Hong Kong is the only exemption in China to this rule. I think this question of the right to grant approval for residence is something we should discuss with the Mainland to see if we can handle such applications ourselves. This especially applies to applications for family reunion. Since an applicant is seeking to come here on grounds of family reunion, then there must be someone in Hong Kong who makes the application on his behalf. Then why can the vetting and approval of the applications not be made by Hong Kong?

Now I would like to make a clarification here. There have been reports in the newspapers recently on the stand of the Democratic Party on this issue. Such reports are even found in today's papers. These reports show that some people have the wrong impression that the Democratic Party wishes to propose a reduction in the quota for family reunion applications and increase the quota for investment migrants and professionals. Actually we have only looked up a few data, some of which have been mentioned earlier by some Honourable colleagues. An example is the applications for certificates of no marriage record, or commonly called certificates of "unmarried men", the number of which has dropped more than a half when compared to the figures 10 years ago. Another one is that there are some differences in the kinds of people who apply for residence here. The Honourable Frederick FUNG said many Hong Kong people went to the Mainland to marry. This is no longer true. It used to be a common phenomenon for Hong Kong men to go to the Mainland to find a wife more than 10 years ago. But now those who go to the Mainland to get married are those who have met some mainland residents when they work there or because of some other reasons. These people do not make a trip specifically to the Mainland for marriage. Of course, there are still some people who do so, but the number of such persons is very small. So the pattern of Hong Kong persons getting married on the Mainland is quite different from the pattern more than 10 years ago. Many people whose spouses are living on the Mainland will spend more time there than in Hong Kong, and since they live there, they will not want to make any applications to enable their wives and children to come here. So the situation has become quite different. It is also because of this reason that we think the present daily quota of 150 persons should be reviewed to see if any change should be made.

We fully agree to the idea that it is only when the basic demand for family reunion is met that consideration should be given to the admission of professionals and investment migrants and such like issues. The Government has in place a scheme each for mainland professionals and talents. The latter scheme permits the mainland talents to bring their family members to Hong Kong while the former does not. That is to say, when after the mainland professionals are admitted to Hong Kong, their family members are still in the Mainland. That is not in line with any immigration policy which should be based on family as a unit. So we think that a review of the Importation Scheme of Graduate Professionals from China should be undertaken. However, I do not agree to the idea proposed by Mr James TIEN, that is, extending the coverage of the Scheme to professionals from all sectors. I think that would pose a problem

because, after all, the people of Hong Kong are concerned about their jobs. However, as there is a manpower shortfall in some sectors and I think more people should be admitted in these sectors. As time is running out, I am not going to talk about the part on investment migrants. I think we need to take into account the situation of Hong Kong, in particular the high unemployment rate now. So any consideration of such matters should be made in conjunction with the issue of employment. Thank you, Madam President.

**MR HUI CHEUNG-CHING** (in Cantonese): Madam President, Hong Kong has always been characterized as a place of high efficiency, with a low tax regime where one can start a business easily. In the past, Hong Kong used to be virtually the only door to open up the huge market on the Mainland for foreign investors. Prior to the 1980s, our economy was based on labour-intensive manufacturing industries and even in the 1980s when the manufacturing industries started to be replaced by the service industries, the bulk of our industries were still those which involved the use of machines, crafts and labour. So even at that time the greater use of physical labour was able to make up for the smaller amount of mental efforts made. Hence our per capita income in those days compared rather favourably with that of advanced countries in Europe and America. The problem is that the conditions where physical efforts are the driving force of economic growth are losing their importance in recent years due to changes in our demographic structure.

There are basically two major problems with respect to the demographic structure of Hong Kong. The first is the problem of ageing. According to Census findings, the median age of the people in Hong Kong has risen from 31 years in 1991 to 36 years this year. Our fertility rate is among the lowest in the world, with the average of 1.9 births per woman in 1981 dropping to 0.93 birth per woman in 2001. Moreover, the life expectancy of Hong Kong people has been increasing, and in 2001, the expectation of life at birth was 78 years for males and 84 years for females. If this trend continues, there will be one in four citizens who is aged 65 or above in 30 years from now. The second problem related to our population is the generally low education attainment. According to findings of the recent Census, among the 5.5 million adults, as many as 3 million or almost 55% of the adults have academic qualifications of Secondary Three or below. Those who possess a university degree only account for 24% of the adult population. In the United States, 30% of the adults are university graduates and those who have associate degrees take up close to 28% of the adult population.

These problems of an ageing population and low education attainment will make the development of knowledge-based economy difficult and will produce a lot of people who fail to adapt to the knowledge-based economy. The result is the number of people who are able to create wealth will be decreasing and those who ask for public assistance growing in number. If this situation continues, those people who have the ability to create wealth and are relatively young in age may not want to live and work in Hong Kong any more, for they do not want to bear the increasing burden of welfare expenses. By that time, Hong Kong will cease to be a city of life and vitality, but a city of gloom and doom.

In my opinion, to raise the quality of our population, there should be constant improvements in our education and retraining systems and efforts should be made to search a way out for workers with low skills and low income. In cosmopolitan cities like New York and London, there is an extension of the residential areas to the fringe areas of the city where the cost of living is lower. The Hong Kong Government may like to look into the matter with the mainland authorities to examine if some communities for Hong Kong people can be set up in the Pearl River Delta Region. Such a move can attract more Hong Kong people to settle in their native places and will also draw more Hong Kong people there to seek employment.

On the issue of attracting talents to Hong Kong, the Government should lift the restrictions on the Importation Scheme of Graduate Professionals from China, in particular the restrictions on the sectors permitted under the Scheme. The Scheme should be made applicable not only to the information technology and financial services sectors, but it should be extended to cover all other sectors which have a manpower shortage and professionals from the Mainland should be allowed to bring their spouses and children here. At the same time, the Government should merge this Scheme with the other scheme on the admission of talents which is not confined to any sector or only to mainland applicants. This will serve to avoid a duplication of the efforts on the part of the employers when they wish to make applications.

Some people hold the view that relaxing the restrictions of the schemes to admit talents would reduce the employment opportunities of local university graduates. Frankly speaking, I am also worried about the decline in the quality of local university students and that they may become less competitive. But that does not mean that we should adopt a protectionist stand and a self-deceptive position against the global trend of scrambling for talents. Protectionism may

serve to protect the jobs of local people in the short term, but in the long run it may become some kind of sugar-coated poison, for it prevents the local people from catching up with the latest developments in the world. If these foreign professionals can come to Hong Kong, they may start their own businesses here and hence increase job opportunities for our people. So the Government should not just sit here and wait for the industries to submit their applications to admit these foreign professionals. Rather, it should take the initiative and work through various government and quasi-government offices on the Mainland and overseas to organize roadshows around the major cities of the world to attract professionals to come here.

In the long run, if we are determined to develop Hong Kong into a cosmopolitan city, we must do the best we can to attract talents from all over the world to come here and settle. Countries like the United States, Canada, Britain, Australia and New Zealand, and so on, have various measures like naturalization, granting the right of abode, and so on, to attract talents to their countries. These newcomers will serve to revitalize their economies and give a boost to the local market. The Hong Kong Government should expeditiously introduce a points system under which foreign people, including those from the Mainland, can apply for residence here after meeting such requirements as assets, skills and expertise, investment plans, and so on. Having said that, however, we should maintain our advantages in a low and simple tax regime, good public order, sound rule of law, fast and efficient communications and transport networks, great cultural tolerance and convenience in meeting the daily needs, and so on. For these are vital to the attraction of talents to come here and settle down for good.

Madam President, I so submit.

**MR SIN CHUNG-KAI** (in Cantonese): Madam President, since immigration policy is closely related to economic development, I wish to focus my discussion on the economic aspect.

It have found in some academic discussions and researches that the positive effects of the admission of migrants are often greater than the adverse ones. First of all, there would be an increase in manpower, which is particularly important to Hong Kong. It is stated in a report recently published by the Census and Statistics Department that the rate of natural growth in our

population is extremely low and the problem of ageing population would become more and more serious. Today, every 100 working people aged between 15 and 64 have to support 15 retirees aged over 65. Thirty years later, the ratio would substantially increase to 100 to 40. Firstly, population ageing means that there would be less working people, with effects on the per capita Gross Domestic Product. By then, the rate of our economic growth would be subject to heavy pressure of downward adjustment. Secondly, new immigrants can increase domestic demand and consumption, which would facilitate economic growth. Thirdly, if the immigrants were highly skilled workers or professionals, we would inject new blood into the labour market, thus making up for the lack of workers and technologies during the period of economic restructuring and promote economic growth.

Some worry that immigrants would lead to an increase in social expenditures on welfare, education and health care, and put a heavier burden on society. However, quite a few foreign studies have indicated that immigrants are mostly hardworking, determined to improve their lot, and would bravely bear risks. Comparing two families with identical characteristics, the chance for a new arrival family to apply for public assistance is often lower than that of a family of indigenous residents. The situation is more evidently found in the second generation of new arrivals.

