

# OFFICIAL RECORD OF PROCEEDINGS

**Wednesday, 17 October 2001**

**The Council met at half-past Two o'clock**

## **MEMBERS PRESENT:**

THE PRESIDENT

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

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

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

THE HONOURABLE DAVID CHU YU-LIN, J.P.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE ALBERT HO CHUN-YAN

IR DR THE HONOURABLE RAYMOND HO CHUNG-TAI, J.P.

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE MARTIN LEE CHU-MING, S.C., J.P.

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 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 MRS MIRIAM LAU KIN-YEE, J.P.

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

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

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE SZETO WAH

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

THE HONOURABLE LAW CHI-KWONG, J.P.

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

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

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

THE HONOURABLE LI FUNG-YING, J.P.

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

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

THE HONOURABLE MICHAEL MAK KWOK-FUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

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

DR THE HONOURABLE LO WING-LOK

THE HONOURABLE WONG SING-CHI

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE IP KWOK-HIM, J.P.

THE HONOURABLE LAU PING-CHEUNG

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

THE HONOURABLE MA FUNG-KWOK

**MEMBER ABSENT:**

THE HONOURABLE BERNARD CHAN

**PUBLIC OFFICERS ATTENDING:**

THE HONOURABLE DONALD TSANG YAM-KUEN, J.P.  
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

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

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

### **CLERKS IN ATTENDANCE:**

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

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

**TABLING OF PAPERS**

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Fugitive Offenders (Sri Lanka) Order .....	203/2001
Fugitive Offenders (Portugal) Order .....	204/2001
Election Committee (Subscribers and Election Deposit for Nomination) Regulation .....	205/2001
Legislative Council (Subscribers and Election Deposit for Nomination) (Amendment) Regulation 2001 .....	206/2001
Distribution of Number of Members Among Designated Bodies (Election Committee) Order 2001 .....	207/2001
Electoral Affairs Commission (Nominations Advisory Committees (Election Committee)) Regulation ..	208/2001
Electoral Affairs Commission (Nominations Advisory Committees (Legislative Council)) (Amendment) Regulation 2001 .....	209/2001
Electoral Affairs Commission (Electoral Procedure) (Election Committee) Regulation .....	210/2001

## Other Papers

- No. 4 — Electrical and Mechanical Services Trading Fund Annual Report 2000/01
- No. 5 — Companies Registry Annual Report 2000-01

- No. 6 — The Land Registry Trading Fund Hong Kong  
Annual Report 2000-01
- No. 7 — The Legislative Council Commission  
Annual Report 2000-2001

## WRITTEN ANSWERS TO QUESTIONS

### Prices of Primary and Secondary School Textbooks

1. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding the prices of primary and secondary school textbooks, will the Government inform this Council whether:*

- (a) *it has statistics on the average annual rates of increase in the prices of textbooks for each grade in primary and secondary schools in the past 10 years; if so, of the details, and how such figures compare to the inflation rates in the corresponding years;*
- (b) *it has studied the reasons for the increase in the prices of textbooks every year, and whether it is necessary for textbooks to be revised so frequently; and*
- (c) *it plans to strengthen communication with the publishers with a view to understanding the difficulties they encounter as well as subjecting the prices of textbooks to some limited regulation?*

**SECRETARY FOR EDUCATION AND MANPOWER** (in Chinese): Madam President,

- (a) The Education Department (ED) does not have figures on the increase in textbook prices at individual school levels. However,

information provided by the Consumer Council on textbook prices as compared with the Consumer Price Index (CPI) in the last 10 years is attached at appendix.

- (b) The ED collaborates with the Consumer Council in conducting their annual surveys on textbook prices and expenditure spent by students on textbooks. According to the findings of the Consumer Council, the main reasons given by publishers for the increase in textbook prices included: the high cost for textbook production; the increase in the cost of printing due to improved printing quality and rise in the price of paper; the higher manpower cost as a result of the introduction of the Mandatory Provident Fund; and the development cost for IT-based teaching materials and reference materials for teachers.

Regarding revision of textbooks, the ED clearly stipulates that, except for a few subjects which require updating from time to time, a textbook will not be permitted to be revised within three years after it has been included in the Recommended Textbook List. Even after the three-year period, revision will only be approved if there are sufficient reasons.

- (c) The ED maintains liaison with textbook publishers' associations. Apart from regular meetings, the Department also frequently exchanges views with publishers on problems related to textbooks. Recently, a special meeting on the increase in textbook prices was held with publishers' associations. The difficulties faced by the industry and ways to lower textbook prices were discussed. The high cost for developing teaching aids, in particular IT-based teaching materials and other reference materials for teachers, and publishing textbooks within a short time span were cited by publishers as their difficulties. However, publishers agreed to look into the matter and to propose to the ED shortly on ways to stabilize textbook prices.

## Appendix

Average expenditure on purchasing textbooks  
and corresponding percentage increase/decrease  
at primary and secondary levels from 1992-2001(1)

Year	Level	<i>Primary level</i>		<i>Secondary level</i>			<i>Change in Consumer Price Index (2)</i>
		<i>Average expenditure on purchasing textbooks</i>	<i>Average increase</i>	<i>Level</i>	<i>Average expenditure on purchasing textbooks</i>	<i>Average increase</i>	
2001	P1	\$1,544.9	6.8%	S1	\$2,330.2	5.2%	
	P2	\$1,525.7	5.5%	S2	\$2,028.6	3.9%	
	P3	\$1,552.3	7.4%	S3	\$2,032.7	5.0%	
	P4	\$1,571.6	12.3%	S4	\$1,936.4	3.9%	-2.5%
	P5	\$1,502.1	9.6%	S5	\$1,197.9	2.5%	
	P6	\$1,469.9	12.6%	Average	\$1,905.2	4.3%	
	Average	\$1,527.8	9.0%				
2000	P1	\$1,401.6	2.1%	S1	\$2,129.0	3.5%	
	P2	\$1,431.7	4.1%	S2	\$1,912.5	5.3%	
	P3	\$1,425.8	11.4%	S3	\$1,922.4	4.8%	
	P4	\$1,394.3	5.2%	S4	\$1,956.1	2.0%	-4.9%
	P5	\$1,371.7	7.0%	S5	\$1,240.9	2.1%	
	P6	\$1,246.3	6.5%	Average	\$1,832.2	3.5%	
	Average	\$1,378.6	6.0%				
1999	P1	\$1,372.8	3.9%	S1	\$2,127.4	-1.4%	
	P2	\$1,367.1	11.7%	S2	\$1,904.6	-1.8%	
	P3	\$1,319.3	5.9%	S3	\$1,885.6	-2.2%	
	P4	\$1,346.7	8.2%	S4	\$1,863.5	-3.1%	-0.3%
	P5	\$1,266.1	10.0%	S5	\$1,188.7	-4.6%	
	P6	\$1,197.5	4.0%	Average	\$1,793.9	-2.6%	
	Average	\$1,311.6	7.3%				

Year	Level	Primary level		Level	Secondary level		Change in Consumer Price Index (2)
		Average expenditure on purchasing textbooks	Average increase		Average expenditure on purchasing textbooks	Average increase	
1998	P1	\$1,247.2	20.5%	S1	\$2,173.5	10.3%	5.4%
	P2	\$1,158.1	15.5%	S2	\$1,860.2	8.2%	
	P3	\$1,164.7	23.8%	S3	\$1,911.3	9.2%	
	P4	\$1,205.8	26.3%	S4	\$1,910.4	8.1%	
	P5	\$1,141.8	12.4%	S5	\$1,200.6	5.3%	
	P6	\$1,124.1	14.0%	Average	\$1,811.2	8.2%	
	Average	\$1,173.6	18.8%				
1997	P1	\$1,051.6	11.8%	S1	\$1,933.3	9.3%	6.0%
	P2	\$1,006.5	17.6%	S2	\$1,720.7	9.9%	
	P3	\$931.6	12.0%	S3	\$1,693.9	9.4%	
	P4	\$965.1	9.0%	S4	\$1,937.7	11.5%	
	P5	\$1,021.4	8.5%	S5	\$1,229.8	13.6%	
	P6	\$1,004.5	8.8%	Average	\$1,703.1	10.7%	
	Average	\$996.8	11.3%				
1996	P1	\$916.4	11.6%	S1	\$1,791.9	13.6%	8.1%
	P2	\$813.0	-1.5%	S2	\$1,565.8	13.2%	
	P3	\$825.5	-3.2%	S3	\$1,568.7	12.5%	
	P4	\$864.0	-2.7%	S4	\$1,639.2	10.9%	
	P5	\$873.9	-3.2%	S5	\$1,113.6	12.6%	
	P6	\$864.4	-2.5%	Average	\$1,535.9	12.6%	
	Average	\$859.5	-0.2%				
1995	P1	\$814.8	16.7%	S1	\$1,558.6	15.3%	9.4%
	P2	\$819.5	15.4%	S2	\$1,401.0	17.8%	
	P3	\$824.1	15.6%	S3	\$1,468.0	13.6%	
	P4	\$858.3	15.9%	S4	\$1,368.8	15.9%	
	P5	\$861.8	15.4%	S5	\$973.6	11.4%	
	P6	\$859.1	14.3%	Average	\$1,354.0	14.8%	
	Average	\$839.0	15.6%				

Year	Level	<i>Primary level</i>		Level	<i>Secondary level</i>		<i>Change in Consumer Price Index (2)</i>
		<i>Average expenditure on purchasing textbooks</i>	<i>Average increase</i>		<i>Average expenditure on purchasing textbooks</i>	<i>Average increase</i>	
1994	P1	\$708.9	12.9%	S1	\$1,460.3	15.7%	
	P2	\$703.4	12.5%	S2	\$1,247.0	12.1%	
	P3	\$711.3	12.5%	S3	\$1,310.4	12.1%	
	P4	\$740.3	11.0%	S4	\$1,264.8	10.1%	8.5%
	P5	\$754.0	10.3%	S5	\$833.6	6.9%	
	P6	\$738.0	9.9%	Average	\$1,223.2	11.4%	
	Average	\$726.0	11.5%				
1993	P1	\$650.3	15.5%	S1	\$1,397.8	10.1%	
	P2	\$649.3	15.8%	S2	\$1,184.3	11.9%	
	P3	\$662.1	15.0%	S3	\$1,239.5	13.8%	
	P4	\$692.8	14.8%	S4	\$1,283.0	11.2%	9.4%
	P5	\$707.5	15.0%	S5	\$730.7	8.2%	
	P6	\$693.5	14.6%	Average	\$1,167.1	11.1%	
	Average	\$675.9	15.1%				
1992	P1	\$592.6	16.1%	S1	\$1,274.7	14.5%	
	P2	\$594.0	16.4%	S2	\$1,059.2	13.8%	
	P3	\$610.8	15.1%	S3	\$1,083.3	13.5%	
	P4	\$633.9	13.1%	S4	\$1,212.1	8.7%	10.6%
	P5	\$647.3	12.6%	S5	\$837.3	23.2%	
	P6	\$644.3	14.4%	Average	\$1,093.3	14.7%	
	Average	\$620.5	14.6%				

Average expenditure on purchasing textbooks  
at primary and secondary levels (1)

Year	<i>Primary level</i>		<i>Secondary level</i>		<i>Change in Consumer Price Index (2)</i>
	<i>Average expenditure on purchasing textbooks</i>	<i>Average increase</i>	<i>Average expenditure on purchasing textbooks</i>	<i>Average increase</i>	
2001	\$1,527.8	9.0%	\$1,905.2	4.3%	-2.5%
2000	\$1,378.6	6.0%	\$1,832.2	3.5%	-4.9%
1999	\$1,311.6	7.3%	\$1,793.9	-2.6%	-0.3%
1998	\$1,173.6	18.8%	\$1,811.2	8.2%	5.4%
1997	\$996.8	11.3%	\$1,703.1	10.7%	6.0%
1996	\$859.5	-0.2%	\$1,535.9	12.6%	8.1%
1995	\$839.0	15.6%	\$1,354.0	14.8%	9.4%
1994	\$726.0	11.5%	\$1,223.2	11.4%	8.5%
1993	\$675.9	15.1%	\$1,167.1	11.1%	9.4%
1992	\$620.5	14.6%	\$1,093.3	14.7%	10.6%

- (1) Expenditure on purchasing textbooks and the corresponding percentage increase/decrease in expenditure are based on random sampling of schools of the year.
- (2) Consumer Price Indices (CPIs) used in 1992 and 1993 are CPI(B) while the others are Composite CPI. CPI change is the average CPI for the 12 months ended in May of that year compared with the average CPI for the 12 months ended May of the previous year.

### **Air Samples for Joint-Study of Air Quality in Pearl River Delta Region**

2. **MISS CHOY SO-YUK** (in Chinese): *Madam President, on 21st of last month, the Secretary for the Environment and Food advised in a written reply to a supplementary question raised in this Council that, the consultancy firm commissioned to conduct the Joint-Study of Air Quality in the Pearl River Delta Region had used the air quality data collected from 11 general air monitoring stations in Hong Kong and 21 stations on the mainland side of the Pearl River Delta Region. The firm had also chosen two locations in Hong Kong and 17 in the Mainland for collecting air samples for further analysis. The air sampling*

*locations in Hong Kong are situated at Tsing Yi and Tai Po, whereas 12 of such sampling locations in the Mainland are situated in Guangzhou. In this connection, will the Government inform this Council whether it knows:*

- (a) why the firm had chosen Tsing Yi and Tai Po, instead of other more densely-populated areas with worse air quality, for the purpose of collecting air samples; whether it has assessed if the samples collected from these two areas only are sufficient to reflect the air quality of Hong Kong;*
- (b) given the extensive geographical coverage of the Pearl River Delta Region, why the firm, when choosing the 17 locations for collecting air samples, had decided on Guangzhou as the area in which a majority of such locations were chosen; and*
- (c) of the 12 air sampling locations in Guangzhou, how many are in the busy urban areas and how many in the suburbs?*

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

- (a) The data that the consultancy firm uses came mainly from the general air quality monitoring stations of the Environmental Protection Department. These 11 monitoring stations are located at various districts throughout Hong Kong, including densely populated areas. The data are sufficient to reflect the general air in Hong Kong. To support the study of photochemical smog in the Pearl River Delta Region, the consultancy firm collected additional air samples from Tsing Yi and Tai Po to obtain data on concentrations of volatile organic compounds in the vicinity of major trunk roads and industrial areas.
- (b) The consultancy firm had collected basic data from 21 air quality monitoring stations located within the Pearl River Delta Region in the Mainland. It had taken air samples at 17 additional locations in order to strengthen the study on the impact of different developments and land uses on air quality. Twelve of them were

within Guangzhou City (detailed locations at Appendix) because Guangzhou City has high population density, active industrial and commercial operations and is a centre of economic activities in the Pearl River Delta Region, and therefore the data have a high reference value.