One third of our total population are immigrants from mainland China as proven by our experience. As Prof LIU Pak-wai of The Chinese University of Hong Kong has stated in his book *Migration and Our Economy*, Hong Kong is a community of migrants and the characteristics of migrants shape the features and values of our community, and are the impetus to the success of Hong Kong. He has also stated that, provided that the eligibility requirements for social welfare are maintained, an increase in immigrants is more advantageous than disadvantageous to local people and it has few side effects.

On the whole, Hong Kong has to formulate a suitable immigration policy to import adequate immigrants, especially skilled labour and professionals. It would then be able to maintain the manpower to population level and economic growth.

The competition for technological talents is a zero-sum game. In the last few years, European, American and Asian regions have made more positive immigration policies to attract overseas technological talents. For example, the

United States, the United Kingdom and France have recently simplified and expedited the examination and approval of employment visa for overseas residents. Germany has also introduced a special scheme for the importation of information technology personnel. In 1999, Japan extended the validity of employment visa for technological personnel from one year to three years and relaxed certain application requirements. In 1999, in order to attract overseas entrepreneurs to establish technology-based enterprises, Singapore improved the requirements for employment visa. Recently, Malaysia amended the law to attract overseas professionals and skilled labour and promote technology transfer.

On the contrary, although Hong Kong adopts an open-door policy for regions outside China and it has never imposed immigration restrictions on overseas technological personnel, it has not offered any special incentives to attract overseas talents. According to statistics, the number of overseas immigrants entering Hong Kong has continuously decreased after 1997. In 1992, excluding mainlanders, domestic helpers and other workers under the Labour Importation Scheme, there were around 28 000 overseas immigrants; the number increased to around 45 000 in 1997 but rapidly dropped to only 15 000 in 1999. The situation is evidently worrying.

Although the number of local residents migrating to other countries has also decreased continuously, it has always been higher than the figure of the overseas immigrants entering Hong Kong. In 1992, 66 000 Hong Kong residents emigrated and the number of emigrants in 1999 was 19 000, and most of them were professionals and investors. In the past 10 years, Hong Kong lost tens of thousands of professionals, but the immigrants to Hong Kong have failed to make up for the number all along.

We discover from the nationality-specific information on local residents that the ratio of expatriates has continuously decreased since 1997. In 1991, there were 33 000 residents from the United States and Canada, representing 0.6% of the total population. The number increased to 60 000 in 1996 but decreased to 26 000 in 2001. The numbers of residents from Japan, Thailand and Australia have similarly decreased.

On the basis of the report "Migration and the Labour Market in Asia" published by the Organization for Economic Co-operation and Development (OECD) this year, Asia is a major supplier of professionals in the global labour

market. In the United States, for example, half of the overseas migrants holding employment visa come from Asian regions; and 79% of the business migrants are Asian. Among Asian migrants, 67% have a first degree and many of them are overseas students who obtained employment visa after graduation and stayed in the United States to work.

Hong Kong has always considered itself as an Asian-Pacific financial centre and its slogan is developing into a cosmopolitan in Asia. It is essential for the Government to consider how it could attract more talents in Asia and enterprises to make investment or work in Hong Kong. At present, since there are less than 1% of immigrants from the Asian region (excluding the Philippines) living and working in Hong Kong, there should be ample room for growth, and we should target at attracting mainly the overseas Chinese.

The only restriction under our existing immigration policy is on the entry of mainlanders to Hong Kong. In the past eight years, there were only about 10 000 professionals and managers from the Mainland each year and there were only 200 Chinese nationals living abroad. We suggest that the Government should make reference to the practice of overseas countries and take more proactive measures to attract the overseas Chinese. Thank you, Madam President.

**MR HOWARD YOUNG** (in Cantonese): Madam President, earlier in the debate Mr James TIEN has talked about the need to formulate a comprehensive population policy for Hong Kong from a forward-looking perspective. When the Honourable LEUNG Yiu-chung delivered his speech earlier, it seemed that he was saying that the motion moved by Mr TIEN only concerned about economic issues. I would like to point out, however, that the original motion talks not only about economic development, but also social development. So it is comprehensive. I do not intend to spend time now to repeat the views held by the Liberal Party on this, but I would like to focus on some of the inadequacies of the existing immigration policy in Hong Kong in the hope that we will have a clearer picture of the problems with our population policy.

The Basic Law has very stringent limitations on the entry of mainland residents into Hong Kong. These mainland residents can apply for residence in Hong Kong only under the OWP system in which we have no say. With changes in the needs and conditions in the community over the years, such as the increasingly frequent contact between Hong Kong and the Mainland, plus the

rapid growth of the mainland economy, the quota system has become out of tune with the times as it is characterized by a strong sense of segregation.

Hong Kong is one of the places in the world with the lowest fertility rate, and as many Honourable Members have said earlier, one quarter of our population will be aged 65 or above by the year 2031 and over 80% of our population growth in future depends mainly on new arrivals under the OWP system. However, information from the Security Bureau shows that there is a dropping trend in the number of children born of Hong Kong residents and who are aged under 20 with right of abode here coming to Hong Kong. The number of such entrants has dropped from a daily average of 67 in 1998 to 43 last year. If this trend continues, it would only serve to aggravate our problem of an ageing population. The above figures also show that out of the daily quota of 150 persons, the 60 places specifically set aside to holders of Certificate of Entitlement (to the right of abode) may actually be reduced. The Honourable IP Kwok-him has mentioned earlier the issue of the daily quota of 150 persons and I think we should give more thoughts to that because most of the children of Hong Kong citizens with a right of abode here have already come to Hong Kong.

The present daily quota of 150 persons has been in place for seven whole years and it is only right that it should be reviewed. Therefore, the Liberal Party is of the view that the SAR Government should discuss the quota arrangement with the Central Authorities, in particular making some adjustments to it so that the SAR Government can take a more active role in determining the allocation of the quota places. With respect to this idea, I have not noticed any opposition from Honourable Members who have spoken today. As Hong Kong is now reunited with China, so many political factors which were considered before 1997 can now be excluded. It would be difficult for us to undertake any sound population planning to meet the needs of our community if we cannot list out which types of mainland residents who may come here to settle or be accorded priority to come here for settlement.

Madam President, now many countries such as Canada, the United States, Australia, New Zealand and Singapore have many types of migration schemes in place other than that for family reunion. These schemes include those for investment and employment purposes and they are set up to advance the benefits of their society. Even as a conservative country like the United Kingdom, it has recently opened its doors to immigrants when it launched the Highly Skilled Migrant Programme to attract talents from all over the world to work and settle in the United Kingdom. The Programme has been launched despite the fact that

it is easy for people from the European Union to emigrate to the United Kingdom.

Under the immigration policies of these countries, an objective points system is used to assess the eligibility of applicants. Besides, there is no restriction as to the applicants' country of origin, that is, people from all over the world can make application. The Liberal Party thinks that the Hong Kong Government may draw reference from principles as these and devise an immigration policy in line with the needs of our social and economic developments. That policy should be made part of our population policy with the aim of attracting investors and professionals to come here for settlement, including those from the Mainland.

Madam President, tolerance is a virtue. I hope we can adopt an open mentality and embrace talents from all over the world. This is especially true at a time of globalization and knowledge-based economy. The economic development of any region will be put in a very disadvantageous position in face of fierce competitions if it does not have a sufficient number of talents, including the locally trained and those from overseas who come here to work. For this reason, Hong Kong should formulate a comprehensive population policy and we cannot afford any more delay.

With these remarks, I support the motion.

**MR TAM YIU-CHUNG** (in Cantonese): Madam President, besides natural growth, two third of the additional population comes from the inward movement of foreign population. The increase in population would bring Hong Kong more human resources but it would also put pressure on our natural resources and environment and create greater demands for health care, welfare, education and social services. The population policy is not a single policy and it is determined by the direction of our economic development, manpower demand, land resources, immigration and emigration including the number of new arrivals from the Mainland, and the protection of the job opportunities of local workers. Among all these, many complicated objective factors such as the overall economic growth, technological development and the lifestyle and habits of the public (including fertility pattern) are out of the Government's control. Therefore, the population policy to be formulated by the Government should focus on the immigration policy. The Secretary for Security had elaborated this point when she responded on behalf of the Government at our last meeting.

I do not oppose formulating a more open and positive immigration policy, especially in respect of absorbing talents and investors from the Mainland to enhance our competitiveness, deal with the economic restructuring and promote economic development. However, we have to study carefully how the policy should be made more open and we must negotiate with the Central Government to formulate a practicable and attractive proposal. At present, the following phenomena related to our population are observed: first, population ageing; second, dropping birth rate in Hong Kong; third, increasingly obvious population movement in the future, with more people returning to the Mainland for retirement and settlement; and fourth, a mismatch in human resources as a result of economic restructuring.

Time certainly does not allow me to analyse the phenomena one by one or explore the series of problems arising therefrom, so I can only discuss the conceptual issues arising from population ageing and the tendency for Hong Kong people to move to the Mainland for settlement.

As regards population ageing, people generally think that it would put greater pressure on social security, health care or elderly services. Undeniably, these are matters we should be concerned about, challenges that we have to meet. Yet, the elderly are not necessarily weak and vulnerable to illness, nor must they depend on others to look after them. With continuous advancement in health care technologies, life expectancies are generally increasingly longer. In the future, more old people would have a higher level of education attainment, better health or greater financial capacity. Thus, population ageing may not necessarily be a burden on society. If we can make good use of our resources in the elderly, they could create a new driving force for society.

In fact, so far there is no evidence to prove that an ageing population would lead to a reduction in social wealth. There has been rapid population ageing but substantial growth in wealth throughout the past 20 years. At the seminar organized by the Elderly Commission last Saturday on population ageing, several experts from various parts of the world pointed out that the elderly had an edge over the youth in terms of working experience, emotional stability and life experience. If society could provide a more flexible mode of employment, the elderly as defined today ought to be able to give full play to their strengths again.

Another important factor that would affect the demographic structure in the future is the tendency for Hong Kong people to move to the Mainland for settlement. The Government has all along failed to study or formulate policies in this respect. Recently, statistical data show that 180 000 Hong Kong people have bought homes in the Mainland. However, it was found in the General Household Survey conducted by the Census and Statistics Department that 41 300 Hong Kong residents had already settled in the Mainland, 20% of whom were aged 60 or above. It was also found in the same Survey that, compared to the elderly now, five to 10 years later, a greater ratio of middle-aged people and retirees intend to move to the Mainland for settlement. Given the rapid social development in the Mainland where the living index is relatively low, and added to this the gradual improvement of all social facilities it would become a trend for retired Hong Kong people to live in the Mainland. What impact and effect would this trend have on the social welfare policies of Hong Kong? How should the Government respond or make improvements? In regard to these problems, the Government should expeditiously conduct surveys and studies, and work out sound solutions.

While Hong Kong is facing a problem of ageing population, we must make efforts to improve the quality of the working population since the two are closely related to each other. If we fail to expeditiously improve education, enhance training and upgrade skills, so as to improve our competitiveness and overcome the challenges of economic restructuring, the problem of impoverishment of the elderly would become more serious when the youth today become old.

If Hong Kong can absorb, educate and train talents as well as provide adequate retirement protection to allow everybody to live and work in peace and contentment, we believe the population policy is good. I so submit. Thank you, Madam President.

**MISS LI FUNG-YING** (in Cantonese): Madam President, the Census and Statistics Department published the report on the Population Projections 2002-2031 last month, which aroused discussions in the community. Many people suggested that the Government should expeditiously formulate a comprehensive population policy. However, what is a comprehensive population policy? What should it comprise? The report is short of in-depth discussions. It is stated in the first paragraph of the Preamble of the report on the Population Projections that "the Population Projections provide a common basis for the

Government in planning public services and facilities. They are constantly rolled forward and updated to take advantage of information on latest developments of the population". Therefore, a comprehensive population policy should carefully consider the birth rate, age structure of the population and immigration policy. I believe it should be connected with the said policies on education, housing, transportation, social services and health care.

After the report on the Population Projections was published, the discussions in the community mainly focused on immigration. Frankly speaking, the immigration policy is part of the population policy, but under the existing social atmosphere, I worry that there discussions on the migration policy would be biased. On the day following the publication of the report on the Population Projections, it was emphasized in various major newspapers that our population would increase by 2 million, 80% being new arrivals, 30 years later. Some editorials stressed that the SAR Government should recover the immigrant screening authority, otherwise, it would be difficult for Hong Kong economy to turn the cover. A political party conducted a questionnaire survey last month and almost 35% of the respondents thought that mainlanders who could make investment in Hong Kong should be allowed to enter Hong Kong first, while 22% of the respondents thought that family reunion cases should be given priority.

Madam President, it is an indisputable fact that many new arrivals have lower education attainment and professional skills, but I do not agree to lightly reducing the quota of 150 mainlanders entering Hong Kong for family reunion every day at this stage because they have the right to settle and live in Hong Kong. The longer we postpone the date of arrival of new arrivals, the lower the opportunities for their successful integration into our society. We should try our best to arrange for them to come to Hong Kong when they are young so that they can receive education and training in Hong Kong and integrate into our society. Then, new arrivals would become the impetus to our development instead of our burden.

In our population policy, education and training play equally important roles. It is related not only to the integration of new arrivals into our society but also to another topical point in the new population policy, that is, attracting mainland professionals to work in Hong Kong. I am not opposing for the sake of opposing, but we have to thoroughly consider that the existing high

unemployment rate of Hong Kong may persist for quite a long time. On the one hand, we have to face a high unemployment rate, and on the other, we have to face a shortage of talents. While we are importing talents and professionals and thinking of ways to attract mainland professionals to work in Hong Kong, we have 5.5% of the unemployed young people between the age of 15 and 24 who have attained the tertiary level of education — a contradiction caused by mismatch. To solve the problem, we have to make efforts in respect of education and training, rather than merely stressing the attraction of mainland professionals to Hong Kong.

Madam President, population policy is a very complicated issue that involves every policy area of the Government. The links are closely connected to one another, so we simply cannot solve the problem in any particular link with expedient and piecemeal measures. I believe we cannot only rely on the future accountability system for principal officials alone to solve the problem or make commitments. Therefore, in saying that we have to formulate a comprehensive population policy, I hope that full consideration can be given to the economic development of Hong Kong and the social commitment and that an objective and prudent attitude be adopted.

Madam President, I so submit.

**MISS CHAN YUEN-HAN** (in Cantonese): Madam President, according to the Population Projections for the next 30 years published by the Government, one fourth of our population would be aged over 65 in 30 years. As many Members have said, the whole community has been shocked by the Population Projections and we are all concerned about the issue.

I can recall that, around a decade or so ago, the Government also made Population Projections, which pointed out that Hong Kong would enter the stage of an ageing population in 2016. The community had divergent views then, but the topic cooled down later. Now the problem seems more and more pressing for it is a fact. However, when the Government stated a decade ago that Hong Kong would enter the stage of ageing population in 2016, the Hong Kong Federation of Trade Unions had raised the question of how we should face up to the problem. Should we adopt a positive or negative attitude? If we adopt a positive attitude, I think we can still do a lot. But if we adopt a negative attitude, then I think that we would have bear a lot of burdens.

Many people think that the elderly would become the burden of society with an ageing population, but I definitely not agree to this view. On the contrary, I think that we should look at it from a positive perspective. If the Government would look squarely at the problem, it can consider the after-war generation. They worked hard to build up Hong Kong and when they became old, if the Government could make hay while the sun shines at an early stage, it would be able to relieve the Comprehensive Social Security Assistance (CSSA) burden today and the burden of providing services to the elderly we are now considering. We proposed long ago an Old Age Allowance or Comprehensive Retirement Protection Scheme. Hence, it mainly depends on our views. But I think Members tend to hold negative views. Most people think that Hong Kong would face very serious difficulties 30 years later because one fourth of our population would be elderly. I think that we should not think so. If we can make preparations, then we need not look at it this way. It is still not too late for us to make preparations today.

I have to raise the situation more than a decade ago because the response then was different from that of today. At that time, the Government stated that Hong Kong would enter the stage of ageing population in 2016. However, the Government did not do anything. If the Government still adopts the same attitude today, I am very worried that, after a decade or so, we would not be able to solve the problems. Similarly, we started discussing structural unemployment at the beginning of the 1990s, unfortunately, the Government neglected us and everybody only came to realize the seriousness of the problem after the financial turmoil. Today, I wish to express my hope that the Government must not wait for another decade or so before solving the problem of ageing population. If it only starts thinking of solutions a decade or so later, the issue would really become a problem.

If we imagine the situation 30 years later — our generation would no longer be there — assuming that the youth today has joined the Mandatory Provident Fund (MPF) schemes, the situation would definitely not be so bad. In countries with excellent elderly welfare, the existence of the elderly conversely creates more employment opportunities. We have just considered the problems of the elderly and ageing population from a positive angle. Of course, if the Government does not do anything now, the issue would really become a problem.