- (c) Of the 12 additional locations where air samples were collected, seven are in urban areas, including residential areas, combined industrial/residential areas, combined commercial/residential areas and major roads. The remaining five are in suburbs and rural areas.

#### Appendix

##### Locations of 12 additional sites in Guangzhou City where air samples were collected

1. Luhu Park
2. Tianhe
3. Huangpu
4. Yuexiu
5. Baiyunshan
6. Longgui
7. Guang - Shen Highway (near Shahe)
8. Panyu - Lianhuashan
9. Panyu - Xinken County
10. Zengcheng - Xiancun Town
11. Huadu
12. Conghua

#### **News Coverage Activities of Hong Kong and Macao Journalists in Mainland**

3. **MISS CYD HO** (in Chinese): *Madam President, to facilitate the news-covering activities in the Mainland of the Hong Kong Special Administrative Region (HKSAR) and the Macao Special Administrative Region journalists, since early this month the relevant department in the Mainland has allowed Hong Kong and Macao media institutions to apply for setting up permanent reporter stations*

*and stationing permanent journalists in Beijing and any places in other provinces and municipalities. Regarding the news-covering activities of Hong Kong and Macao journalists in the Mainland, will the Government inform this Council:*

- (a) of the number of cases in the past five years in which Hong Kong journalists were detained for covering news in the Mainland, as well as the respective numbers of requests for assistance and enquiries in relation to news covering in the Mainland received by the HKSAR Government from local journalists, together with a breakdown of such figures by the type of cases;*
- (b) of the form of assistance currently provided to Hong Kong journalists covering news in the Mainland; whether, in view of the aforesaid new policy, it will amend the existing practice in order to more effectively assist Hong Kong journalists in covering news in the Mainland;*
- (c) whether it will render assistance to the local media institutions whose applications have been refused; if so, of the details; if not, the reasons for that;*
- (d) whether it knows if the current restrictions on Hong Kong and Macao journalists in covering news in the Mainland are different from those on journalists from other territories; if they are different, of the relevant details; and*
- (e) whether, in the past five years, it has proposed to the relevant department in the Mainland that "the seven points to note for Hong Kong and Macao journalists who wish to cover news in the Mainland", promulgated in 1989, should be abolished so that Hong Kong and Macao journalists can cover news in the Mainland freely; if so, of the progress in this regard; if not, the reasons for that?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): Madam President,

- (a) Since the reunification, the HKSAR Government has not received any case of Hong Kong journalists being detained for covering news in the Mainland.

The Office of the HKSAR Government in Beijing (Beijing Office) was set up on 4 March 1999. Up to October this year, the Beijing Office has handled some 2 500 inquiries from Hong Kong media, mainly about details of arrangements of news-covering activities and incidents occurring in the Mainland.

- (b) The Beijing Office renders assistance to Hong Kong media covering news in the Mainland by providing them with relevant information. When officials of the HKSAR Government go on visits or carry out exchange activities in the Mainland, the Beijing Office provides assistance to the media as far as possible by making arrangements for news covering and holding press conferences, briefing sessions, and so on.

As in the past, the Beijing Office will keep close contact with Hong Kong journalists who will station in Beijing or go to the Mainland for news covering in the future, providing them with assistance as well as handling their inquiries.

- (c) Hong Kong media covering news in the Mainland must, in accordance with the relevant national legislation, apply to the Liaison Office of the Central People's Government in HKSAR (Liaison Office). Under the principle of "one country, two systems", the HKSAR Government should not and will not interfere with how mainland departments implement the relevant policies. However, the HKSAR Government will, when necessary, help to relay inquiries made by Hong Kong media to relevant mainland authorities.
- (d) According to the prevailing policy of the Central People's Government (CPC), Hong Kong media have to submit applications for news covering in the Mainland to the Liaison Office. Foreign journalists in Hong Kong also need to apply for permission to cover news in the Mainland. Their applications are handled by the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the HKSAR.
- (e) As far as we know, since the promulgation of the "points to note for Hong Kong and Macao journalists who wish to cover news in the

Mainland" in 1989, a number of declaration and assessment procedures have been streamlined. At present, the basic requirement for Hong Kong journalists covering news in the Mainland is to obtain approval by submitting their applications. If they carry large news-covering equipment (like TV cameras), they have to make declarations according to the Customs requirements. They also have to observe the laws and regulations of the Mainland. Under the principle of "one country, two systems", the HKSAR Government should not and will not interfere with the established policies of the Mainland. However, the Beijing Office does, at the requests made by Hong Kong journalists from time to time, communicate with relevant departments of the Central People's Government.

### **Plan to Build Cross-border Bridge Connecting Hong Kong, Macao and Zhuhai**

4. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that the authorities plan to build a cross-border bridge connecting Hong Kong, Macao and Zhuhai. In this connection, will the Government inform this Council of:*

- (a) *the proposed site for the bridge portal on the Hong Kong side, and whether additional road networks will be constructed to provide access to the proposed site;*
- (b) *the expected commencement date and duration of the construction project; and*
- (c) *the estimated costs and funding sources for the construction of the bridge?*

**SECRETARY FOR TRANSPORT** (in Chinese): Madam President, while we do not at present have any definite plans to build a cross-boundary bridge connecting Hong Kong, Macao and Zhuhai, we will further examine the need for such a bridge in the context of the Hong Kong 2030 — Planning Vision and Strategy Study being undertaken by the Planning Department. The Study, to be completed by end 2002, will take into account relevant factors that determine the

need for this bridge such as latest traffic projections, economic development and planning considerations in Southern China.

### **Provision of Support to Mainstream Schools with Students Having Special Education Needs**

5. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, regarding the provision of support to mainstream schools which have admitted students with special education needs, will the Government inform this Council:*

- (a) *whether, after securing the consent of the parents concerned, it will consider attaching the information of students with special education needs to mainstream schools when the authority delivers the lists of students admitted under the central allocation procedure to them, and making recommendations to the schools on how to assist such students in adapting to the school life as early as possible;*
- (b) *whether the Government has advised the schools on the approaches and provide them with guidelines for assessing whether individual students need special education, thus enabling teachers to identify students with such needs as early as possible; if so, of the details, and of the appropriate time for carrying out such assessments;*
- (c) *of the details of various kinds of support and resources provided to schools in areas such as the special education needs of students, support and services available from the Education Department and matters calling for more attention to be paid by schools; and*
- (d) *of its measures to assist students or schools encountering difficulties in integrated education, and the ways to resolve the differences in opinions between schools and parents regarding the best arrangements to be made for the students concerned?*

**SECRETARY FOR EDUCATION AND MANPOWER** (in Chinese): Madam President,

- (a) At present, the Education Department (ED) will obtain parental consent and forward the information of students with special education needs (SEN) to schools concerned after announcement of

the central allocation results. The relevant section of the ED will also contact schools for arrangement of support services for the students as soon as possible.

The ED will consider forwarding the information of SEN children to mainstream schools together with the central allocation results after obtaining consent from parents concerned and making recommendations on support services for the children so that the schools could understand their special education needs as early as possible.

(b) *Early Identification and Assessment*

In June each year, the ED distributes to all primary schools "Observation Checklist for Teachers (for children with learning difficulties)" and "Observation Checklist for Teacher (for children with speech and language problem)". The checklists are to assist teachers in identifying Primary 1 students suspected to have serious learning difficulties or speech and language problems. The teachers will send the completed checklists to the ED in July so that the students could be referred to the ED for further assessment and arrangement of special education services, if necessary.

Pre-school children identified by the Hospital Authority and Department of Health (DH) as having hearing impairment will be referred to the ED for follow-up before they enrol at kindergartens. The Student Health Service of the DH provides audiological screening and assessment for all primary school students and will refer those with hearing impairment to the ED for follow-up if necessary.

*Guidelines for Teachers*

In 1997, the ED distributed a Teacher's Guide on Understanding and Helping Children with Special Educational Needs" to all schools. The Guide was subsequently revised and distributed to the schools in 2000 and 2001.

A seminar on "Early identification of Primary 1 students with Learning Difficulties" for primary school teachers is held in June every year.

In October 2000, the ED distributed to all primary school the "Hong Kong Specific Learning Difficulties Behaviour Checklist" (for Primary School Pupils) jointly produced by the Department and The Chinese University of Hong Kong, together with a booklet on "Teaching Suggestions on Supporting Pupils with Specific Learning Difficulties". The package is to enhance teachers' skills in identifying and assisting students with specific learning difficulties.

Apart from organizing seminars for teachers from time to time, inspectors of the ED also conduct school-based training. Teachers may, through the school or the student guidance teacher/officer, refer to the ED anytime students suspected to have learning difficulties for further assessment and arrangement of support services.

- (c) The ED has been providing support services and resources for procurement of special equipment for SEN children studying in mainstream schools. Details are set out below:

(1) Students with Hearing Impairment

(i) *Peripatetic Advisory Services*

Students with moderate to profound hearing impairment and having acquired sufficient language skills are integrated in ordinary classes. Inspectors of the ED visit schools regularly to advise teachers and social workers on how best to support these students.

(ii) *Supportive Remedial Service*

Students who are served by the Peripatetic Advisory Service but are grossly backward in their academic attainment are also given Supportive Remedial Service provided by special schools for hearing impaired children.

(iii) *Professional Advice*

Audiologists of the ED provide professional advice to students, teachers and parents such as the use of

hearing aids and ear moulds, and suggest how best the children further their studies.

(2) Students with Visual Impairment

(i) *Resource Help Service*

Some visually impaired children integrated into ordinary schools are provided with Resource Help Service at the regional resource teaching services centres. They receive small group remedial teaching on the three basic subjects and counselling on social adjustment. Resource teachers will conduct school visits to assist those students who cannot go to the centres. Advice to school heads, teachers and parents on how to handle and assist these students are provided during the visits.

(ii) *For Blind Integrators*

Visually-impaired students studying in ordinary schools are supported by visiting resource teachers from Ebenezer School, a special school for the visually-impaired. The resource teachers advise teachers in ordinary schools on various issues, such as teaching strategies, producing supplementary teaching materials, and preparing Braille test/ examination papers and tapes. They also pay regular visits to schools to advise students on the use of technical aids.

(iii) *Centralized Braille Production Centre*

Visually-impaired students may use the Braille reading materials produced by the Centralized Braille Production Centre which is subverted by the ED.

(3) Students with Physical Handicap

Resources teachers of the Resource Teaching Unit conduct school visits every two weeks to assist physically handicapped students who are studying in ordinary schools but are

backward in the basic subjects or have adjustment problems. These students may also attend centre-based sessions once a week during which they will be taught the basic learning skills and give guidance on social adjustment. Schools and parents may also obtain advice from the Resource Teaching Centre on how to handle physically handicapped children.

(4) Students with Learning Difficulties and Mild Grade Mental Handicap

(i) *Intensive Remedial Teaching Programme in Primary School (IRTP)*

The IRTP mainly caters for children with severe learning difficulties. A small number of these students may have been assessed to be intellectually at the mild grade mental handicap range. They will receive intensive remedial support in three basic subjects.

(ii) *Resource Teaching Centre*

Students having severe learning problems but are studying at schools not taking part in the IRTP may seek support services from the 11 regional resource teaching services centres outside school hours.

(5) Students with Autism and Average Intelligence

*Adjustment Programme*

Students with behavioural or social adjustment problems may seek full-time or part-time support services from the six Resource Teaching Services Centres, depending on the severity of their problems. There is also a re-entry programme to prepare school drop-outs to re-enter school.

(6) Whole-School Approach to Integrated Education Programme

The school will map out a school integration policy, create an accepting environment and mobilize school personnel to

support SEN students. This could be done through collaborative teaching, curriculum adaptation, change in teaching practice, use of technical aids, peer support and parental participation.

Schools are advised to pay attention to various kinds of support services provided by the ED and the referral procedures so that the special needs of students can be met promptly.

Apart from the support services mentioned above, the ED has also set up a fund (\$2 million) for schools to apply for procurement of special furniture/equipment or for carrying out minor school conversion work so as to cater for the SEN students.

Apart from the support services mentioned above, primary and secondary schools are encouraged to adopt to a school-based approach to integration. To further promote the spirit of integration in mainstream schools at pre-school level, the ED has launched the Integrated Programmes for Mildly Disabled Children in Kindergartens to develop their potential.

- (d) Whenever students or school personnel encounter difficulties in the implementation of integrated education, they may first approach the Student Guidance Teacher/Officer or the School Social Worker for assistance and guidance. Where necessary, the Student Guidance Teacher/Officer or School Social Worker may refer the case to the ED for further professional advice or arrangement of follow-up support services.

The ED encourages schools and parents to communicate directly to find out how best to assist SEN children to learn effectively. If schools and parents fail to reach a consensus, the Regional Education Offices (REO) of ED will render appropriate assistance and suggest solutions which would serve the best interests of the students.

Upon referral from a parent or a school, REO officers would collect detailed information from relevant parties as soon as possible and conduct meetings with the parent and school representatives to work out arrangements to assist the children concerned.

If the parent and the school fail to reach a consensus at the meeting, the ED will consult outsiders through a case study group. Except for the chairperson, all members of the case study group are drawn from outside the ED. Members include parents, representatives from the education sector and professionals from other sectors (for example, those from the medical or legal fields, educational psychologists, representatives from the field of social work and lay members). The case study group will review the case, explore solutions and put forward mediation proposals to the ED. Having considered the proposals made by the case study group, their practicability, the resources available and other relevant factors, the ED will work out a mediation plan, arrange further mediation with the parent and the school to resolve the issue, and implement the agreed measures.

### **Safety of Certain Contact Lenses Claiming to Reduce Myopia**

6. **MRS SOPHIE LEUNG** (in Chinese): *Madam President, certain contact lenses, which claim to have the effects of reducing myopia temporarily as well as slowing down myopia progression among children and youths growing up, are available in the market. It has been reported that some opticians have pointed out that the use of such lenses might increase the chance of developing corneal ulcers, and a user of such lenses has as a result lost 80% of his eyesight. In this connection, will the Government inform this Council:*

- (a) *Whether it has tested the safety of such lenses; if not, of the reasons for that;*
- (b) *Whether it will consider banning the sale of such lenses; if so, of the timing for imposing such a ban; if not, the reasons for that; and*
- (c) *How it can ensure that people will not sustain injury to their cornea for wearing such lenses?*

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

- (a) Orthokeratology (Ortho-K) was developed in the 1960s where optometrists used daily-wear contact lenses to reshape the cornea

and correct short-sightedness temporarily. The use of Ortho-K lenses, like other contact lenses, carry an inherent risk of injury to the cornea if not used in accordance with the instructions of eye care professionals. The occurrence of complications in Ortho-K lenses wearers depends on the knowledge and skill of the eye care professional prescribing the lenses and the compliance of the wearer in terms of cleansing and disinfection of lenses and adherence to instructions.