Moreover, I also wish to say that, with the Population Projections published, we would naturally touch upon the problem of manpower mismatch. Some think that the educational level of Hong Kong people is low and most people are grass-roots workers, thus many people have said that Hong Kong lacks talents. These criticisms seem inappropriate in the light of the existing manpower level in Hong Kong. I do not deny that there is a manpower mismatch and some grass-roots workers cannot integrate into the mainstream economy. I also do not deny what Miss LI Fung-ying just said, that some people including university graduates fail to find a job nowadays. Yet, I think we have to carefully analyse such problems and we cannot simply say that we have to avert the situation since Hong Kong people have a low educational level. Before taking any actions, we must make careful analyses.

Concerning local talents, I believe Secretary Regina IP also recalls that she proposed an Importation Scheme of Graduate Professionals from China several years ago. Actually, we have implemented two of such schemes, which shows that we have made plans. Of course, some members of the business sector think that the Scheme is not useful and talents cannot be imported. That is just a matter of opinion. But I wish to say that Hong Kong actually has a lot of talents, the question is how we can make them stay in Hong Kong. Conversely, I wish to ask if our economic structure can accommodate these talents. Originally, we had quite a lot of technological talents but since Hong Kong lacks such an industrial structure, they have to look for development abroad. In the Silicon Valley or regions and countries with advanced technologies, I have found Hong Kong people. But as our economy used to put particular emphasis on real estate and the financial markets, we failed to retain the talents we had.

Today, when we raise the issue again, I think the Government must consider whether Hong Kong has the suitable industrial structure to cope with the importation of talents. I wish to ask this question, and I hope that Members would answer the question together. We should not collectively think that there are problems with the quality of Hong Kong people and sigh that we fail to keep up with social development. We do not deny the situation. But why has Hong Kong lost a lot of talents in the past 10 to 20 years. Why have many outstanding Hong Kong people made remarkable achievements overseas? This is precisely the question we have to ask ourselves.

I wish to discuss another topic. When we mention the problem of ageing population, many people would discuss the population policy and they would naturally discuss the 150 OWP holders entering Hong Kong every day. There

is no denying that the arrival of 150 people from the Mainland every day arouses the concern of the public. We notice that people had such feelings when we work in the districts. Madam President, I have recently attended a residents' assembly convened in a district. The residents surrounded me and we discussed the new arrivals. Many of them pointed out the wrongdoings of new arrivals. The residents told me that new arrivals were CSSA recipients and had a low level of education attainment. Given the adverse social atmosphere currently would we not be creating social division in Hong Kong if we should add fuel to such social contradictions?

Therefore, we must be very careful when handling these problems, especially in respect of cases involving family reunion. When we consider the quota of 150, I think that the Government must facilitate discussions in the community before taking any actions. In adopting an open attitude, it does not mean we must say "yes" or "no" right in the face of the question. But it is very important for us to take family reunion as the premise. We should also consider some statistical results. Among the new arrivals including single-parent and low-income people, there are only 16 400 CSSA cases, representing 6.7% of the total CSSA cases. How heavy is the burden? We really have to ponder over this calmly. I think it is undesirable if any policy implemented by the Government should affect family reunion.

Madam President, to solve the existing problems confronting Hong Kong, I hope that we can carefully analyse the relevant information rather than focusing on one or two issues among those that would cause problems. Thank you, Madam President.

**MISS MARGARET NG** (in Cantonese): Madam President, I support Mr James TIEN's appeal to the Government for the formulation of a comprehensive population policy in order to enhance Hong Kong's competitiveness and complement its long-term social and economic developments. But I wish to add the following points.

First, population policy and social development cannot be purely economics-oriented. We must at the same time draw up appropriate long-term policies based on the projections of population growth, in order to meet the needs of society in the future. Social policies must be people-oriented. For example, if an ageing population is projected, we must enhance the elderly services step by step in a planned manner.

Second, in the case of the Hong Kong Special Administrative Region (SAR), population policy actually means immigration policy, under which certain categories of people are encouraged to come to the territory whereas restrictions are imposed on the entry of some other categories of people based on the needs of social and economic developments in future. In this connection, Mr James TIEN has proposed that greater efforts be made to recruit mainland professionals to Hong Kong. But what Hong Kong can do in this respect may not be as optimistic as perceived by Mr James TIEN, whether in terms of quality or quantity. The top professionals in the Mainland, like top professionals in Hong Kong, can go to many places in the world. The point is how Hong Kong can offer exceptionally attractive conditions. The better the overall environment of Hong Kong, the more it can attract people to make their homes in Hong Kong. I support any proposal that will better the living environment in Hong Kong.

Third, in order to formulate a comprehensive population policy, I think the Government must have regard for the obligations of the SAR under the Basic Law as well as other international conventions on human rights, labour rights and other rights, such as its obligations to implement the rights of children, the right to family reunion and the right of abode. If basic human rights are involved, the SAR Government cannot refuse the entry of people on the ground of economic benefits.

Madam President, I have to declare an interest here. I had represented children born to Hong Kong people in the Mainland who sought the right of abode in Hong Kong in some court cases before. After my contact with these people and their parents, I have more confidence in the views that I am going to present now.

For a long time, many people have held prejudice new arrivals from the Mainland, thinking that they constitute a burden to our society. But this is not true. Mr Fred LI already discussed this point earlier in the debate.

As pointed out by academics who have studied the social development in China for a long time, many of the children born to Hong Kong people in the Mainland come from the economically-advanced regions in the Mainland. The education standard of schools in these regions often compares favourably with that of schools in Hong Kong. They have good education; they have ability and experience; and they fare better than many Hong Kong people in terms of the

zeal to pursue development as well as confidence in Hong Kong. But even for those whose qualifications are less favourable, if they are provided with appropriate assistance and support, they will very soon adapt to the way of life in Hong Kong and meet the needs of society. Many refugees from the Mainland or children born to immigrants from the Mainland have made distinguished achievements today and become the pillars of Hong Kong, and this is the best proof.

I think the Government should be responsive to the new environment. It should discuss with the mainland authorities and actively conduct studies in order to come up with a package of policies. I would specifically make two suggestions. One is about measures on the OWP in the Mainland. I hope the SAR Government can negotiate with the mainland authorities about collaborating to organize some courses for children born to Hong Kong people in the Mainland who are waiting for the OWP to start making early preparations during the waiting period, so that they can familiarize themselves with the situation in Hong Kong and improve their language proficiency. With these preparations, they can adapt to the way of life in Hong Kong and readily acquire the ability to make a living or study in the territory as soon as they arrive. From the resource utilization angle, this is far more effective than providing services to them only after their arrival in Hong Kong.

There is another group of people who are also born to Hong Kong people in the Mainland, but they were born before their parents acquired the permanent resident status. Their right of abode was declared in the Court of Final Appeal's judgement on the "NG Ka-ling" case, but they were subsequently disqualified after the interpretation of the Basic Law by the National People's Congress. It is because the SAR Government had undertaken at first that they could be accorded with the same treatment without having to institute legal proceedings individually. However, the Government later went back on its words and did not make arrangements for them to allow them to acquire the permanent resident status after residing in the territory for seven years and reunite with their family in Hong Kong.

I understand that the SAR Government is determined to repatriate those people who have lost their cases. But if they must go back to the Mainland to wait for their turn, we must make sure that there is a queue for them. My second proposal is that the SAR Government should discuss with the mainland authorities about opening a register for the official registration of these people

and providing a separate quota for them. During the waiting period, they can also make good use of their time by participating in the courses mentioned above.

Finally, Madam President, the SAR Government cannot use population policy as a pretext to shirk its responsibility for Hong Kong residents by, for example cutting social services to force needy Hong Kong people who lack means to migrate to places in the Mainland where the standard of living is lower. The Government is obliged to provide Hong Kong residents with the necessary services within the boundary of the SAR.

I so submit.

**MISS CHOY SO-YUK** (in Cantonese): Madam President, longevity has always been a dream in medicine. For a person who loves life and handles everything in life positively, longevity gives him more time to experience life and contribute to society, and he would have a richer life. Whether the ideal could be realized depends on the social system and whether government policies would create a suitable environment for everybody to lead a wonderful life as he desires.

The reality may not be optimistic. Taking the Population Projections 2002-2031 recently published by the Census and Statistics Department as an example, the report emphasized that, within 30 years, the proportion of our population aged over 65 would substantially increase from the existing 11% to 24%. In other words, if the existing pattern of population growth remains unchanged, 30 years later, the figure would surge from every 1 000 workers supporting 382 persons to 562 persons. Then, every 10 workers have to additionally support around six elderly and children. These lopsided figures give us an impression that the elderly would be a burden of full care by their families. They may even cripple our competitiveness, the prime culprit that slow down the pace of economic development.

Madam President, I wish to say that whether or not society is advanced is not dependent upon the number of people of different age, but rather whether the dignity and choice of an individual is respected and protected. In reality, there are quite a few established labels in our social system. Thus, we have unconsciously set restrictions on the development of an individual that cannot be

trespassed and strangled the free choice of the individual. For instance, when we talk about a person who is 60 years old, we would associate him with retirement and enjoyment of the later years. When we talk about a person who is 10 years old, we would associate him with studying and when we talk about a person who is 40 years old, we would associate him with working. Madam President, can we try to break such stereotypes so that people of different age can study and every adult can work? Provided that a person is healthy, interested and wants to continue working, why should we artificially set an age ceiling for employees? In doing so, senior citizens who love work would waste the years of working experience they have accumulated and idle about, with nothing to do. On the contrary, some may wish to put an end to their career at the age of 40 or 50 and switch to pursue interests that are irrelevant to their jobs. Some may stay home to look after their family members or continue to realize their dreams of pursuing further studies. Some may wish to do something else for 10 or 20 years before rejoining the workforce when they are aged 60 or 70. It is a pity that our system has set restrictions for all these, denying the realization of dreams. The ideal of "giving full play to the talents of people" has degenerated into an empty slogan. Would this not do greater and lasting harm to the competitiveness of society?

Another example of setting restrictions on the elderly is that those elderly who have returned to the Mainland for settlement can only choose to settle in Guangdong Province so as to continue to be qualified for CSSA payments. This requirement is set only for the administrative convenience of the authorities concerned, but it has sacrificed the rights of many old people to live in peace and with dignity in the Mainland in their later years. Besides, it has put a heavier burden on our social resources. The Government should expeditiously relax the restriction that the elderly can apply for settlement in the Mainland only after they have received CSSA payments for three consecutive years. All in all, we should give the elderly greater freedom of choice so that they would be able to choose the way and place of living. Then, people would not have a wrong impression that the elderly are a burden to society.

Madam President, population policy is a significant policy affecting the sustainable development of Hong Kong, and it is crucial to maintaining our productivity and competitiveness. In the past, the SAR Government did not have a comprehensive policy and was short-sighted in respect of demographic development. Each department acted on its own and the Government also made

reference to partial and fragmented population data in its formulation of policies and provision of services and facilities. As a result, the projections often had deviations and were frequently inaccurate. The subsequent mismatch of resources and waste of public money were inevitable. One of the very important functions of the population policy is to work out a strategy to compete with the world for the most outstanding elites. Mr James TIEN has proposed that an additional quota of 50 should be given to professionals and investors on top of the quota of 150 people from the Mainland to Hong Kong every day. I have no objections to increasing such a category in order to attract talents and resources to Hong Kong. But I object to setting a fixed quota.

Owing to its geographical location, Hong Kong had negligible population flow in the past and talents remained at a relatively static state. It gave no cause for criticism to set a fixed number on inward population movement. However, in recent years, there has been rapid international economic and trade development and with the reform and opening up of the Mainland, more talents have flowed into and out of Hong Kong. So far, we do not have clear data and in-depth analyse on the basis of which we can quantitatively grasp the movement of talents. Furthermore, given the unpredictable changes in the international environment, we would undoubtedly be binding our hands if we hastily set a fixed number of talents to be absorbed. Therefore, it is more reasonable to preserve flexibility in terms of particulars and let adjustment be made by the natural relationship between supply and demand.

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

**MISS CYD HO** (in Cantonese): Madam President, I very much support the motion proposed by Mr James TIEN today, calling on the Government to expeditiously formulate a comprehensive population policy. Yet, I worry very much that the Government does not have a good understanding of population policy. From the relevant agenda, I noted that, the public officer to respond to this motion was yet to be decided. Today, I can see that the Secretary for Security will respond on behalf of the Government, and this came as a bit of a shock to me. The purview of the Secretary for Security covers immigration policy. If what we discuss today is family reunion, the admission of talents or about increasing the OWP quota of 150, then these are indeed within the brief of the Secretary for Security. But does the Government perceive population policy as nothing more than immigration policy?

I have learned from press reports recently that the Chief Executive, Mr TUNG, stated on 8 June when he attended an activity organized by the Elderly Commission that the formulation of a population policy will be one of his key objectives in future. He stated that the Government will formulate a comprehensive population policy, having regard for such factors as the direction of economic development, demands for talents, land resources, the number of immigrants (including mainlanders) and emigrants, the need to protect the employment opportunities of local workers, and so on, with a view to attracting talents to Hong Kong and upgrading the quality of the population. Mr TUNG made no mention of education, training for local talents and how the local citizens would be taken care of. What he has suggested is a very expedient measure indeed.

In fact, the definition of population policy, if interpreted in a narrow sense, can be extremely narrow, for it can only refer to the general demographic picture, such as the birth rate, infant mortality rate, death rate and age distribution. If we look at it from such a narrow viewpoint, our population policy will aim to either encourage or control fertility, reduce the infant mortality rate, and so on. The population policy proposed by Mr TIEN is in a broader sense, for it seeks to set directional indicators and to change and upgrade the quality of our population. However, the solution proposed by Mr TIEN is to recruit talents through the immigration policy, without suggesting other solutions. This, I think, is inadequate. As mentioned in the last motion debate earlier on, it is planned that 60% of students of appropriate age will attain education at the associate degree level in future. This is, in fact, part of the population policy, and a more forward-looking measure than remedying the existing inadequacies in labour skills by way of the immigration policy.

Madam President, with regard to the admission of talents, I would like to add two points. Firstly, to attract talents, we should not open the door to the Mainland only. For Hong Kong to become a cosmopolitan city, we must recruit people of different race. People who are aggressive and competent are all welcome to come to work and live in Hong Kong, irrespective of their colour, race and religion. But according to the latest Population Census, in the years between 1996 and 2001, other than Filipinos and Indonesians, the number of people of other ethnic origins living in Hong Kong had dropped across the board. Why is there this phenomenon? Is Hong Kong becoming more and more xenophobic and losing the attraction of a pluralistic culture and so, people of other ethnic origins no longer consider Hong Kong their first choice for

settlement or work? I hope the Government will expeditiously make legislation against racial discrimination, so as to convey a positive message to people of all races. Although this is not within the policy portfolio of the Secretary for Security, I hope that after listening to this view, she will reflect it to the Home Affairs Bureau.

Secondly, I think the number of foreign students admitted to universities in Hong Kong is capped at too low a level indeed. At present, the ceiling of the foreign students intake is 4%. If Hong Kong is to become an open society that is attractive to talents, we must review this ceiling. In the United States, for example, foreign students are very much welcome to go there for study, and subsidies are even provided for foreign students to complete their studies. As a result, many outstanding students have stayed and worked there.

Madam President, I wish to point out that we must bear in mind several principles in formulating a population policy. We cannot consider population policy purely from the perspectives of economic benefits and financial affordability. Otherwise, the measures to be implemented would very likely be contrary to the humanitarian causes. An example is the policy adopted by us in the past to ease the pressure of population by depriving people of their right to family reunion.

The first principle is identical to the one spelt out by Miss Margaret NG in her speech earlier on, that is, the people-oriented principle. This has to do with how we treat the people. We cannot treat them as one of the elements of production activities. Rather, we should consider how to take care of them. For example, we feel concerned about an ageing population, and it is a good thing that we can foresee this problem early. But as for the solution to the problem, it really depends on how persistent the overall community is in upholding the humanitarian causes. We can promptly reduce the old age allowance to alleviate the financial burden; we can help the elderly to settle in their hometown by offering financial incentives to attract them to live in the Mainland; but we can also expeditiously implement a voluntary or central savings scheme. This, coupled with the provision of a safety net, will enable all elderly people to decide of their own free will whether or not to spend their old age at places where they grew up.

I must stress that the Government is obliged to the people. I remember in the Convention on the Rights of the Child that we have discussed before, Article

7 provides that all children must have a nationality from their birth. The rationale behind this provision is to establish a contract between the Government and the people, so that people who are caught in severe misfortune and who are incapable of taking care of themselves will still be provided with government support.

The second principle is the freedom of choice. For example, there must not be mandatory stipulations on fertility. Otherwise, it would give rise to a situation like that under the "one-child policy" where many infant girls are abandoned or even killed. Population policy would ultimately degenerate into a policy that kills.

The third principle is that there should neither be encouragement nor restrictions imposed on the basis of social class. In some places, measures are taken to encourage people with a higher education level to give birth to more children. But has consideration been given to the wish of the grassroots? If we blindly follow the systems outside Hong Kong, it would only lead to a greater division in society.

Finally, Madam President, population policy involves a wide range of areas. If Hong Kong is to become a genuine cosmopolitan city where social harmony prevails, we must have a holistic view in all policy areas, including education, housing, medical care, culture, welfare and environmental protection, before this objective can be achieved.