In Hong Kong, statutory systems are in place to regulate the standard of those professionals prescribing contact lenses. Under the Supplementary Medical Professions Ordinance (Cap. 359) and its Optometrists Regulations, only qualified professionals are allowed to prescribe contact lenses. The Optometrists Board, which is the statutory body responsible for regulating the professional conduct and practice of optometrists, has recently set up a Working Group to study the standard of care of optometrists in respect of Orthokeratology and whether there are justifications for defining the conditions for the use of Orthokeratology. The Working Group will make recommendations to the Optometrists Board accordingly.

- (b) As mentioned in (a) above, the occurrence of complications in Ortho-K lenses wearers depends on the knowledge and skill of the eye care practitioner prescribing the lenses and the compliance of the wearer in terms of cleansing and disinfection of lenses and adherence to instructions. In the circumstances, there is no conclusive evidence to justify banning of the product. Indeed, Ortho-K is still being used in overseas countries such as the United States and the United Kingdom.
- (c) As part of its public education efforts, the Department of Health advises the public on how to care for their eyes. In view of public concerns about Ortho-K lenses, the Department issued a press release in July 2001 urging consumers to follow the instructions of eye care professionals on the use of contact lenses and to seek professional advice immediately in case of eye discomfort. The Department of Health will continue to monitor the situation.

## Height Restriction on Residential Buildings

7. **MISS EMILY LAU** (in Chinese): *Madam President, upon completion, the residential properties Harbourfront Landmark, which is being developed by Cheung Kong (Holdings) Limited on the waterfront in Hung Hom, The Summit and The Highcliff on Stubbs Road, which are being developed by other developers, will be much higher than buildings in their vicinity. In this connection, will the executive authorities inform this Council:*

- (a) *of the reasons for granting approvals for these developers to develop such residential properties which are much higher than buildings in their vicinity;*
- (b) *whether the Administration has relaxed the building height restriction in the area in which Harbourfront Landmark is situated to allow its developer to construct buildings up to 72-storey high, and subsequently tightened the height restriction for that area so that no building of the same height can be constructed in the area in the future;*
- (c) *whether the Administration, in vetting and approving the permitted heights of the above real estate developments, has considered the damage they will bring to the landscape upon their completion; and*
- (d) *whether the Administration, in vetting and approving the permitted heights of real estate developments in the future, will give paramount consideration to the protection of landscape and require the proposed buildings to be constructed with heights similar to those in their vicinity?*

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

- (a) and (c)

In vetting and approving an application for development, the Government's primary consideration is whether the development is in compliance with the law. Both the statutory Outline Zoning Plans and the land leases contain no restrictions on the heights of the

developments on the sites of the aforesaid three real estate developments.

- (b) Before the relocation of the ex-airport in Kai Tak, the developments in the entire Hung Hom area were subject to statutory Airport Height Restrictions for aviation safety reason. These restrictions have been relaxed as a result of airport relocation.

Except for the new Hung Hom Bay Reclamation, there has so far been no statutory planning restriction on the heights of residential buildings in the Hung Hom area, including the site of Harbourfront Landmark.

- (d) The Planning Department is conducting a second round of public consultation on the recommendations of the study on "Urban Design Guidelines for Hong Kong". Members of the public have expressed different views on whether and how restrictions on the heights of developments should be imposed to preserve the urban landscape. The Government will carefully consider these views and formulate urban design guidelines.

### **Monitoring of Radiation Emission Level of Radiocommunications Apparatus**

8. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, regarding the monitoring of the radiation emission level of radiocommunications apparatus, will the Government inform this Council:*

- (a) *which categories of radiocommunications transmission facilities must comply with the standards set by the International Commission on Non-Ionizing Radiation Protection for their installation in and importation to Hong Kong; if there are any categories of facilities or products which are not required to comply with such standards, of the reasons for that;*
- (b) *as several major mobile phone manufacturers have announced that they will set out information about the Specific Absorption Rates (SAR), a measure of the amount of radiofrequency radiation absorbed by human bodies, of their newly released mobile phones on their packaging, whether it will consider stipulating the maximum permitted SAR value for mobile phones which are on sale in Hong*

*Kong and setting it at the same level adopted by the United States Federal Communications Commission, that is, 1.6W/kg; and*

- (c) *of the measures it will put in place to enable the public to understand the impact of mobile phones' radiation on health?*

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

- (a) All radiocommunications transmission facilities must comply with the safety standards on non-ionizing radiation set by the International Commission on Non-Ionizing Radiation Protection (ICNIRP) or other international organizations for their installation in and importation to Hong Kong.
- (b) While the ICNIRP and the American National Standards Institute/Institute of Electrical and Electronics Engineers (ANSI/IEEE) have developed SAR standards, so far there have been no generally accepted SAR measurement method. The Administration notes that the European Committee for Electrotechnical Standardization (CENELEC) has just adopted a standard SAR measurement method in July 2001. The organization responsible for setting such standards in the CENELEC's member states such as the British Standards Institute has also issued the adopted measurement methods in October 2001. The Office of the Telecommunications Authority (OFTA) is studying the information received with a view to determining whether an SAR standard should be adopted in Hong Kong.
- (c) International authorities such as the World Health Organization and the ICNIRP have reviewed the findings of various studies and considered that so far there is no scientific evidence to suggest exposure to radio-frequency fields will cause adverse health effects. Pending the completion of further studies and to address public concerns on the issue, the OFTA has produced a leaflet on the impact of radio-frequency radiation, including the safety of mobile phones, on human body. Should it be considered necessary to adopt an SAR standard and measurement method, the OFTA will publicize them to ensure the public are fully informed of the latest developments.

## Statistics on Government Rent Collected

9. **MR LAU WONG-FAT** (in Chinese): *Madam President, will the Government inform this Council of the total amount of government rent collected in accordance with Article 121 of the Basic Law by the Government of the Hong Kong Special Administrative Region since 1 July 1997, together with a breakdown by fiscal year and region (the Hong Kong Island, Kowloon and the New Territories)?*

**SECRETARY FOR THE TREASURY** (in Chinese): Madam President, the amounts of government rent and the breakdown by region as requested are as follows:

	<i>Hong Kong Island</i>	<i>Kowloon (included New Kowloon)</i>	<i>New Territories</i>	<i>Total</i>
	<i>\$ million</i>	<i>\$ million</i>	<i>\$ million</i>	<i>\$ million</i>
1 July 1997 to 31 March 1998	354	1,012	1,735	3,101
1 April 1998 to 31 March 1999	487	1,347	2,464	4,298
1 April 1999 to 31 March 2000	404	1,230	2,389	4,023
1 April 2000 to 31 March 2001	499	1,155	2,522	4,176 <sup>1</sup>

The government rent collected from 1 April 2001 to 30 September 2001 was about \$2,290 million<sup>2</sup>.

<sup>1</sup> This figure will be included in the Accounts of the Government for the year ended 31 March 2001. The Accounts of the Government are being examined and audited by the Audit Commission.

<sup>2</sup> This figure is provisional, and subject to confirmation or adjustment. The breakdown of this figure by region will only be available after the end of the current financial year for reasons of computer programming.

**Secondary School Liaison Officers Programme**

10. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding the participation of schools in the Secondary School Liaison Officers Programme organized by the police and the implementation of the programme, will the Government inform this Council:*

- (a) *of the number of schools which have joined the programme;*
- (b) *of the academic qualifications and work experience of police officers who are deployed to implement the programme, as well as details of the training they have received prior to taking up such duties; and*
- (c) *how the authorities ensure that the police officers concerned will maintain a good attitude in their dealings with teachers, students and other staff members of the schools, and that the programme will not bring about a negative impact on campus life?*

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

- (a) All of the 490 secondary schools in Hong Kong are taking part in the Secondary School Liaison Officers Programme.
- (b) A total of 33 Secondary School Liaison Officers (SSLOs) in the Police Sergeant rank have been created to implement the programme. Selection of personnel for SSLO duties is based on police experience, maturity, personality, interpersonal and communication skills with young people and interest in youth liaison work. Two of them are degree-holders whilst most of the rest have completed Form 5 education or above. All of them have served in the Police Force for more than 10 years.

Before taking up the posts of SSLOs, the 33 officers received training courses on school support liaison and effective presentation. Guest speakers from the Education Department and the Social Welfare Department were invited to share their experience with the SSLOs on how to get along with students. Continued training will be provided to enhance their professionalism and capability. These

will include courses on communication and counselling skills, how to handle students with emotional problems, and so on.

- (c) Government departments, including the Education Department, Social Welfare Department, the police, and non-government organizations involved in handling youth matters generally agree that the multi-agency approach is the most effective way to tackle youth problems. Under the programme, SSLOs will establish and maintain close liaison with school management, school social workers, parents and non-government organizations to join hands to prevent juveniles from falling prey to crime. Through review and regular consultations with all stake-holders including in particular school management, the authorities will ensure that the SSLO Programme will contribute to the prevention of juvenile crime and bring about a positive impact on campus life through reducing crime-related problems in secondary schools.

### **Noise Nuisances Caused by Trams in Motion**

11. **MR TAM YIU-CHUNG** (in Chinese): *Madam President, I have received many complaints about the noise nuisances caused by trams in motion to the residents nearby. In this connection, will the Government inform this Council:*

- (a) *whether it measures the noise level of trams in motion on a regular basis; if it does, of the results; if not, the reasons for that;*
- (b) *whether it has requested the Hong Kong Tramways Limited (HKTL) to improve the condition of tracks, such as undulations of tracks, smoothness of seams, and so on, with a view to avoiding loud percussive noises made by trams in motion; if it has, of the details; if not, the reasons for that; and*
- (c) *of the measures in place to abate the noises generated by trams in motion, especially during late night hours and early morning?*

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

- (a) The Government has not measured noise from trams or from other individual types of vehicles travelling on the road. However, we have measured overall traffic noise at different roads, including those where trams operate. The reason is that overall traffic noise can reflect more comprehensively the impact on the community and facilitate the implementation of practicable mitigation measures.
- (b) and (c)

In the past two years, the Environmental Protection Department had asked the HKTL to reduce noise generated from trams making sharp turns or moving on uneven tracks. The HKTL has implemented improvement measures. It has used a new technique known as "Thermit Welding" to smoothen the joints on the track to reduce the noise created as the trams run over them. It has applied the new technique to about 15% of the entire track system, covering 4.5 km. The HKTL will apply the technique to all remaining track sections when they are reconditioned. Moreover, the HKTL has also arranged for staff to spray water on the sharp bends of the track near the depots at Whitty Street and Sai Wan Ho after 10 pm and during the small hours every day to reduce the noise impact on nearby residents.

### **Placing of Advertisements for Promoting Project Springboard**

12. **MR YEUNG YIU-CHUNG** (in Chinese): *Madam President, regarding the placing of broadcasting or publication advertisements for promoting this year's Project Springboard in the media, will the Government inform this Council:*

- (a) *whether it knows of the electronic and printing media in which the advertisements have been broadcast or published, with a breakdown of advertising expenditure by the type of media; and among the advertisements, the ones placed by the Government and those by academic institutions; and*
- (b) *of the criteria adopted by the Government for selecting these media?*

**SECRETARY FOR EDUCATION AND MANPOWER** (in Chinese): Madam President,

- (a) To enhance awareness of Project Springboard among students, parents, teachers and members of the public, the Government and the course provider, that is, the Federation of Continuing Education in Tertiary Institutions (FCE), were widely publicizing the Project through the media and outdoor advertisements over the past few months. A diverse range of promotional channels were deployed, including TV filmclips and features, radio APIs, printed publicity materials, advertisements placed with the three railway companies, other outdoor advertisements, newspaper advertisements and posters. The major expenditure items were as follows:

<i>Category</i>	<i>Expenditure (\$)</i>
Production of TV filmclips and features	125,000
Railway advertisements	1,053,000
Newspaper advertisements	989,000
Exhibitions, printed matter and publicity materials	410,000
Total:	2,577,000

The publicity campaign for Project Springboard was jointly developed by the Government and the member institutions of FCE. It was funded and implemented by the Government. In addition, individual institutions also placed, at their own expenses, advertisements for students enrolment.

- (b) The Government and FCE selected the media on the basis of publicity impact and cost-effectiveness of the advertisements. Factors which were taken into consideration included cost of advertising, media habits of target clients, market coverage of the media, as well as the geographical distribution of the population that could be reached by the media.

## **Contracting out Services by Government Departments and Public Organizations**

13. **MR LEE CHEUK-YAN** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *which government departments and public organizations are planning to contract out their services to private operators in the next 12 months;*
- (b) *in respect of each of these departments, the respective numbers of affected employees who are civil servants on pensionable terms, civil servants on contract terms and government employees on non-civil service contract terms; and*
- (c) *of the consequential number of posts to be deleted by each of these public organizations?*

**SECRETARY FOR THE TREASURY** (in Chinese): Madam President, it has long been the practice of most bureaux and departments to contract out some of their services or work to the private sector in various ways. For example, small printing jobs have been assigned to private printing firms, consultants and contractors have been employed in many capital works or maintenance projects, and most cleansing and security work in government offices has been carried out by contractors. In some cases the contracting out programme, such as the one for refuse collection service, has been accelerated at the request of the Public Accounts Committee. The relevant bureaux and departments will continue to contract out these services or work in the coming 12 months.