**MR LAU PING-CHEUNG** (in Cantonese): Madam President, I speak in support of Mr James TIEN's motion. According to the Hong Kong population projections released by the Census and Statistics Department last month, the population of Hong Kong will reach 8.72 million by 2031, with 11.7% of the population aged under 15 and 24.4% aged above 65; and the dependency ratio will be 562 people in every 1 000 people. Regarding this relatively high dependency ratio, I think we do not have to feel too concerned about the need for social security, because by then, the Mandatory Provident Fund will gradually mature and the retirement age may also be raised. Rather, our consideration should focus on the impact on the overall quality of our people when the local birth rate drops and immigrants (mainly from the Mainland) come to Hong Kong for settlement, and also whether the demographic structure at that time can maintain the prosperity and stability of Hong Kong.

Given that the quality of the people will have a direct bearing on the overall economic performance, a population policy is, therefore, long-term planning and at the same time a pressing issue. So, I support Mr TIEN's motion which urges the Government to expeditiously formulate a comprehensive population policy.

With regard to the quality of the population, Members have already put forward many valuable views in the debate on the motion moved by Dr Raymond HO earlier on, and it is unnecessary for me to repeat them here. Apart from nurturing the required talents through local education, we can also make use of immigration arrangements to attract the talents that we need in order to contribute to the economy of Hong Kong.

Indeed, being a cosmopolitan city, Hong Kong does need talents in various professional fields, such as biochemical technology, aerospace engineering, and so on. But given constraints in resources and other conditions, it may not be most cost-effective for local universities to run programmes in these fields. A more effective way is to allow foreign professionals to come to work in Hong Kong so that they can settle here and become a member of Hong Kong, and this is the immigration policy that we have been upholding.

Since the reunification, the Government has extended this immigration policy to cover the Mainland and introduced the Admission of Talents Scheme and Importation Scheme of Professionals from China successively. This is a correct policy direction, because it is universally recognized that our country, after its accession to the World Trade Organization, will become one of the most fast-growing economies in the world. So, Hong Kong needs to attract mainland professionals to help us develop the mainland market. But from the figures concerning the vetting of applications under the schemes, say, the Admission of Talents Scheme, only 369 applications were vetted in 2000 and the number further decreased to 237 in 2001. Honestly speaking, these figures are indeed far from satisfactory.

Madam President, I wish to emphasize that I am not going after a large number of vetted cases. Professionals who can be approved to come to Hong Kong must possess a high level of academic qualifications and expertise that can contribute to the Hong Kong economy. Only the genuine professionals can create a "multiplier effect" for the Hong Kong economy and bring more employment opportunities. We should not import low-skilled and low value-

added workers through the schemes. Nevertheless, the objective reality is that the conditions offered by Hong Kong may not be particularly attractive, compared to countries in Europe and America. So, I think the Government can consider introducing policies that allow greater latitude.

As regards the daily quota of 150 for mainlanders to come to settle in Hong Kong, despite limitations under Article 24 of the Basic Law, eligible mainland residents should be allowed to wait for their turn to come to Hong Kong. I think the Government should take certain flexible measures, such as implementing a points system, to give priority to applicants who are degree holders or of school age, in order to enhance Hong Kong's competitiveness.

I so submit.

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

(No Member responded)

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, first of all, I am grateful to Mr TIEN for proposing this motion and giving us an opportunity to debate the population policy and giving me a chance to listen to the views of Honourable Members.

From the remarks just made by Members, I have learnt that Members from different parties have reached a consensus to a very large extent. They agree that Hong Kong really needs to formulate a comprehensive population policy with a direction and be forward-looking. In my view, the comprehensive population policy should take root in the ideal of Hong Kong people in relation to future social development, and in the wish of Hong Kong people about the blueprint of future social development. Then, we can make policies to ensure the structure, quality and technological level of the population can tie in with the pursuit of our ideal as suggested by Mr TIEN.

I agree very much with the views of a few Members. For instance, Miss Margaret NG and Mr Howard YOUNG have clarified that if we wish to implement such a population policy in compliance with the overall social development in the long run, the people we aim at attracting or nurturing should

not purely be "economic animals" or the so-called talents that only know how to "grab money". Actually, when we take a look at the economic giants or super economic powers or some small countries that have very good economic performance these years, with the exception of the United States that is a super economic giant that everybody knows, countries such as Ireland, South Korea, New Zealand and Australia that have satisfactory economic development in recent years have comprehensive development in respect of literature and art, culture, football and even films, other economic. Therefore, I agree with Members that, when we nurture local talents and attract people from abroad to cope with comprehensive social development, we should not focus on economic talents only. I am very glad that Mr Howard YOUNG has clarified this point, which reflected that the outlook of the Liberal Party is not so narrow or limited indeed.

During the debate jus now, Members have raised a very interesting question. Miss Cyd HO asked why I would reply on behalf of the Government. Is the immigration policy the same as the population policy? I can state very categorically that, although I am replying today, it does not mean that the Government admits that the immigration policy is equal to the population policy. No doubt, in the history of the development of Hong Kong, the immigration policy was closely related to the population policy. For many years, the Hong Kong Government has limited excessively quick population growth by means of its immigration policy. This has ensured the continuous prosperity and stability of Hong Kong and prevented social instability from arising as a result of an excessive influx of people from without Hong Kong.

I also agree with the views expressed by some Members. For instance, Mr IP Kwok-him has stated that we should pay attention to two aspects if we wish to implement a population policy. First, the local population. If we wish to upgrade the quality of our population, we must pay attention to the quality of the local population. Second, the quality of population from abroad. I fully agree with these two points. However, let us take a look at the history of Hong Kong. Though we adopted immigration policies in the past to restrict population growth or achieve certain objectives in respect of our population policy, we were different from some neighbouring regions such as Singapore. We had not painstakingly adopted local policies such as local fertility or eugenics policies to achieve the objective of improving the quality of our population. Members may know that the Singaporean Government had formulated policies in the past to encourage fertility by female university students for the perceived

reason that they might have better genes. Couples who were university students might give birth to smarter children. Honourable Members may also know that a meritorious policy of the Singaporean Government was to make arrangements for love boats for dating between university students. In 2000, the Premier of Singapore, Mr GOH Chok Tong, even proposed a third child paid maternity leave policy. Under this policy, when a woman gave birth to a third child, she would be given paid maternity leave to encourage people to give birth to more children.

However, Hong Kong did not have such policies throughout the years and I dare not say whether there would be such policies in the future. Thus, in the past, we often achieved certain objectives of population policy through the immigration policy. A very important point is the growth rate of our population as also mentioned by Mr TAM Yiu-chung and Mr IP Kwok-him. The recent growth rate was 0.9%, which was rather low and only 7% of the 0.9% growth rate was local children while 82% were immigrants from mainland China. In other words, the growth of our population depends upon our immigration policy to a very large extent, therefore, the immigration policy is closely related to the population policy.

Another reason why the immigration policy is very important to the implementation of population policy is the relatively low fertility rate in Hong Kong, which is unique to Hong Kong, as a few Members just said. Several Members have referred to the Population Projections recently published by the Census and Statistics Department (C&SD). Some data compared the fertility rate in Hong Kong with the neighbouring economic regions with a low fertility rate and economically advanced countries in Europe and the United States. Compared to Singapore, Japan, Germany, Denmark, the Netherlands, Finland, Sweden, the United Kingdom and Australia, Hong Kong has a relatively low fertility rate. I remember that a columnist, Mr Philip BOWRING, once wrote an article exploring why Hong Kong women had a low fertility rate. Although working women in quite a few advanced industrial countries in Northern and Western Europe also have a low fertility rate, why is the fertility rate in Hong Kong even lower than that in Germany and Denmark? Since I am also a working woman, I have also considered the issue. As compared with such countries as Denmark and Germany, Hong Kong has another advantage, that is, we can employ foreign domestic helpers to take care of the household chores. So, why is the fertility rate in Hong Kong still so low? After studying the issue with some experts, we understand that the data do not reflect all the facts and the

problem still warrants further study by academics. Although Hong Kong people have a relatively low fertility rate in Hong Kong, they have children in other places including the Mainland. A Member has said earlier that the number of applications for certificate of no marriage records is decreasing, I believe few people would give birth and get married in the Mainland in the future. We have examined this with the C&SD and we think that it may not be the case. We find from our search on the numbers of applications for certificate of no marriage records since 1986 that there was a peak of application before the reunification. I am not sure if many people got married to celebrate the reunification then, but there were 29 000 people who got married that year. Perhaps many people wished to get married because of the economic prosperity in the 1990s. However, the relevant numbers have substantially decreased in recent years. Despite that, since 1999, 15 000 to 16 000 have men applied for certificates of no marriage records every year, most probably for getting married in the Mainland, the Philippines or other places. Assuming that every man gives birth to one child within the next five years and bring one spouse to Hong Kong, at least 30 000 people would wish to enter Hong Kong for the purpose of settlement every year. In other words, the population growth rate in the long run depends to a very large extent on the numbers of spouses and children of Hong Kong people from foreign places who enter Hong Kong for the purpose of settlement. For this reason, the immigration policy is very important to determining the growth and quality of our population in the long run.