As regards new initiatives in contracting out of services or further extending the scale of existing contracting out arrangements, Controlling Officers are vested with the authority to incur expenditure under their charge for engaging contractors subject to the relevant regulations. We have therefore sought information from them in the limited time available. The following is a summary of the information available as of now:

<i>Bureau/Department</i>	<i>Service</i>	<i>Staff affected</i>			<i>Remarks</i>
		<i>pensionable</i>	<i>contract</i>	<i>non-civil service contract</i>	
Buildings Department	Inspection of buildings	-	-	-	More jobs for the private sector
Customs and Excise Department	Cargo handling services — full implementation	-	-	-	More jobs for the private sector
Department of Health	Cleansing in three clinics	-	-	20	Contracting out only upon expiry of current employment contracts of staff
Drainage Services Department	Operation and maintenance of sewage treatment plant and pumping stations	18	-	-	Staff to be redeployed
Education Department	Typing services at Headquarters	9	-	-	Staff will be redeployed
	Clerical and janitor service in government schools	71	-	-	Staff will be redeployed
Environmental Protection Department	Chemical analysis	12	-	-	Existing staff to be redeployed
Fire Services Department	Catering	-	-	31	More jobs for the private sector
	Cleansing	-	-	25	
	Security	-	-	4	
Food and Environmental Hygiene Department	Cleansing service	1 172	-	131	No redundancy due to Voluntary Retirement Scheme and redeployment

<i>Bureau/Department</i>	<i>Service</i>	<i>Staff affected</i>			<i>Remarks</i>
		<i>pensionable</i>	<i>contract</i>	<i>non-civil service contract</i>	
Hong Kong Police Force	Office cleansing	67	-	-	No redundancy due to Voluntary
	Vehicle towing	8	-	-	Retirement Scheme and redeployment
Information Technology Services Department	New IT projects and maintenance of existing systems	-	-	-	More jobs for the private sector
Intellectual Property Department	New and existing IT systems and related office operation service	28	-	-	Staff will be redeployed
Labour Department	Chinese medical practitioners to vet Chinese medical certificates	-	-	-	New service
Leisure and Cultural Services Department	Cleansing, security and horticultural maintenance	350	-	10	No redundancy due to Voluntary Retirement Scheme and redeployment
Marine Department	Hire of six commercial launches for towing and transport	25	-	-	No redundancy due to Voluntary Retirement Scheme and natural wastage
Radio Television Hong Kong	TV and radio programme production	-	-	-	More jobs for the private sector

<i>Bureau/Department</i>	<i>Service</i>	<i>Staff affected</i>			<i>Remarks</i>
		<i>pensionable</i>	<i>contract</i>	<i>non-civil service contract</i>	
Rating and Valuation Department	Vacancy survey of properties	-	-	-	More jobs for the private sector
Transport Department	Survey	18	-	-	Staff to be redeployed
	Management of public transport interchanges	-	-	-	At least 36 more new jobs for the private sector
Treasury	Postal remittance	15	-	-	No redundancy due to Voluntary Retirement Scheme and redeployment
Water Supplies Department	Transport and maintenance	132	-	-	No redundancy due to Voluntary Retirement Scheme and redeployment

It is important to note that, while there will be staff affected, there will be no redundancy leading to compulsory retirement or premature cessation of employment contracts.

As regards public organizations in this reply, we refer to those statutory bodies supported mainly by government funds only. We exclude those statutory bodies operating on self-financing or strictly commercial basis and other subvented bodies providing public services. According to the best of our knowledge within the timeframe available, we are only aware of the following major contracting out schemes in the coming 12 months:

<i>Organization</i>	<i>Service</i>	<i>No. of posts to be deleted</i>	<i>Remarks</i>
Hospital Authority	Laundry at Grantham Hospital	18	Staff will be redeployed
Hospital Authority	Estate management and maintenance — further extension	1 300*	No redundancy due to Voluntary Departure Scheme (VDS) and redeployment.

\*Number depends on number of staff opting for VDS. 3 400 have opted and 1 650 have left so far. Over 1 100 of them have been employed by contractors upon leaving the Civil Service.

### **Recovery of Maintenance Arrears**

14. **MR LAW CHI-KWONG** (in Chinese): *Madam President, regarding the recovery of maintenance arrears by divorcees from their ex-spouses through legal proceedings, will the Government inform this Council of:*

- (a) *the number of cases in which maintenance arrears were recovered by means of Attachment of Income Orders (AIOs) last year; among them, the number of cases in which the full amount of arrears was successfully collected, and the total amount of arrears collected;*
- (b) *the number of cases in which single-parent families receiving Comprehensive Social Security Assistance (CSSA) recovered maintenance arrears from ex-spouses through legal proceedings last year; among them, the number of cases in which the maintenance arrears have not yet been fully recovered;*
- (c) *a breakdown of the public moneys spent on recovering maintenance arrears (including the processing of legal aid and AIOs applications, the issuing and serving of judgement summons and subpoena, hearings, and the collection and recovering of maintenance arrears*

*to the payees) by the Social Welfare Department (SWD), the Legal Aid Department (LAD), the Judiciary and other relevant government departments, and the total amount of such expenses; and*

- (d) *the government departments which are responsible for the proceedings for applying to the Court for AIOs, in order to assist CSSA recipients in recovering maintenance arrears?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): Madam President,

- (a) In the year from 1 September 2000 to 31 August 2001, the Judiciary received 78 applications for AIOs. There were 17 cases in which the Court ordered the arrears to be paid in full. The total amount involved was \$82,100 per month. The remaining 61 cases consist of those where proceedings have not been completed or the applicants have not continued their actions.
- (b) According to the SWD, during the same year there were 62 cases in which single parents receiving CSSA sought to recover maintenance arrears from ex-spouses through legal proceedings. Of these, 56 cases had been referred to the LAD for legal proceedings to be instituted. The results of the legal proceedings are not yet available. As regards the remaining six cases, the SWD has requested the departments concerned (please see Part (d) below) for information on the maintenance payers' addresses.
- (c) The handling of maintenance arrears cases forms only part of the duties of the judges and staff concerned. No public money has been specifically allocated for such cases.

The cost incurred by the Judiciary and the LAD on one such case varies according to the complexity and type of enforcement proceedings adopted. It is estimated to be about \$6,000 on average per case for the Judiciary. In the case of the LAD, the estimated cost for one case is \$12,000 for judgement summons, \$17,200 for AIO and \$14,600 for charging order.

As regards the SWD, its involvement in the legal proceedings is confined to the completion of a form for referral to the LAD. The cost incurred is minimal.

- (d) In addition to the SWD, the LAD and the Judiciary, three departments are occasionally involved in assisting single parents receiving CSSA in applying for AIOs where the maintenance payees concerned do not know the up-to-date addresses of the maintenance payers. They are the Transport Department, the Immigration Department and the Housing Department. In such cases, the three departments are requested to search their records with a view to providing the addresses.

### **Proposed Ban on Fishing Activities in Hong Kong Waters**

15. **MRS SOPHIE LEUNG** (in Chinese): *Madam President, will the Government inform this Council whether it has considered designating Hong Kong waters which are less than 20 m in depth as ecological and fisheries resources conservation areas, and imposing a ban on fishing activities in such waters; if it has, of the outcome of its consideration, and whether and when it plans to implement the ban; if it does not have such a plan, of the reasons for that?*

**SECRETARY FOR THE ENVIRONMENT AND FOOD** (in Chinese): Madam President, Hong Kong possesses rich marine resources, including different species of corals, algae and fish. While we are committed to conserving these valuable marine resources, we have to take account of the livelihood of local fishermen and strike a balance between them. At present, Hong Kong has about 12 000 fishermen operating in local waters and in waters near the South China Sea. As about half of Hong Kong waters are less than 20 m in depth, designating them as protection areas and prohibiting fishing therein will seriously affect the fishermen's livelihood. This is not practicable.

At present, we designate marine parks and marine reserves to protect marine environment of high ecological value, such as areas with coral communities and habitats of Chinese White Dolphins. These areas are managed by the Agriculture, Fisheries and Conservation Department (AFCD) under the Marine Parks Ordinance. All fishing activities are prohibited within marine reserves to ensure that the ecology will not be damaged. Fishing activities in marine parks are also subject to strict controls; only those fishermen who usually operate in the respective marine park and the nearby villagers can be issued a

fishing permit by the AFCD; and they can carry out fishing in specified manners only.

The Government will continue its efforts to protect the marine environment and ecology, and promote the sustainable development of the fishing industry.

### **Determination of MTR Fares**

16. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding the fares determined by the MTR Corporation Limited (MTRCL), will the Government inform this Council whether it knows:*

- (a) *the mathematical formula adopted by the company for working out the fares charged at various stations; and*
- (b) *if the company has tentatively set the fares for travelling to and from various stations along the Tseung Kwan O Extension; if so, of the details?*

**SECRETARY FOR TRANSPORT** (in Chinese): *Madam President, according to the MTRCL, it does not adopt a simple mathematical formula for fare setting. The MTRCL adopts a zonal fare structure which takes into account a number of factors including the range of distance travelled, the prevailing economic conditions, passenger affordability and fares charged by other competing public transport modes.*

The MTRCL has yet to determine the fare structure of the Tseung Kwan O Line (TKO Line). The Corporation will determine the fares closer to the opening of the railway. The MTRCL believes that the fares of the TKO Line will be very competitive and broadly in line with the zonal fare structure of the existing MTR Lines.

### **Encouraging Middle-aged and Elderly Persons to Participate in Sports Training**

17. **MISS CHOY SO-YUK** (in Chinese): *Madam President, the District Table-tennis and Badminton Training Scheme, organized by the Leisure and*

*Cultural Services Department (LCSD) in conjunction with two relevant sport associations, was launched with trainees divided into three age groups, namely "15 to 19", "20 to 34" and "35 or above". Of these, the training places provided for the "35 or above" group were substantially less than those for the other two groups. In this connection, will the Government inform this Council:*

- (a) of the reasons for providing less training places for the "35 or above" group;*
- (b) whether the LCSD has conducted surveys on the demand for sports training among middle-aged and elderly persons; if so, of the findings; if not, the reasons for that; and*
- (c) whether the LCSD has formulated measures for encouraging more middle-aged and elderly persons to participate in sports training scheme?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): Madam President,

- (a) The district sports team training schemes, organized by the LCSD in conjunction with the relevant sport associations, were launched early this year. In defining the age groups and determining the number of training places, the LCSD and the relevant sport associations had considered the degree of participation of different age groups in past similar schemes/programmes. Though the initial number of places was determined in this way, the actual number of training places offered would be subject to the number of applicants. For example, as the number of applicants aged 35 or above for the Table-tennis and Badminton Training Scheme in June this year was more than the allocated places, the number of training places was subsequently increased from 108 to 180 to meet the demand.
- (b) District Leisure Services Offices of the LCSD have conducted surveys in the form of questionnaires among participants of various schemes/programmes, including middle-aged and elderly persons, on their demand for sports training. Moreover, the LCSD has also analysed the data in relation to the participants of its recreation and

sports activities in order to get a clearer picture of the actual demand of these people. The relevant information reveals that about 1.25 million people participated in the recreation and sport activities in 2000-01. Among them, about 300 000 were middle-aged persons aged 35 to 60. The relatively popular activities include swimming, badminton, tennis, squash, golf, football, yoga, aerobic dance, modern dance, modern jazz, residential camping, excursion, and so on.

Moreover, over 200 000 elderly persons aged 60 or above participated in free activities organized by the LCSD last year. The most popular activities include swimming, Tai Chi, Tai Chi sword, social dance, physical exercises, go chess, gateball, lawn bowls, day camp, excursion, outreach programmes, and so on.

The LCSD also looks into the demand for sports training among the middle-aged and elderly persons by other means such as maintaining contact with local organizations and centres for the elderly, listening to the views of the public, taking part in the discussions held by the Organizing Committee on Healthy Ageing under the Elderly Commission and making reference to the findings of surveys conducted by other agencies like the Hong Kong Sports Development Board and by local universities.

- (c) The LCSD has formulated measures to provide the middle-aged and elderly persons with a wide variety of recreation and sports training so as to encourage them to do more exercise, and to disseminate the "Healthy Living" message as well. Different types of training programmes including dances, ball games, swimming, and so on have been organized. In the "Health Exercise for All" jointly organized by the LCSD and the Department of Health last year, "Fitness Programme for Senior Citizens" was one of the promotional programmes. Under the programme, Fitness Handbook For Senior Citizens and Exercise VCDs were delivered to the elderly free of charge. Moreover, coaches were available to provide guidance in centres for the elderly in the 18 districts so as to encourage the elderly to do exercise every day in order to be fit and healthy.

Apart from the training programmes, the LCSD also organizes the annual Masters Games to provide people aged 35 or above with more opportunities to enter sports competitions so as to encourage them to keep up their interest in sports. Over 4 000 citizens participated in the 2000-01 Masters Games. Winners of some events have been selected to represent the LCSD to take part in the 8th Australia Masters Games to be held in Newcastle, Australia this month.

In addition, the LCSD organizes free activities exclusively for people aged 60 or above in order to encourage to do more exercise. They can also enjoy 50% discount when taking part in other recreation and sports programmes or booking recreational facilities.

### **Introduction of Magnetically Levitated Transportation System**

18. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that the Transport Bureau is conducting a feasibility study on the use of a magnetically levitated transportation system (Maglev) in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *whether it knows the countries which are using Maglev, and whether any train accidents involving this system have occurred in these countries; if such accidents have occurred, of the details; and how this system is evaluated by transport officials in the countries concerned; and*
- (b) *of the preliminary findings of the study; if there are plans to introduce Maglev into the territory, of the implementation timetable; if not, the reasons for that?*

**SECRETARY FOR TRANSPORT** (in Chinese): Madam President, according to our information, Germany and Japan are the most advanced countries in developing the Maglev technology. The first Maglev train to be put in commercial operation will be in Shanghai, from Long Yang Road to Pudong International Airport, using German technology. This is 33 km long with a

total investment of Renminbi 8.9 billion yuan. Construction work has started at the beginning of this year and will be completed by end 2003.

When we develop our longer term railway projects, including the Regional Express Line, we will duly consider the most appropriate system taking into account the latest technology including Maglev. We have also to consider other factors such as cost-effectiveness, safety, operation experience, passenger comfort, environmental impact and integration with other railway systems.

### **Environmental Problems Caused by Derelict Agricultural Lands**

19. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, as the authorities concerned are unable to contact the owners of some derelict agricultural lands, environmental problems caused by such lands are often difficult to solve. In this connection, will the Government inform this Council:*

- (a) *of the current number of pieces of such agricultural lands in the territory and the total area thereof, as well as the districts in which they are mostly found; and*
- (b) *as such agricultural lands are usually covered with weeds, breeding mosquitoes and insects, or are illegally used as car parks and for storing containers or miscellaneous objects, and so on, thus causing nuisances to the residents nearby, whether there are any policies or measures in place to address such situations, and whether it will review the effectiveness of such policies or measures?*

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

- (a) According to the Agriculture, Fisheries and Conservation Department's estimate, there are about 4 000 hectares of fallow agricultural land. They are mainly located in North Western and North Eastern New Territories.
- (b) The upkeep of private land is the responsibility of the land owner. In response to complaints of sanitary nuisance occurring on private

land, the Food and Environmental Hygiene Department (FEHD) will investigate and if found justified, will serve notice on the person causing the nuisance under section 127(1) of the Public Health and Municipal Services Ordinance (Cap. 132). Any offender who fails to comply with the notice may be prosecuted.

The use of agricultural land for car parks or storage containers, and so on, does not necessarily breach the land lease conditions. Where unauthorized structure have been erected illegally, the relevant District Lands Officers may initiate lease enforcement action.

The Task Force (Black Spots) established under the Lands Department has also been taking measures to eliminate unauthorized uses on private land and to undertake environmental improvement measures such as landscaping and fencing of the sites. Since its establishment in 1994, the Task Force (Black Spots) has already brought about environmental improvement to or eliminated unauthorized uses on 726 private land sites covering an area of 163.08 hectares.

Any development, including the use of agricultural land for car parking purpose or container storage use, which are not authorized under the Town Planning Ordinance (TPO) (Cap. 131) is subject to planning enforcement. The Planning Department may issue an Enforcement Notice to the person responsible for the unauthorized development, and the concerned Notice will be registered at the Land Registry against the title of land until compliance has been met. In the event of non-compliance, the Notice recipient is subject to prosecution under the TPO.

The relevant departments keep the effectiveness of their enforcement efforts under regular review. As and when necessary, they will consider measures that will further enhance the effectiveness of their enforcement actions in their respective scope of work.

**Providing Transport Subsidy to Low-income Earners**

20. **MR TAM YIU-CHUNG** (in Chinese): *Madam President, owing to the economic downturn, the income of some residents has been dwindling, while they continue to pay a substantial amount for commuting to and from work, resulting in a continuous rise in their transport expenses compared to other living expenses. In this connection, will the Government inform this Council:*

- (a) *whether it has conducted surveys on the changes that have occurred in the mode of transport for the public commuting to and from work since the onset of the economic downturn, and on the ratio of transport expenses to their income; if it has, of the results; and*
- (b) *whether, by reference to the Student Travel Subsidy Schemes or other forms, it will consider providing transport subsidy to the low-income people, so as to reduce their financial burden?*

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

- (a) The Government has not conducted specific surveys on the changes in the transport mode of people commuting to and from work since the economic downturn. However, information on the mode of transport used by people to go to work was collected in the 2001 Population Census, the results of which will be announced later this month. Such information does not reflect any recent changes, if any, in transport mode made by the respondents.

Data on travelling expenses are available from the Household Expenditure Survey, but they are not broken down by the purposes of the journey. The Government has not conducted specific surveys on the ratio of transport expenses to income.

- (b) The Government provides a safety net through the Comprehensive Social Security Assistance (CSSA) Scheme, for individuals and families who cannot support themselves financially for reasons such as illness, disability, unemployment, low earnings or inadequate income after retirement in later life. For CSSA recipients taking

up gainful employment, their income can be disregarded up to a maximum of \$1,805 a month to meet employment-related expenses including travelling expenses to work. For other low income families in need, various kinds of financial assistance schemes are provided by the Social Welfare Department (SWD), the Student Financial Assistance Agency and the Housing Department, and various types of employment and support services are also available in the community. The relevant information can be readily found in an information booklet called "Moving Forward With Our Support" just published by the SWD. We have no plan to introduce an additional transport subsidy.

## **MEMBERS' MOTIONS**

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

## **PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

**MR CHAN KAM-LAM** (in Cantonese): Madam President, on behalf of the Subcommittee on Estate Agents (Licensing) (Amendment) Regulation 2001, I move the motion as set out under my name on the Agenda.

In order to enable members of the Subcommittee to have sufficient time in studying the Amendment Regulation mentioned in the motion, the Subcommittee proposed that the scrutiny period for the Regulation be extended to the Council meeting of 31 October 2001.

Madam President, I urge Members to support the motion. Thank you.

### **Mr CHAN Kam-lam moved the following motion:**

"That in relation to the Estate Agents (Licensing) (Amendment) Regulation 2001, published in the Gazette as Legal Notice No. 147 of 2001 and laid on the table of the Legislative Council on 27 June 2001, the period for amending subsidiary legislation referred to in section 34(2) of

the Interpretation and General Clauses Ordinance (Cap. 1), as extended under section 34(3) of that Ordinance, be extended under section 34(4) of that Ordinance to the meeting of 31 October 2001."

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

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHAN Kam-lam 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): Proposed resolution under the Interpretation and General Clauses Ordinance.

**PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

**MISS MARGARET NG:** Madam President, in my capacity as Chairman of the Subcommittee set up by the House Committee to study the Solicitors (Professional Indemnity) (Amendment) Rules 2001, I move the motion standing in my name on the Agenda.

The purpose of the motion is to extend the scrutiny period of the Solicitors (Professional Indemnity) (Amendment) Rules 2001.

The Subcommittee has held two meetings and will further meet on 22 October 2001. To enable the Subcommittee to continue discussion with the Law Society of Hong Kong and to report its deliberations to the House Committee, the Subcommittee has agreed that I should move a motion to extend the scrutiny period of the Amendment Rules to the Council meeting on 31 October 2001.

With these remarks, I urge Members to support the motion.

**Miss Margaret NG moved the following motion:**

"That in relation to the Solicitors (Professional Indemnity) (Amendment) Rules 2001, published in the Gazette as Legal Notice No. 162 of 2001 and laid on the table of the Legislative Council on 11 July 2001, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1), as extended under section 34(3) of that Ordinance, be extended under section 34(4) of that Ordinance to the meeting of 31 October 2001."

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

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Miss Margaret NG 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): Proposed resolution under the Interpretation and General Clauses Ordinance.

## **PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE**

**DR LO WING-LOK** (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

The House Committee has set up a Subcommittee to study the Public Health (Animals and Birds) (Chemical Residues) Regulation and Harmful Substances in Food (Amendment) Regulation 2001. As the Chairman of the Subcommittee, I move the motion as set out on the Agenda under my name.

The purpose of the motion is to extend the scrutiny period of the two pieces of subsidiary legislation.

The Subcommittee has held five meetings to discuss the relevant clauses with the Administration. As the scrutiny work has yet to complete, the

Subcommittee has agreed that I should move a motion to extend the scrutiny period to the Legislative Council meeting on 31 October 2001, so that the Subcommittee can have sufficient time to complete its work and to give it time to report the results of deliberations to the House Committee.

With these remarks, I urge Members to support this motion.

**Dr LO Wing-lok moved the following motion:**

"That in relation to the —

- (a) Public Health (Animals and Birds) (Chemical Residues) Regulation, published in the Gazette as Legal Notice No. 146 of 2001; and
- (b) Harmful Substances in Food (Amendment) Regulation 2001, published in the Gazette as Legal Notice No. 148 of 2001,

and laid on the table of the Legislative Council on 27 June 2001, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1), as extended under section 34(3) of that Ordinance, be extended under section 34(4) of that Ordinance to the meeting of 31 October 2001."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority 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): Proposed resolution under the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region.

**PROPOSED RESOLUTION UNDER THE RULES OF PROCEDURE OF THE LEGISLATIVE COUNCIL OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION**

**MR JASPER TSANG** (in Cantonese): Madam President, I move the resolution as printed on the Agenda under my name to suspend part of the provisions of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region.

The House Committee has accepted the proposal of the Committee on Rules of Procedure to implement a new mode of debate on the policy address one week after the Chief Executive has presented the 2001 policy address, that is, today.

The Committee on Rules of Procedure believes that Members of this Council and the Administration will conduct the debate in accordance with the new arrangements (including the speaking time limits) endorsed by the House Committee. On this basis, the Committee has conducted a survey to identify the relevant rules of the Rules of Procedure which have to be suspended in order to implement the new arrangements. The Committee considers that the only provision which needs to be suspended is the first part of Rule 13(1) of the Rules of Procedure as it provides therein for a Motion of Thanks to be moved at a meeting not less than 14 days after the Chief Executive has presented the policy

address to the Council. The Committee recommends that this part of the Rules of Procedure be suspended to enable the Chairman of the House Committee to move the Motion of Thanks later today.

I urge Members to support the motion.

Thank you, Madam President.

**Mr Jasper TSANG moved the following motion:**

"That Rule 13(1) of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region, to the extent that it provides for a Motion of Thanks to be moved at a meeting not less than 14 days after the Chief Executive has presented a Policy Address to the Council, be suspended to enable a Motion of Thanks to be moved at the Legislative Council meeting of 17 October 2001."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

**PRESIDENT** (in Cantonese): I think the question is agreed by a majority 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): Motion of Thanks. I have accepted the recommendations of the House Committee as to the time limits on speeches for this debate. The mover of this motion will have up to 15 minutes for her speech including her reply and another five minutes to speak on the amendment.

For each of the six sessions on the first three days of the debate, that is today, tomorrow and the day after tomorrow, Members will have up to about three hours in total for their speeches; not more than 10 Members will each have up to 15 minutes for their speeches, while other Members called to speak will each have up to seven minutes for their speeches; and the Administration has agreed that public officers will have up to 45 minutes in total for their speeches. For the two debate sessions on the same day, if Members spend less than three hours in total on their speeches in the first session, the balance will be added to the second session.

On the last day of the debate, that is, next Wednesday, Members will have up to about five hours 25 minutes in total for their speeches. Members called to speak, including the mover of amendment, will each have up to seven minutes for their speeches; and public officers will have up to one hour 30 minutes in total for their speeches.

I am obliged to direct any Member or public officer speaking in excess of the specified time to discontinue.

## **MOTION OF THANKS**

**MRS SELINA CHOW** (in Cantonese): Madam President, I move in my capacity as the Chairman of the House Committee that "this Council thanks the Chief Executive for his address".

A new mode of debate has been adopted for the debate on the policy address this year. On the first three days of the debate, Members will debate on different policy areas in six sessions. On the last day, Members will conduct a general debate on the Government's overall policies and programmes. The

Committee on Rules of Procedure has earlier on conducted a review of the procedures of the policy debate. The Committee saw the need to make the debate more substantial and meaningful. In this connection, the Committee found the practice in other jurisdictions such as the United Kingdom worth referring to as the debate allows Members to speak on specific policy areas on specified days of the debate period with the Minister concerned responding at the end of the debate on a specific policy area. A general debate on cross-subject issues or general policies takes place on the last day at the end of which amendments to the motion and the motion are voted on.

Structuring the debate by policy areas has the merits of making the debate more focused and efficient. Furthermore, under the previous arrangement, it is not possible to expect all government officials to be in attendance throughout the entire debate as Members are free to speak on any aspects of the policy address, or even issues not covered in the address. By structuring the debate, it will be easier for both Members and government officials to be more focused on specific policies during each session of the debate.

The adoption of a new mode of debate is the consensus reached by Members after careful deliberation, while the Government has also adopted a co-operative attitude to facilitate this. For example, the designated officials attending Legislative Council meetings were supposed not to be bound by the rules on speaking time as stated in the Rules of Procedure, but under the new arrangements for the four-day debate on the policy address, a limit is imposed on the total time of speaking for designated officials, and no objection was raised by the Administration against this arrangement. The Chief Secretary for Administration even made an undertaking to strive to make this new arrangement a success. On behalf of Members, I would like to thank him and the Administration here.

The Chief Secretary for Administration stressed in his last meeting with me and the vice-chairman of the House Committee that in the new Legislative Session, the executive authorities will make greater efforts to follow up on the issues raised by the House Committee. He also suggested that the present economic downturn called for even more sincere co-operation between the executive and the legislature, not unnecessary confrontations. I fully agree that the relationship between the executive and the legislature is an important issue. In last year's policy address, the Chief Executive undertook to study how to

make the system of accountability more complete, so as to enhance the accountability of principal officials for their respective policy portfolios, as well as enhancing the co-operation between the executive authorities and the Legislative Council, so that various policies can be implemented effectively. In this year's policy address, the Chief Executive has put forward some proposals on enhancing the accountability system for senior officials. I believe individual Members will express their views on these proposals in the relevant debate session.

By enhancing the accountability system for senior officials and the co-operation between the executive authorities and the Legislative Council, the Chief Executive wishes to require the officials responsible for formulating policies to assume political responsibility. This is indeed a good thing. However, I would like to point out here that the crux of enhancing co-operation between the executive authorities and the legislature lies in communication and consultation. As regards communication, the executive authorities must be accountable to the legislature. For example, through attending the meetings of the Legislative Council and its Panels, Bills Committees and other committees, the relevant officials shall answer Members' questions as appropriate, take part in debates, explain the Government's policies and measures, and consider, examine and adopt Members' views and those of the public with an open mind.

Furthermore, Members generally believe that the Chief Executive and the top Secretaries should hold formal meetings with the Legislative Council more often. In the last Session, I requested the Chief Executive, the Chief Secretary for Administration, the Financial Secretary and the Secretary for Justice on a number occasions to hold meetings after their duty visits to Beijing or abroad to brief Members on these visits and answer Members' questions. These briefings are one of the ways for the Government to communicate with and be accountable to the legislature. Unfortunately, the Administration's view on the need for this kind of meetings still differs from that of Members to date.

Members hope that the Administration will realize that the dissemination of information through the mass media or informal meetings with Members are no substitute for open meetings held in this Chamber, because the Legislative Council, which is responsible for monitoring the executive authorities, has to let the public witness openly how it carries out its monitoring work.

As regards consultation, Members hope that the executive authorities can consult the Legislative Council more often on public policies. Here I would like to reiterate two important principles. Firstly, the Administration should consult the relevant Panels of the Legislative Council at various stages of policy formulation, particularly on important or controversial legislative or financial proposals, preferably before the Administration has finalized the relevant proposals.

Furthermore, the Legislative Council must be given sufficient time to scrutinize each and every legislative proposal. The Government should avoid tabling a large number of bills and subsidiary legislation to the Legislative Council at one time, in order not to impact on Members' scrutiny work. The scrutiny of bills is a very important responsibility of the Legislative Council. Members hope that in the new Session, the Government can make better planning and structuring of the legislative programme, provide periodic updates of the legislative programme, as well as specify the expected time of presentation of the bills in the Legislative Programme.

Earlier on, the Committee on Rules of Procedure has deliberated in detail how to improve the working mechanism of Panels and Bills Committees for the scrutiny of legislative and financial proposals. One of the recommendations of the Committee is that the Government should be requested to provide papers well in advance of the relevant Panel meeting. Members also hope that some discussion papers on financial proposals for Panel meetings should provide more summarized information, without which it will be difficult for the Panels to come to a view on whether to support the relevant financial proposals or otherwise. Regarding the recommendations in this aspect, the Committee will continue to negotiate with the Government in this Session, so as to enable the legislature to discharge its responsibilities in relation to the scrutiny of legislative proposals and monitoring of the Government effectively.

Earlier on, the Chief Secretary for Administration suggested to me that it was impossible for the executive authorities and the Legislative Council to see eye to eye on every issue, however, their common goal was to serve society. I could not agree more. But more importantly, according to the Basic Law, the executive authorities are accountable to the Legislative Council. The executive has the duty to explain its measures and policies to the Legislative Council, to listen to and share its views, and to appreciate that truth manifests itself more through debates. It is only through debates that all kinds of views and suggestions in society can be fully expressed and considered.

I would like to point out that the public has high expectations on the executive authorities. The Legislative Council, which represents the public, must also fulfill its responsibility of monitoring the operation of the Government and express its views on public policies. I also hope that the relationship between the legislature and the executive could be further improved based on the principles of mutual trust and respect, so that our common goal of serving society together can be achieved.

With these remarks, I beg to move.

**Mrs Selina CHOW moved the following motion: (Translation)**

"That this Council thanks the Chief Executive for his address."

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That this Council thanks the Chief Executive for his address.

**PRESIDENT** (in Cantonese): Mr James TIEN will move an amendment to this motion, as printed on the Agenda. When the Council continues with the last day of the debate next Wednesday, I will first invite Mr TIEN to speak. Also, after the public officers have spoken on the same day, Mr TIEN may move his amendment.