Having explained these factors, I would like to respond to some questions raised by Members. In respect of raising the quality of the local population, I fully agree with Members that our efforts should start with education and training. In the debate over the motion on associate degree just now, the Secretary for Education and Manpower pointed out that the Government would spend more than \$60 billion on education every year, which was an enormous amount. Only more than \$20 billion is spent on the whole security portfolio while more than \$60 billion is spent on education, thrice the expenditure on security, and one third of the expenditure on education is spent on tertiary education. I also agree with the suggestion made by some Members that, besides education and training, we should raise the civic awareness of the local population, not merely the skills level. We must also develop good awareness and sound ideals in them so that they would love their country and society and become people with commitment. We would then be able to develop a quality population.

As to the imported population, several Members have mentioned the quota of 150 OWPs per day. A number of Members and editorials have pointed out that we should get back the authority of vetting OWPs from the Central Government. I have to clarify, as I indicated in the past, that OWPs are the exit/entry documents of the Mainland issued by the mainland authorities, thus, it is inappropriate for us to ask the issuing authorities in the Mainland to hand over to us the authority of vetting OWPs. Similarly, the Director of Immigration issues the Certificate of Entitlement and it is impossible for the mainland public security authorities to have the authority of vetting. Having said that, however, it is not true to say that Hong Kong does not have any influence on the structure and numbers of mainlanders coming to Hong Kong. Article 22 para 4 of the Basic Law specifies that "For entry into the Hong Kong Special Administrative Region, people from other parts of China must apply for approval. Among them, the number of persons who enter the Region for the purpose of settlement shall be determined by the competent authorities of the Central People's Government after consulting the government of the Region." It has been clearly stated in the Basic Law that the number of persons who enter the Region for the purpose of settlement shall be determined after consulting the government of the Region. Actually, we also did so before the reunification. In the 1950s, 50 OWP holders entered Hong Kong for the purpose of settlement every day. In 1982, we increased the quota to 150 persons, but the British Hong Kong Government proposed and the mainland authorities agreed to reducing the quota to 75 persons in the same year. Why did we increase the quota to 150 persons again later? It was proposed by British Hong Kong Government to the mainland authorities. After the Basic Law has come into effect, under Article 24 para 2(3) of the Basic Law, persons of Chinese nationality born outside Hong Kong to the permanent residents of the Hong Kong Special Administrative Region (SAR) have the right of abode in Hong Kong. So in anticipation of this and to allow these entitled persons to enter Hong Kong for the purpose of settlement, in early 1990s, the British Hong Kong Government requested negotiations with the mainland authorities on increasing the quota of 75 persons in two stages. The quota doubled in 1993 and 1995 and increased to 150, 45 of which were given to children with the right of abode while 30 were given to spouses who had been segregated for a long period of time. Thus, the Government has influence on the number and structure of mainland people entering Hong Kong for the purpose of settlement. I believe we can similarly make the relevant requests to the Central People's Government in the future.

Many Members have the consensus that many children of Hong Kong people with the right of abode have already entered Hong Kong and some

application figures and the queuing time indicate that many people below the age of 20 have already entered Hong Kong for settlement. In other words, the mountains of queues are being gradually levelled and the queuing situation of women segregated from their spouses in Hong Kong for long has improved. Although the situation has improved, the dependants of Hong Kong people in Guangdong Province still have to wait for around eight years while those in Fujian Province have to wait for five years. However, the waiting time outside these two provinces is shorter. Under such circumstances, there is certainly room for adjusting the OWP quota and we agree so. I also agree with Members that, besides family reunion, we should also absorb mainland talents. As a lot of major mainland cities such as Beijing, Guangzhou and Shenzhen have the slogan of "Controlling population and Absorbing talents", in the long run, we should make some suggestions to the Central Government and consider how more mainland talents would be absorbed apart from the existing schemes for the admission of professionals and talents. The settlement in Hong Kong of investors with money or people with various skills would make Hong Kong a more diversified and energetic society with higher population quality. In other words, the Government shares a consensus with Members to a very large extent on this subject.

As regards how the relevant policy would be implemented in the future, I wish to restate in closing that the Chief Executive stated at a seminar on "Population Ageing: Opportunities and Challenges" on 8 June that, with continuous population ageing, to maintain our economic vitality and competitiveness, we should formulate a comprehensive population policy and absorb talents in the light of such factors as the direction of our economic development, manpower demand, land resources, immigration and emigration including the number of mainland people who enter Hong Kong as well as protecting the employment opportunities of local workers. This would be the most important task of the Second SAR Government when it starts operating. I would also reiterate to Members that the task would not be under the sole charge of the Security Bureau, for it is only one of the Policy Bureaux participating in the task. The relevant policy would not be purely formulated by one bureau and I believe there would be a trans-bureau working group to conduct studies in various aspects at that time in order to formulate this long-term population policy. Madam President, I fully agree with the motion proposed by Mr James TIEN today and I support the motion in principle. When the Second SAR Government starts operating, we would regard this as the most important task.

Thank you, Madam President.

**PRESIDENT** (in Cantonese): Mr James TIEN, you still have six minutes 14 seconds for your reply.

**MR JAMES TIEN** (in Cantonese): Madam President, first of all, I wish to thank those Members who have spoken for their many valuable views. My thanks also go to the Secretary for her response. In her response earlier on, the Secretary, unlike the past practice, did not merely read out the speech on hand. Rather, she gave an immediate response to Members after listening to their views. What a good principal official-to-be under the accountability system for principal officials! *(Laughter)*

Madam President, with regard to the motion on population policy moved by me today, it appears that our discussion has only involved the quota of 150 per day for mainlanders to come to live in Hong Kong and also such questions as professionals, investment, settlement, and so on. But in fact, there are still many more issues that we do not have the opportunity to touch on.

Under the general principle of "one country, two systems", it is very difficult to predict and formulate a population policy in Hong Kong. In the United States, for example, there is certainly a population policy for it is a vast country; even for a country as small as Singapore, they can still formulate a population policy. But the problem in Hong Kong is that in recent years, Hong Kong people have kept on bringing their money to the Mainland for investment. Those who go to the Mainland for work are often not the general public or "wage earners", and most of them are professionals in Hong Kong. In the past, those who went to the Mainland to run a factory were manufacturers, managers, and so on, but now it is the professionals, such as accountants, lawyers, and so on, who go to the Mainland. On the contrary, however, it is utterly difficult for professionals and investors in the Mainland to come to Hong Kong.

Miss Cyd HO mentioned earlier in the debate that foreign countries do not have this problem. In countries such as the United Kingdom and the United States, for instance, professionals and investors are always welcome. They can very easily obtain a permit for residency. They can become permanent residents so long as they have lived there for seven years and then they can bring their families and children along to settle in those countries. Therefore, professionals and investors can very easily and are more than happy to go to those countries. On the contrary, for mainlanders who apply to come to Hong

Kong, be they professionals or talents, the authorities only allow the applicant alone to come to Hong Kong, subject to many restrictions. As mentioned by Members earlier on, there are numerous opportunities for development in the Mainland. If we go to Shanghai and invite someone who has a monthly income of \$20,000 to come to Hong Kong, even we are willing to pay him some \$50,000 or \$60,000, or even \$70,000 a month, he still may not wish to come, for he and his family already enjoy the same standard of living in the Mainland.

Therefore, to successfully attract talents to Hong Kong, we must actively promote Hong Kong to professionals and investors in the Mainland. Obviously, many of these people in the Mainland are already permitted by the country to go abroad, just that they choose to go to countries such as Canada, the United States or Singapore. I think we must not let opportunities go over to others, and we should encourage these professionals and investors to come to Hong Kong.

A number of Members also asked: Why do we not make an effort to nurture the younger generation of Hong Kong? The Liberal Party considers that we can indeed nurture the younger generation, but it is impossible for us to train all the young people to become professionals. Students' academic performance is certainly pyramid-like, with some performing better, some average and some less satisfactory. This is also the case in the Mainland. If we can invite the best professionals in the Mainland to come to Hong Kong, it will be beneficial to Hong Kong economy in the long run. If such being the case, students whose academic performance is fair or relatively poor will have more opportunities for employment and for doing business as a result of more investors coming to invest in Hong Kong.

In fact, banks in Hong Kong are now awash with cash, but why are they willing to lend money to citizens to purchase flats at an interest rate of the "prime rate (P) minus 2%"? It is because no one from the industrial and business sector is taking out loans from banks at "P" or "P plus 1%" to do business. Why? One reason is that most people in the industrial and commercial sector have no business; the other reason is that investors with capital cannot find talents who can help with their business.