The motion and the amendment will now be debated together in a joint debate.

**PRESIDENT** (in Cantonese): We will now move on to the first debate session. This debate session is on the policy areas of Commerce and Industry, Economic Services as well as Financial Affairs.

Members will have a total of up to about three hours to speak in this session. It is now 2.52 pm, that is, Members may speak up to around 5.52 pm in this session.

Members who wish to speak, irrespective of whether they have 15 or seven minutes to speak, will please press the "Request-to-speak" button to indicate their wish.

**DR DAVID LI:** Madam President, the Chief Executive's fifth policy address is a welcome departure from the past. The address is to the point. It deals with concrete problems, and it offers help to those most in need.

The Finance Functional Constituency commends the Administration's strong commitment to free-market principles, and the pursuit of solutions based on these principles.

Hong Kong's middle class has been severely affected by the fall in the property market. Restoring confidence to the middle class is key to our economic recovery. Therefore, the Finance Functional Constituency welcomes the Hong Kong Monetary Authority's initiative to relax the loan ceiling for mortgage loans in negative equity. This administrative measure will provide more flexibility to banks to refinance such loans, and provide relief to those who hold negative equity in their properties. This measure, in combination with the increase in residential mortgage interest deductions and the fall in market interest rates, will ease the burden on home owners in negative equity.

The Finance Functional Constituency also supports the proposal to create 30 000 new jobs, targeted at the greening of our urban areas and the improvement of our public infrastructure. This is an investment in our people and in our quality of life, and it will pay important dividends in our community's physical and spiritual well-being.

The Finance Functional Constituency welcomes the decision to fund the proposals made by the Small and Medium Enterprises Committee. The announcement that the Government will dig deeper into the public purse and increase its total commitment to \$1.9 billion, is a bold step in support of our entrepreneurs at this difficult time.

Should we dig still deeper and introduce a larger stimulus package to kick start our economy? I find little support for this within the Finance Functional Constituency. Our open economy does not respond to stimulus in the same way as larger, more self-sufficient economies. We will benefit considerably more from an upturn in the global economy, than from a further increase in spending at home.

We will benefit by improving our competitiveness. We must put our resources to work for the good of Hong Kong. We cannot squander those

resources on hastily conceived plans. However, I must report that many members of the Finance Functional Constituency support the proposal to cut senior civil servant salaries by 10%.

We agree with the Chief Executive's assessment that Hong Kong has many advantages, and that we are well-positioned to benefit from the ongoing economic development of the Mainland. The general thrust of the Administration's long-term planning is sound — to invest in education and to improve Hong Kong's links to the Pearl River Delta region. These goals are not new, but the focus is now sharper. I note that our Government has adopted a more positive and pro-active attitude in our economic relationship with the Mainland.

The Chief Executive announced a range of measures, benefiting tourism, opportunities for Hong Kong professionals, and business travel. I wholeheartedly support these proposals.

Looking forward, I hope to see an ongoing effort by the Government to promote Hong Kong interests in the Mainland. We must make that effort, for no one else will speak up for us. We must take the initiative, so that we may participate to the fullest extent possible in future economic growth in the Mainland.

Last week, I asked the Chief Executive what the Administration had done to promote the interests of Hong Kong financial institutions in the Mainland. It was not an idle question.

Financial services is a cornerstone of the new Hong Kong. It is a high value-added, knowledge-based industry. The Policy Objectives issued by the Financial Services Bureau detail past accomplishments and future goals, all aimed at enhancing Hong Kong's role as a major international financial centre. Lacking, however, is a clear policy on promoting Hong Kong's economic interests in our most important market — the Mainland.

During negotiations leading to China's entry to the World Trade Organization, China's major trading partners pushed for market-opening measures that would benefit their own industries. Hong Kong took no part in these bilateral negotiations.

Should our Government not take a hard look at our trading relationship with the Mainland, to determine whether any policies unduly restrict the ability of Hong Kong business to compete? Should we not act to remove barriers to trade as far as possible? Given our desire to promote Hong Kong as an international financial centre, should our Government not take a leading role in opening up markets in the Mainland to our financial service professionals?

The barriers to free and open trade come in many forms. On 29 November last year, I raised a question in this Council about easing entry procedures to the Mainland for Hong Kong permanent residents who hold foreign nationality. The Administration responded that this was a matter for the respective foreign governments and the Central Government. The Administration said that it was not appropriate for Hong Kong to meddle.

It seemed to many in this Council, and in the community at large, that the Administration's attitude ran counter to its stated desire to promote the economic development of Hong Kong within the Pearl River Delta region. We are making every effort to attract talents to Hong Kong. Should we not try to simplify travel within the region?

I am very pleased that, in the ensuing months, the Administration has had a change of heart. In his policy address, the Chief Executive announced that agreement in principle has been reached to issue three-year multiple-entry visas to the Hong Kong permanent residents of foreign nationality. The details are now being worked out. This is very welcome, but it may not be enough. I urge the Administration to consider the practical difficulties that frequent business travellers to the Mainland face.

Our border with Shenzhen is the busiest land border in the world. On the Shenzhen side, queues for passport holders, during both entry and exit, often stretch for one hour or more. Such delays weigh heavily on plans to visit factories and partners in the Pearl River Delta region.

It would be beneficial to all concerned to accord Hong Kong permanent residents of foreign nationality the same simplified entry and exit procedures accorded to holders of Home Return Permits, and I urge the Government to take up this issue with the relevant authorities. I also urge the Administration to consider the needs of this category of Hong Kong residents when planning any new system of border control that may be implemented at Hong Kong-Shenzhen crossings in future.

I have reported the Finance Functional Constituency's broad support for the Administration's main policy goals. I have also highlighted several areas where action does not correspond to the stated goals. Members of the Finance Functional Constituency have told me that this is the greatest failing of the Government at present.

What can be done? Our constituency believes that the policy address should do more than state lofty goals. It should also report on the Government's success in implementing policies. The Chief Executive should take credit for success, and he should account for failure.

Grand goals have little meaning without progress.

I also regret that the Government's relationship with the community has not received much scrutiny. We need to do more, so that government policy better reflects community views. Those views are not necessarily represented by the most vocal elements. The Government must ensure that unorganized voices are also represented at the highest levels. For example, the advisory body appointment system is in serious need of overhaul, so as to draw in and involve a wider range of opinion. New voices must be heard.

Madam President, in his fifth policy address, our Chief Executive has reaffirmed his belief in the value of education and, again, urged us to take advantage of our position as the leading city in the Pearl River Delta region.

The studies have been done. The policies have been debated. It is now time to act, with determination and resolve, while always keeping Hong Kong's interests to the fore.

I am delighted to support the Motion of Thanks. Thank you.

**DR LUI MING-WAH** (in Cantonese): Madam President, the Chief Executive, Mr TUNG Chee-hwa, delivered his fifth policy address on 10 October 2001 at the Legislative Council. This is his last policy address as the first Chief Executive, and he has set the direction of development in the coming year as "Building on our Strengths, Investing in Our Future".

The mission of the first Chief Executive is very difficult, for apart from facing brand new challenges, he also has to deal with demands from different quarters. However, after Hong Kong has been reunited with the Motherland,

his first and foremost task is to secure the absolute trust of the Central Government and lead Hong Kong through a smooth transition. Within the framework of "one country, two systems", the Chief Executive has to implement the system of "Hong Kong people administering Hong Kong" and maintain the stability and prosperity of Hong Kong so that the people can live and work in peace and contentment. Doubtless the Chief Executive should get full marks for performance in politics, but his governance has not lived up to the expectations of Hong Kong people over the past four years on the economic front, so he has been subject to constant criticisms and blame. However, the fact is: the Asian financial turmoil beginning in mid-1997 instantly brought the then overheated Hong Kong economy down to the freezing point, and the confidence and spirit of Hong Kong people suffered serious blows under the blasts of plunging real estate prices, salary cuts and layoffs. Society was filled with grievances and discontent. Just as the economy of Hong Kong started to pick up in 2000, it once again slipped downhill as a result of the depression in the United States technology industry in early 2001. On 11 September, two World Trade Centre blocks in New York were attacked by terrorists, the resultant shocks came like those of eight magnitude seismic waves to every corner of the world, and the world economy was badly shaken. As the economy of Hong Kong cannot escape the same fate, it took a turn and fell rapidly into an abyss. The people of Hong Kong once again suffer from salary cuts and layoffs and are pessimistic about the economic prospects.

From this we can see that the past four years were four very difficult years. The Hong Kong economy is like a small boat drifting along, being tossed around amidst mighty swells in the high seas of the world economy. This is especially true in the wake of the "September 11 incident" and the economy of Hong Kong has gone into critical doldrums never seen in the last 50 years. Against such a background, the fifth policy address still managed to adhere to the Chief Executive's established policy principles of the past four years: "to be people-oriented, invest in education, optimize the environment and look to the future". This is a sound and pragmatic management philosophy, and it means that we should seek improvement through gradual advancement. The Chief Executive is aware that the global economy is now changing from an industrial based one to that of a knowledge-based one, so it is necessary to put great efforts into training quality personnel in order to pave the way for our future success. Therefore, though the economy is now at its lowest ebb, the investment in education is still over \$55 billion. Furthermore, the Native-speaking English Teacher Scheme has been extended to primary schools, and the Government has allocated \$5 billion to subsidize continuing education and to enhance training. These are

policies aiming to enhance the quality of individuals at different phases and levels of the economy and are generally supported by the public. The Chief Executive also appreciates the difficulties faced by the public in the economic recession and has put forward proposals to relieve the hardships of the community. Though these proposals may not be of much help, they show that the Government cares about the people and can help to dispel public grievances. As regards measures for improving the economy, they can help to enhance the business environment. In fact, Hong Kong people are now most concerned about the employment issue, but since only 30 000 temporary jobs can be created by the Government, the relief so created to the nearly 186 000 jobless persons is only very limited.

Looking at the fifth policy address as a whole, we can see that the Government has hoped to alleviate the difficulties of the people and dispel their grievances in a short time, and the measures adopted are only short-term. Under the prevalent bad conditions, the Government has already tried its best to meet the demands of various sectors of the community. Though it has decided not to "resort to giveaways", it has really taken a very wise move.

In fact, great changes have taken place in the Hong Kong economy over the past 20 years. During this period, Hong Kong has lost 75% of its manufacturing industry, that is, about 600 000 jobs and several tens of billions of dollars in foreign exchange earning. In recent years, it has become very popular for Hong Kong people to go north to spend their money, with the spending amounting to about \$30 billion each year, so we have lost a even greater fortune as a result. What is worth noting is that there are signs that the Hong Kong entreport industry is also taking a downturn. During the period between April to August this year, it has seen an average drop of about 3.8% monthly and a drop of 7.7% in August. Moreover, "intellectual posts" and middle ranking management posts are also disappearing. Such changes in our economic activities have led to continual shrinkage in the wealth of Hong Kong, difficulties in business operation, increased unemployment, difficulties in improving the deflationary economy, and so on.

To make the policy address worthy of its name, the Government should realize the consequences and risks brought about by profound changes in the economic structure and make corresponding adjustments, in order to promote those industries that can create wealth for Hong Kong. Though the tourist and financial services industries can bring in foreign exchange for Hong Kong, the tourist industry only accounts for 5% of our GDP while the financial services industry only 10% to 11%, therefore their influence is only minimal.

According to the experiences of other countries, only the manufacturing industry can spur economic development and offer a large number of jobs. The past experience of Hong Kong alone can serve as consummate proof.

At a time when Hong Kong is facing a dire situation with uncertain prospects and when society is wrapped in a pessimistic atmosphere, strong leadership is really needed. The Government should come up with forward-looking policies and time-honoured comprehensive plans and objectives, pool social consensus and work together to promote economic recovery and regain our growth momentum. Members of the public will have confidence to strive for excellence only if they are certain that there is a future and see that there is hope at the end of the tunnel. This is the only way to boost public spirit, the only way for society to have any hopes. What the policy address lacks is an account of a strategy. Thank you, Madam President.

**MR KENNETH TING** (in Cantonese): Madam President, I will speak on the opinions of the industrial sector on proposals in the policy address regarding the development of the logistics industry, loan funds for small and medium enterprises (SMEs), strengthening economic co-operation with the Pearl River Delta (PRD) and improving the business environment, which are policies concerning the industrial sector.

Madam President, in the wake of the "September 11 incident", the Federation of Hong Kong Industries (FHKI) conducted a questionnaire survey among its members, seeking to assess the impact of the incident on local manufacturers as soon as possible. Although almost half of the polled manufacturers indicated that the "September 11 incident" had not had any great impact on the orders on hand and on the collection of payments due, nearly 40% of the companies interviewed, however, said that orders in the next 12 months have more or less dwindled. Furthermore, 40% of the companies interviewed indicated less overseas buyers had reduced attendance at trade fairs held in Hong Kong or at international venues which had gone to a worrying position. The FHKI thinks that the Government of the Hong Kong Special Administrative Region (SAR) must adopt a more effective policy in response to the abrupt change for worse in external factors to reduce the cost of manufacturers and improve the business environment.

Madam President, I would like to talk about the policy on the development of the logistics industry first. At the last meeting of the Legislative Council of

the last Session, I proposed a motion debate on behalf of the Liberal Party on "Expediting the development of the logistics industry". Colleagues who spoke in the debate supported my motion unanimously. I am glad that the Chief Executive has taken on board the unanimous view of both the Liberal party and the Legislative Council and proposed in the policy address a number of infrastructure projects to boost the development of the logistics industry in Hong Kong.

The Chief Executive has asked the Chief Secretary for Administration to chair a Steering Committee on Logistics Development and proposed setting up a Logistics Development Council for the sole purpose of developing the logistics industry. We agree with these proposals and hope that the SAR Government may announce the plan and timetable for the setting up of the Logistics Development Council as soon as possible.

The Chief Executive has also proposed investing \$2 billion into the construction of a new exhibition centre at Chek Lap Kok and the Western Corridor by 2005. These two projects will indeed facilitate the development of the logistics industry, but we still feel there are deficiencies. We think the SAR Government should launch the construction of the Hong Kong-Macao Bridge as soon as possible to connect the Pearl River Delta (PRD) so that transportation of goods can be done quickly and Hong Kong can become a distribution centre for goods manufactured in the Mainland.

Hong Kong urgently needs a large-scale road network that connects the PRD. However, not much has been said about this in the policy address. Although Hong Kong has an advanced and complete transportation system by sea and by air, its connection with the PRD, especially land transportation on its western side, is unsatisfactory due to the lack of a network of expressways. Thus, it is difficult for goods coming in from the entire PRD to be transported to overseas destinations through the vast and strong transportation arteries of Hong Kong by sea and by air.

Furthermore, the SAR Government may also consider the proposal of the Airport Authority to construct a large-scale logistics park at five minutes' travel from Tung Chung. Logistics companies, which will appear in large numbers there, may distribute, process or add value to high value goods (such as medicines and computer software) air freighted to Hong Kong at the park. The goods may then be distributed to the PRD, Southeast Asia and even to other parts of the world by sea, by land or by air.

Indeed, to boost the development of the logistics industry, the SAR Government must simplify customs clearance procedures for goods transported between China and Hong Kong, and make greater efforts in areas such as manpower training in logistics. As pointed out by the Chief Executive, the economy of China will become the second largest by 2020. In view of this, Hong Kong must expedite the development of its logistics industry in order to pull the development of Hong Kong economy.

Madam President, another policy mentioned in the policy address that may benefit the business sector is the establishment of four funds to support SMEs. We think this is extremely worthy of our support. However, since the vetting and approval of loans and the loan interest rates are, like the \$2.5 billion Special Finance Scheme for SMEs, totally determined and evaluated by the banks, we hope the Commerce and Industry Bureau will work with the Hong Kong Monetary Authority to improve the criteria for the evaluation of risks of loans made to SMEs. We hope the banks will not just request borrowers to mortgage their properties but make decisions only after understanding the business, prospects and operation of the enterprises concerned. In addition, if loans are approved, the interest rate on the loans should not exceed the prime rate as the Government has taken up the role of a guarantor.

We very much support the SAR Government establishing an Economic and Trade Office in Guangzhou (GZETO) to strengthen business liaison between Hong Kong and Guangdong, providing support to local enterprises and striving for trade policies in the Mainland conducive to Hong Kong businesses. However, the Secretary for Commerce and Industry has indicated that the GZETO will not deal with business or legal disputes of individual enterprises. We have some reservations about such restriction imposed on the duties and responsibilities of the GZETO because the greatest difficulties faced by Hong Kong manufacturers operating in the Mainland have long been the lack of a proper channel to deal with unequal treatment or legal disputes encountered in the Mainland. Therefore, we hope the Chief Executive can pay more attention to this, provide more protection for Hong Kong businesses in the Mainland and adjust the portfolio of the GZETO suitably.

Madam President, I now wish to speak on the \$5 billion financial assistance scheme for continuing education. Undoubtedly, continuously enhancing the quality of our labour force is conducive to the development of the Hong Kong economy. However, we think training must meet the requirements

of economic development so that resources in training and education may be put to the best use.

Last week, the Financial Secretary was invited to a radio interview in which an audience reported that with two master's degrees, he/she still could not find a job. The Government must understand that there are many similar cases like this particular audience, in which people fail to find jobs despite their high level of education.

We think the Government should set aside a larger sum from the \$5 billion for assistance given to on-the-job training. This can help reduce costs incurred by industrial and commercial enterprises in training their employees on the one hand, and assist the business sector to create more jobs opportunities on the other.

On the whole, we think the policy address provides a clear direction for the promotion of economic development, but there are still areas that require review in terms of the implementation of various policies.

I so submit. Thank you, Madam President.

**MR JASPER TSANG** (in Cantonese): Madam President, in his policy address, the Chief Executive points out that Hong Kong's future development hinges on riding on the economic growth momentum in the Mainland. He stresses in particular the need to enhance co-operation with the Pearl River Delta (PRD). In fact, in each of his past four policy addresses, he has spoken at length on the importance of economic co-operation between Hong Kong and the Mainland. However, since the reunification, little has been done by the two governments in promoting economic co-operation.

Since a long time ago, Hong Kong manufacturers have capitalized on the opportunities provided by the economic reform and opening up of the market in China. For 20 years or so, they have been developing the manufacturing industry on the Mainland by using the front portion of premises for shops and the rear portion for plants. But at this early stage, the social and economic conditions of the Mainland were unable to provide a large number of job opportunities for Hong Kong people or allow professionals to develop businesses there. Following China's accession to the World Trade Organization, the mainland market will open completely and the demand for professional services

and high level expertise will be very great. Thus, new development opportunities will be created for Hong Kong people. Now, Hong Kong people do not have to restrict their economic activities to the shop-and-plant mode of operation. Rather, they have to conduct a full range of activities such as business development, professional practice and employment.

Not long ago, whoever recommended Hong Kong graduates from the universities to find work in the Mainland would be ridiculed or even berated. Today, only imbeciles will laugh at people aspiring to develop their career in the Mainland. During the summer vacation this year, the Democratic Alliance for Betterment of Hong Kong (DAB) conducted a pilot scheme to organize a business training camp in enterprises in the PRD for university students from Hong Kong. The response was very encouraging. We know various universities also have such programmes which have been well received. This tells us that the younger generation have come to be aware of the new trend in which they need to turn to the Mainland in the north of Hong Kong for new opportunities.

While other parts of the world are caught in an economic recession, the Chinese economy is enjoying phenomenal growth. Thus, the whole world has trained its eyes on the imminent full liberalization of the China market. At this crucial moment, the SAR Government should enhance co-operation with the Mainland, especially the Guangdong Province, and assume a more positive and proactive role in this.

The DAB thinks the SAR Government should set up a department tasked to deal with matters concerning the co-operation between Guangdong and Hong Kong. As the situation develops, policy areas for Hong Kong-Guangdong co-operation would involve not only industry, commerce, trading, tourism, transportation and security but also finance or even education, housing, medical care and social welfare. This means almost all Policy Bureaux of the SAR will be involved. To prevent the situation where there is deliberation but no resolution or resolution but no action about cross-boundary matters from arising, the SAR Government should set up a high level body to effect co-ordination among departments and supervise their implementation of the relevant plans.

The Hong Kong-Guangdong Co-operation Joint Conference only convenes one or two meetings annually to discuss matters raised by either side. There is however no mechanism to oversee the implementation of decisions after meetings. The level of the new Hong Kong-Guangdong Co-operation Co-

ordination Group is not high level to co-ordinate among departments, while the Hong Kong and Mainland Major Infrastructure Projects Co-ordinating Committee can only deal with specific projects where co-operation between Hong Kong and the Mainland is entailed.

Therefore, the DAB suggests that the Hong Kong and Guangdong Governments set up a standing committee of co-operation to co-ordinate work on the formulation of co-operation plans and follow-up action on their implementation. This committee should be a decision-making rather than a liaison one. On the Hong Kong side, we think the persons sitting on the committee should come from an inter-departmental team. A post, pitched at, for example, Assistant Secretary level should be created under the office of the Chief Secretary for Administration for the special responsibility of heading the team.

The policy address announces the establishment of an Economic and Trade Office in Guangzhou next year to strengthen business liaison between Hong Kong and Guangdong, and to provide support services for Hong Kong businesses in the PRD. The DAB welcomes the decision but we think the SAR Government should also work closely with the Guangdong Provincial Government to set up a productivity centre in the PRD to assist the tens of thousands of enterprises financed by with Hong Kong capital there to enhance their competitive edge in a wider scope. We also propose that the SAR Government set up offices tasked to effect co-ordination with local authorities in major cities in Guangdong Province to maintain direct communication with the local authority to help Hong Kong people out when they encounter practical problems locally. We understand that some difficulties confronting Hong Kong people carrying out business activities can often be traced to the administration or policies of such local authorities.

To promote co-operation between the two places, we have to start with promoting the flow of people, goods, capital and information between Hong Kong and Guangdong. We understand the boundary between Hong Kong and the Mainland must be retained and the flow of people and goods between the two places should not and cannot run completely unchecked because of the political and economic considerations of the "one country, two systems" principle. However, people and goods that should be allowed to flow between the two sides should be given the greatest convenience. This is the real meaning of promoting communication. This is, however, what we think has yet to be accomplished up to now.

For some time in the past, policy-makers in Hong Kong did not seem to have included the promotion of communication in their guiding principle. On the one hand, they may not attach any urgency to encouraging people to go to the Mainland. They may even worry about facilitating too many people visiting the Mainland, spending money or residing there if exit is made too convenient and Hong Kong may lose out. On the other hand, some think most mainland residents are "poor relatives", who, unlike foreign visitors, are not welcomed to visit their relatives in Hong Kong because if these poor relatives come too often, Hong Kong may not benefit.

Thus the Lo Wu immigration checkpoints have all along failed to satisfy the needs of cross-boundary travellers. The trouble taken to cross the boundary has done a good job in reducing the growth in the number of commuters. Tourists from the Mainland wishing to come to Hong Kong are restricted by quotas. Some syndicates have been profiteering by monopolizing the quotas. Many Mainland residents with the means to spend find it more of a bargain and a convenience to visit Southeast Asian countries than Hong Kong!

In his policy address, the Chief Executive announced that the Government had reached an agreement with the National Tourism Administration to abolish the quota system for the Hong Kong Group Tour Scheme with effect from January next year, and initiatives will be taken to increase the number of mainland travel agencies organizing tours to Hong Kong. The target is to allow all mainland agencies organizing outbound tours for mainland residents to arrange Hong Kong Group Tours. In the meantime, to further facilitate visits to Hong Kong, the validity period for multi-entry business visas for mainland business travellers will be extended from six months to three years. The DAB is glad to learn about the announcement. We would go even one step further to suggest that the SAR Government make an effort to obtain consent from the Central Government for "visas to visit Hong Kong" to be issued by the SAR Government to *bona fide* citizens in major cities in the Guangdong Province without criminal records. Holders of such visas would be allowed to visit Hong Kong freely within a specified period. This would be conducive to encouraging mainland residents to visit Hong Kong, spend money here or even purchase properties and make investments here. This will certainly contribute greatly to improving the economy of Hong Kong.

The DAB also proposes to abolish the outdated border closed area and redevelop it into a region for the development of high technology, tourism and

shopping. The Shenzhen authorities have proposed co-operating with Hong Kong to jointly develop both banks of the Shenzhen River, remoulding the River throughout and linking it to Mirs Bay and Deep Bay to create a transportation route and a water attraction spot for tourists. We think this idea merits serious study.

To quicken the flow of people and logistics between Hong Kong and Guangdong, governments from both sides should work more closely to build a network of express transportation and to ensure there is a proper link between infrastructures on both sides. Moreover, the construction of the Western Corridor, the Sheung Shui to Lok Ma Chau Spur Line and the Northern Link connecting the entrance at Lok Ma Chau of the West Rail should be expedited. The construction of the express railway from Hung Hom to Shenzhen, connecting the Shenzhen-Guangzhou express line, should also be launched as soon as possible.

Hong Kong should work more closely with the Guangdong Province to develop tourism, turning the PRD, which includes Hong Kong and Macao, into a large unique and attractive zone for tourists. The features of each city should be highlighted to attract mainland residents and foreign tourists alike.

Regarding the admission of mainlanders to settle in Hong Kong, the DAB is of the view that the SAR Government should follow a more positive policy with greater initiative. At present, most of the mainlanders allowed to settle in Hong Kong mainly for family reunion. We suggest that without forgetting the need for helping families to reunite, the Government should set a separate quota and formulate a preferential policy to attract professionals and people with investment power from the Mainland to settle in Hong Kong and become Hong Kong residents.

The DAB would like to put forward a novel proposal, which is to allow listed companies in Hong Kong to issue shares in the Mainland trading in Renminbi (RMB). At the moment, quite a number of Hong Kong-listed companies are developing businesses in the Mainland and so the demand for RMB is growing. The SAR Government may make a request to the Central Government to allow the listed companies to issue limited shares for trading in RMB to obtain finance in the Mainland and allow Hong Kong securities dealers to operate in the Mainland. This can both help Hong Kong companies to develop their businesses in the Mainland and provide more quality investment

opportunities for mainland residents. As Hong Kong listed companies excel on better management, letting them list in the Mainland will help improve the overall standard of enterprise management in the Mainland.

Madam President, I have been speaking so far on the proposals of the DAB on strengthening co-operation with the Mainland and capitalizing on new opportunities brought about by the economic development in China. Now, I would like to talk about the issue of negative equity.

Before the policy address was announced, quite a few public commentaries considered the SAR Government must exercise great caution in drawing down the reserves to relieve the hardships of the people in the short term. Some critics even criticized the measures proposed by some political parties for currying favour with voters, saying that these proposals were not beneficial to the development of Hong Kong in the long term. On the day following the announcement of the policy address, commentaries on newspapers had no strong criticisms in this respect though some thought the Government had not done enough to help the people. There were also different views. Some people thought setting aside \$15 billion for the relief of hardships was too much. But in the days that followed, in radio programmes in discussion of the policy address, quite a number of audiences phoned in to accuse the policy address of failing to help them with their immediate difficulties. The most sentimental accusations came from owners of negative assets. They even cried at the other end of the line. To appease such grievances in society, the Government must give more consideration to the question of negative assets.

There has been a debate for some time as to whether the Government should help owners of negative assets. The stance of the Government is: If it helps these owners, those who suffer losses in other investments such as stocks, may want assistance from the Government; then should the Government help them when they demand assistance? I wish to point out that an equal sign should not be drawn between the question of negative assets and bad investments: housing and stocks are completely different issues. While the Government has a housing policy, part of which is to facilitate 70% of the households to own their homes within a certain period, it never has a policy for the stock market for 70% of the people to own stocks. Moreover, the housing policy of the Government has a direct impact on the property market. It would be unfair to say that negative assets are entirely the result of wrong private investment decisions and unrelated to public policies.

The policy address has not mentioned anything about owners of negative assets at all, but on the day the policy address was announced, the Hong Kong Monetary Authority (HKMA) issued a letter to banks indicating that banks may, in dealing with remortgages on loans charged on negative assets, disregard the ceiling for loan amounts, which is 70% of the price of properties. The relaxation made possible by the policy enables some owners of negative assets to arrange for remortgages so that they may transfer from the current interest rate being charged on them to a lower one for new mortgages. This in fact amounts to a measure of the Government attempting to help owners of negative assets. This is a step taken to relieve the hardships of the people, a step not mentioned in the policy address.

However, to arrange for a remortgage, an owner must first repay the difference between the market value of a property and the outstanding loan amount. An owner may not have the ability to do so. From the response of owners of negative assets since the measure was announced, it seems that not many people can benefit from the measure. In fact, people in dire need for assistance are those whose incomes have dropped, making it impossible for them to continue paying the instalments on their negative assets. They are really driven against the wall. If they go bankrupt, not only will their families suffer, banks will also incur bad debts as well.

To help these desperate families find a way out, the DAB proposes that the Government set up a loan fund to help them pay their instalments for a certain period, in the hope that when their financial conditions improve and their incomes rise in future, they may afford to resume paying the instalments and to repay the government loan in instalments.

From the figures released by the HKMA yesterday on negative assets, it can be seen that the total amount of loan required to set up the fund is actually quite small and should not be a heavy financial burden for the Government.

Regarding those unfortunate owners of negative assets who have to go bankrupt, we propose that they be given special treatment when they apply for public housing because of a housing problem by relaxing the restriction that they must not own any properties two years before application. If bankruptcies should prevent them from carrying on with their work due to requirements of their trade, the Government should consider adopting suitable exemptions to enable them to stand on their own feet, thus reducing their reliance on social welfare.