To facilitate economic development, we must have capital, managerial personnel (including professionals) and wage earners. Many employers do have capital, but it is impossible for them to take care of everything himself. Even if he has hired a group of employees, but without the assistance of

middle-level management staff or executives, he may prefer not to or may not dare to do business.

The "professionals" mentioned by us is only a very general term. In Hong Kong, the demand for professionals arises not only in the information technology and financial services sectors. Other industries also have this demand, and they are also willing to recruit professionals by offering them a monthly salary of tens of thousands of dollars. I believe those who are qualified to apply to come to Hong Kong as professionals are definitely not making an income of only some \$10,000 a month. Given so many opportunities for development in the Mainland, why would they want to come to Hong Kong? I believe professionals who come to Hong Kong for development all have a high income and are genuinely useful to Hong Kong.

It is a pity that Mr LEUNG Yiu-chung is not in the Chamber now, because I would like to respond to a point raised by him earlier on. We consider that attracting more people to come to Hong Kong for investment and more professionals to work here would in any case benefit the grass-roots wage earners. Although there are now 150 mainlanders coming to Hong Kong every day, it is regrettable that most of them come here to find jobs, whereas fewer and fewer people are coming for investment. In fact, if we can attract more investors from the Mainland to invest in Hong Kong and invite more managerial talents to come to take up such posts as managers, I believe many wage earners in Hong Kong and also mainlanders who come to Hong Kong for settlement will have more employment opportunities.

Thank you, Madam President.

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

(Members raised their hands)

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

(No hands raised)

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

#### **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 19 June 2002.

*Adjourned accordingly at a quarter to Ten o'clock.*

### WRITTEN ANSWER

#### Written answer by the Chief Secretary for Administration to Mr LAU Kong-wah's and Mr Jasper TSANG's supplementary questions to Question 2

In regard to the supplementary question on corruption cases involving employees of public bodies raised by the Honourable LAU Kong-wah, our reply is as follows:

The three public bodies against which the Independent Commission Against Corruption has received the most corruption reports in the past five years are the Hospital Authority, the Hong Kong Telephone Company Limited and the Hong Kong Jockey Club. A table showing the number of reports (including pursuable reports) received by the three bodies is given below:

	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>Total</i>
Hospital Authority	44 (26)	41 (22)	37 (21)	43 (26)	59 (39)	224 (134)
Hong Kong Telephone Company Limited	13 (10)	56 (50)	22 (21)	31 (31)	62 (54)	184 (166)
Hong Kong Jockey Club	30 (14)	28 (10)	22 (10)	26 (12)	29 (12)	135 (58)

( ) Pursuable reports

**Annex II****WRITTEN ANSWER****Written answer by the Chief Secretary for Administration to Mr CHAN Kwok-keung's supplementary question to Question 2**

In regard to the supplementary question on corruption cases involving employees of public bodies raised by the Honourable CHAN Kwok-keung, our reply is as follows:

Public bodies referred to in the Prevention of Bribery Ordinance include government departments, the Executive Council, the Legislative Council, District Councils, boards and committees appointed by or on behalf of the Chief Executive or the Chief Executive in Council and the 90 public bodies listed in Schedule 1 of the Ordinance.

Since the various boards and committees are normally serviced by civil servants and do not employ their own staff, the Community Relations Department of the Independent Commission Against Corruption (ICAC) concentrates its preventive education work for public bodies on the 90 public bodies included in Schedule 1 and their employees. These bodies are of different business nature, including bus companies, universities, hospitals, regulatory bodies and mass media corporations. Over the past years, many of the public bodies have undergone some structural and staff changes. We therefore do not have detailed information or the actual number of employees of public bodies.

The ICAC has always been pro-active in maintaining a close liaison with the public bodies with a view to providing corruption prevention services and disseminating anti-graft messages. Response from public bodies has been very favourable. In the past five years, visits were made to 83 public bodies and training seminars were arranged for 66 of them, reaching 31 000 officers of different levels.

Besides, nearly all of the 90 public bodies have incorporated corruption prevention talks in their induction course for newly joined staff. Apart from providing explanation on anti-corruption legislation, these talks also focus on the handling of possible corrupt practices and ethical dilemmas at work.

**WRITTEN ANSWER** — *Continued*

In the year 2002-03, the ICAC will continue to promote the integrity culture within the public bodies. Our working plan includes enhancing liaison with managers, assisting the public bodies in strengthening their system control and formulating staff codes of conduct, organizing seminars to facilitate exchanges on corruption preventive experiences, arranging training seminars, assisting the public bodies to organize integrity promotion programmes and producing corruption prevention guidelines on professional ethics.

**Annex III****WRITTEN ANSWER****Written answer by the Chief Secretary for Administration to Mr James TO's supplementary question to Question 2**

In regard to the supplementary question on corruption cases involving employees of public bodies raised by the Honourable James TO, our reply is as follows:

Through the pro-active strategy, the Operations Department of the Independent Commission Against Corruption adopts a planned approach to develop intelligence with a view to detecting corruption through the use of informants, official and personal contacts, undercover operations and information gathered during the course of on-going investigations. The Department also cultivates a partnership with other law enforcement agencies, government departments and regulatory bodies to make fighting corruption a shared responsibility. The strategy has proved to be effective. We cannot quantify the resources allocated to the proactive strategy since officers in every investigating section, in addition to their given investigative duties, are conscious of the need to establish liaison, to cultivate informants and to obtain information from various channels to unearth corrupt activities. During the past five years, there were 237 prosecution cases resulting from pro-active investigations, constituting 22% of the total number of cases. Tables showing a breakdown of the cases and number of persons prosecuted resulting from the pro-active strategy in the past five years are given in Annexes A and B respectively.

## WRITTEN ANSWER — *Continued*

### Cases prosecuted and those resulting from proactive investigations (1997-2001)

	1997		1998		1999		2000		2001		Total (1997-2001)	
	(I)	(II)										
	<i>Total No. of cases prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of cases prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of cases prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of cases prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of cases prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of cases prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>
Government Sector	28	2 (7%)	33	11 (33%)	30	7 (23%)	40	8 (20%)	29	5 (17%)	160	33 (21%)
Public Bodies	5	2 (40%)	9	1 (11%)	7	3 (43%)	8	2 (25%)	9	2 (22%)	38	10 (26%)
Private Sector	123	21 (17%)	144	35 (24%)	183	51 (28%)	235	46 (20%)	189	41 (22%)	874	194 (22%)
Total	156	25 (16%)	186	47 (25%)	220	61 (28%)	283	56 (20%)	227	48 (21%)	1 072	237 (22%)

## WRITTEN ANSWER — *Continued*

### Persons prosecuted and those resulting from proactive investigations (1997-2001)

	1997		1998		1999		2000		2001		Total (1997-2001)	
	(I)	(II)										
	<i>Total No. of persons prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of persons prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of persons prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of persons prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of persons prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>	<i>Total No. of persons prosecuted</i>	<i>Of (I), No. resulting from proactive investigations (% of Sector)</i>
Government Sector	42	3 (7%)	55	17 (31%)	40	14 (35%)	59	12 (20%)	61	14 (23%)	257	60 (23%)
Public Bodies	5	2 (40%)	15	5 (33%)	12	6 (50%)	12	3 (25%)	10	2 (20%)	54	18 (33%)
Private Sector	268	53 (40%)	312	83 (27%)	452	176 (39%)	537	119 (22%)	464	82 (18%)	2 033	513 (25%)
<b>Total</b>	<b>315</b>	<b>58 (18%)</b>	<b>382</b>	<b>105 (27%)</b>	<b>504</b>	<b>196 (39%)</b>	<b>608</b>	<b>134 (22%)</b>	<b>535</b>	<b>98 (18%)</b>	<b>2 344</b>	<b>591 (25%)</b>

## WRITTEN ANSWER

**Written answer by the Chief Secretary for Administration to Mr LAU Chin-shek's supplementary question to Question 5**

According to the Legal Aid Department, the number of such applications for legal aid processed during the past two years and the corresponding number refused on grounds of means are:

<i>Year</i>	<i>Ordinary Legal Aid Scheme (OLAS)</i>		<i>Supplementary Legal Aid Scheme (SLAS)</i>	
	<i>No. of Applications processed</i>	<i>No. of Refusals on Means*</i>	<i>No. of Applications processed</i>	<i>No. of Refusals on Means</i>
2000	1 463	273 (18.7%)	90	0 (0%)
2001	1 480	153 (10.3%)	93	4 (4.3%)

\* Applications who have been refused legal aid under the OLAS on grounds of means are advised to apply for legal aid under the SLAS.

In 2000, among the 273 applications refused on grounds of means under the OLAS, 191 applicants are financially eligible for legal aid under the SLAS. As regards 2001, among the 153 applications refused on means under the OLAS, 112 are financially eligible for legal aid under the SLAS.