With these remarks, Madam President, I urge the Government to adopt the proposals made by the DAB.

**MR HUI CHEUNG-CHING** (in Cantonese): Madam President, I think that it was no easy job for the Chief Executive to write up the fifth policy address. It is because the financial resources that the Government can utilize at present are the tightest in the four years or so after the establishment of the SAR. Moreover, Hong Kong is now facing the greatest difficulties in the past 40-odd years. On the one hand, Hong Kong has to tackle the problems resulting in the burst of the bubble economy which include the shrinking of wealth, weakening of investment and consumption, surging unemployment and persistently high labour costs; on the other hand, it has to bear the impacts caused by the unusual weakening of the economies at the same time in the three major external markets — the United States, Europe and Japan. Now, it even has to face the aggravating uncertainties arising from the outbreak of the war between the United States and the terrorists after the "September 11 incident". If we expect the policy address to turn the tide, we are being unrealistic and unfair to the Chief Executive.

Despite all these, the policy address has in fact accepted good advice and incorporated several proposals of the import and export sector to which I belong, including implementing fully the 30-odd proposals made by the Small and Medium Enterprises Committee with \$1.9 billion particularly allocated for implementing four support funds at the end of this year, setting up an Economic and Trade Office (ETO) in Guangzhou, constructing new exhibition facilities near the international airport, speeding up co-operation with the Pearl River Delta (PRD) in developing the logistics industry, preparing to relax the restrictions on foreigners making investments in Hong Kong, and so on. Moreover, when the Chief Executive answered my question in the Legislative Council last week, I was very pleased to learn from him that loaded container trucks would soon be allowed to cross the boundary between Hong Kong and Shenzhen round the clock. In respect of strengthening the SMEs which are the backbone of the economy of Hong Kong, and enhancing utilization of the Mainland as the hinterland of the local economy, a more specific direction and concrete policies were proposed in the policy address this year.

Insofar as SMEs are concerned, the total amount of credit and loan guarantee for the four support funds provided by the Government has reached as high as \$1.9 billion, \$600 million more than the amount proposed by the Small and Medium Enterprises Committee. This is undoubtedly most welcome. Of the \$1.9 billion, \$200 million goes to the "SME Development Fund"; \$300 million goes to the "SME Export Marketing Fund"; and \$400 million goes to the "SME Training Fund". When the funding schemes are implemented, there should not be any problems as long as the Government can avoid an indiscriminate allocation of funds, simplify the application procedures and seriously follow up the effectiveness of items granted assistance. The "Business Installations and Equipment Loan Guarantee Scheme" amounting to \$1 billion can be considered as most consistent with the needs of the SMEs in upgrading facilities such as computer hardware and software, and so on. However, the financing policies adopted by the banking sector are still too conservative. Even though enterprises generally have used their properties as collateral, the interest rates they have to bear can reach as high as prime rate plus 2% or 3%. If the Government wishes to bring the effectiveness of this loan scheme into full play, it must try its best to find a way to encourage the financial sector to lower its interest rate. On the other hand, I think that since the Government and the banks each share half of the guarantee amount, then the Government should consider collecting less interest or charging lower interest rate for its part, for example, prime rate plus or minus 0.5%, so that the interest expenditure can be reduced for SMEs.

Apart from supporting the SMEs, it was pledged in the policy address that co-ordination between Hong Kong and the PRD would be enhanced so as to fully utilize the hinterland of Hong Kong economy. Among the proposals, the Government stated that an ETO would be set up in Guangzhou next year but a specific timetable had not yet been decided. In view of China's accession to the WTO next month, I think that it will be the best for the ETO to be set up early next year, or in the middle of next year the latest so as to explore the opportunities early. And I hope that this proposal will not be delayed to the end of next year. More importantly, I hope that the ETO can really help Hong Kong businesses to resolve their investment problems. It was reported that the Secretary for Commerce and Industry had stated recently that the ETO would not handle commercial disputes of individual enterprises, nor would it intervene in any administrative, judicial and law enforcement matters in the Mainland. I opine that the ETO certainly should not interfere with private commercial disputes, and we should respect the legal system and policies in the Mainland

under the principle of "one country, two systems". However, as regards the fact that the ETO will not set up a reporting mechanism for complaints in respect of unfair treatment met by Hong Kong businesses on the Mainland, I think it is open to discussion. For example, the ETO in fact should collect complaints from Hong Kong businesses against indiscriminate collection of miscellaneous fees at some places in the Mainland and refer them to their mainland counterparts for handling. This may not be sufficient in solving all the problems encountered by Hong Kong businesses, but it can promote stronger communication and better understanding between the governments in Hong Kong and in the Mainland, enabling Hong Kong businesses, particularly the SMEs, to be at ease in operating and striving for businesses. If the SAR sets up an ETO in the Mainland solely for the purpose of enhancing the economic and trading ties between the two places, Guangzhou and Hong Kong as well as gathering information relating to Guangdong Province and reporting the business situation there, then functionally how is it different from the existing mainland office of the Hong Kong Trade Development Council (TDC)? If the government office fails to concentrate on work that can hardly be done by non-governmental organizations such as the TDC, is it not redundant to spend several million dollars a year on an office? The Administration has to explain this.

Apart from the ETO in Guangzhou, another matter of concern is whether the relevant government department can effectively take forward the development of the logistics industry. It was mentioned in the policy address that a Steering Committee on Logistics Development and a Logistics Development Council would be set up. This should be conducive to co-ordinating the overall development of the logistics industry, raising the quality of policy-making and facilitating the implementation of orders and instructions. However, with the establishment of "one Committee and one Council", how will the existing role of the Economic Services Bureau as a policy-maker in formulating logistics policies change? Will the Bureau and its staff establishment be streamlined? In what ways that can the Airport Authority and the TDC which have been taking part in logistics development work with them effectively? The Government must endeavour to avoid overlapping and redundancy of institutions in respect of policy-making, consultation and supervision, so that resources will not be wasted on unnecessary administrative work.

Certainly, to effectively develop Hong Kong into a supply-chain base of the PRD, the removal of "roadblocks" between Hong Kong and the Mainland at the earliest time possible is equally important. These measures are, firstly, we

should enhance the linkage of the highway network in Hong Kong with mainland railways and bridges; secondly, the Governments of Hong Kong and Guangdong Province should implement as soon as possible round-the-clock cross-boundary cargo clearance between Hong Kong and Shenzhen control points; thirdly, we should improve the transfer arrangements for passenger and freight traffic between Hong Kong and Guangzhou airports; and fourthly, even though the construction of the Lingdingyang Bridge connecting Zhuhai and Tuen Mun has not been included in the tenth Five-Year Plan of Guangdong Province, the SAR Government and the authorities of Zhuhai actually have to continue to study the feasibility of the project. If there are infrastructural links between the western part of Hong Kong and Zhuhai, it will help to divert and stream logistics in Zhuhai, Zhongshan, Shunde, Jiangmen, Xinhui, and so on where Hong Kong businessmen have made substantial investments, thus obviating the need for goods to go through the already saturated Huanggang Crossing on the one hand; the freight from west Guangdong cities such as Yangjiang, Zhanjiang or even Guangxi can be directed to Hong Kong on the other hand, enabling the hinterland of Hong Kong logistics to double.

In fact, local imports, exports of Hong-Kong-made products, re-exports and the overall exports, which showed some signs of improvement before the middle of the year, have once again recorded drops since this August with the economic growth in the United States being close to zero, and at a rather sharp rate. At present, the United States and the terrorists are at war in Central Asia and it is unlikely that the war will end before Christmas at the end of the year. In the foreseeable future, buyers in the United States will mostly refrain from placing orders in bulk for the time being whereas they will be very cautious by adopting an expedient attitude. Coupled with the fact that the exchange rates of all Asia-Pacific currencies against US dollar have dropped this year, Hong Kong exports can be said to have met disasters one after another.

Although the policy address has proposed several policies which are conducive to the long-term development of the import and export sector, they are nevertheless long-term solutions which could not resolve the immediate problems besetting the sector in the wake of the "September 11 incident". In view of this, I think that the Government should as far as possible propose more measures that can take effect within a short period of time in order to stabilize the confidence within the sector. Firstly, the Government should continue to lower business costs by freezing or even lowering government fees which have direct impact on

business operation and refrain from imposing additional fees. In particular, it should encourage container terminal operators to reduce terminal handling charges which have all along been on the high side. Secondly, the contact between banks and chambers of commerce in developing countries should be strengthened so as to expand the coverage of the Export Credit Insurance Corporation, thus facilitating the exploration of markets beyond Europe and the United States by the sector. Thirdly, the Government should take the lead to organize more study missions and trade fairs, so as to help the sector, particularly the SMEs, to capitalize fully on the mainland market where political and economic conditions are relatively more stable. Fourthly, under the premise of "one country", we should confirm with the Central and Provincial Governments as soon as possible on whether certain markets in the Mainland can be opened to Hong Kong business operators first, so that they can establish their strongholds in the capacity of a national faster than the foreign-investors. All in all, even though the proposals in the policy address can hardly avert the impact caused by the external factors on the import and export sector, the Government should have the extra capacity to help the sector solve their problems, so that the latter can still have the confidence to hang on amid extreme uncertainties.

Finally, I would like the Government to note that high cost is still the major problem with the economic competitiveness of Hong Kong. Let us look at the import and export sector as an example. The biggest challenge at present is that foreign customers not only demand a mainland price, but also products of a quality on par with Japanese products. Under the pressure of high costs, the only way out for the sector is to add value to the service. Similarly, in order to survive, SMEs have generally implemented an accountability system at work with a view to adding value. Staff have to work overtime until eight or nine o'clock in the evening even though they are not given any overtime pay, or the work originally done by two people will be done by one instead, or three people are doing five people's work. This has become commonplace in Hong Kong. I am not encouraging exploitation in saying this, but Hong Kong is bound to go along this path given the exceptionally high cost.

It is simply not good enough to rely on the business sector alone if we want to lower the overall costs in Hong Kong. Support from the Government is also very important. The Government should avoid implementing legislation and policies that will add to the already heavy burden of employers, or spoil the harmony of labour relations and increase business costs. Given that the

government coffers can hardly have any surplus in the foreseeable future, so government expenditure should all be spent on items with rewards as far as possible. In addition, the Government should take a proactive role in "slimming". Currently, public expenditure accounts for as much as 21.4% of the Gross Domestic Product, it ought to be reduced to less than 20% as soon as possible with a view to realizing the objective of a small government. At the same time, the Government should continue to reduce the size of the public sector by implementing the Enhanced Productivity Programme and the policy of freezing civil service salaries in order to enhance the expenditure cutting. The Government should also actively consider accepting the public's call to reduce senior government officials' pay appropriately as a token to weather the storm together with the community. With these remarks, Madam President, I support the policy address.

**MR CHAN KAM-LAM** (in Cantonese): Madam President, insofar as this year's policy address is concerned, it appears that the community focus is on the ways to relieve the hardships of the public currently. In fact, there have been many bad news recently in Hong Kong, namely rising unemployment rates, continual plummeting of the property market and the spread of salary cuts and freezes. As indicated by a survey, the public's confidence indexes on the future development of the economy, the property market, major spending, and so on have dropped compared to last month. The public naturally has high expectations on the policy address released by Mr TUNG Chee-hwa, the Chief Executive.

We must understand one point clearly when commenting on the policy address, that is, the Government cannot possibly meet the expectations of all people at the same time especially given the prevalent uncertain economic prospects and expected substantial drop in revenue rise in deficits. However, if we look carefully at the proposals of the policy address, it cannot be denied that the Government has tried its best to respond to the needs of people from various sectors in respect of the measures it takes to relieve the public's hardships. These measures include creating far more job opportunities than those 7 000 vacancies in the last fiscal year, reducing a maximum of \$2,000 of rates charge for each rateable tenement for one year, increasing the tax-deduction ceiling for housing loan interest to \$150,000 per year for this year and the next, and allocating a \$300 million grant to set up the "Community Investment and

Inclusion Fund" for the purpose of implementing community service programmes such as employing home helpers, and so on. The Democratic Alliance for Betterment of Hong Kong (DAB) approves of and praises the Government for it has put forward these measures after accepting the good advice of people from various sectors.

Certainly, it does not mean that the proposals made in the policy address are considered sufficient by the DAB. Mr TUNG Chee-hwa also pointed out in his policy address that in view of the rapid slackening of the external economy, Hong Kong is in greater difficulties for it is undergoing a structural transformation, so we must be prepared to cope with a longer period of economic hardship. Therefore, the DAB opines that the Government should make more commitment in relieving the public's hardships.

The DAB would like to urge the Government again to exempt all families in the territory from payment of rates in the forthcoming year because only 840 000 families can benefit from the relevant proposal made in the policy address. However, only \$2,000 can be saved at most for other families concerned, which is utterly inadequate. In fact, based on a calculation for the year 2000-01, the revenue will only be reduced by \$14.4 billion as a result even if the Government waives a full rates charge for one year. Considering the current situation, I believe this is still an acceptable figure. In addition, the Government should also undertake specifically that all livelihood-related government fees and charges such as water tariffs, postage, sewage charges, and so on be frozen. It is understood that the Post Office will adjust its fees in next April as originally planned, but such an arrangement should now be reviewed. The DAB hopes that the authority concerned can postpone its plan of increasing fees.

Moreover, the DAB also noted that public transportation fees are still maintained at a substantially high level despite the economy of Hong Kong has remained poor over the last few years. For example, the Star Ferry and the New World First Bus Services Limited increased their fares respectively last year and in April this year. Also, the two railway corporations insisted that their fares be increased in April next year. Given that there is no improvements in the economic situation, the DAB calls upon all public transportation organizations to reduce their fares and weather the storm together with the public.

The DAB thinks that the Government should show more concern for the standard of living of the elderly. Since the Government has long delayed taking forward any measures to solve the problem of the "sandwiched elderly" who are not receiving Comprehensive Social Security Assistance (CSSA) but supporting themselves with a meagre "fruit grant", the DAB reiterates that the Government should formulate a "daily expense assistance scheme for the elderly", and provide the poverty-stricken elderly aged 65 or above with a monthly maintenance grant of \$1,100. In addition, the DAB also urges the Government to abolish the absence rule on the "fruit grant" payable to elderly settling in their hometowns as soon as possible. Also, the Government should discuss with the relevant mainland authorities in order to allow the elderly access to inexpensive medical service in the Mainland, and extend the "the Portable CSSA Scheme for elderly settling in Guangdong" gradually to other provinces.

Now, I would like to talk about the arrangements concerning taxation. The DAB holds that the economy of Hong Kong is currently in dire straits. Coupled with the "September 11 incident" in the United States, a further blow was dealt to the global economy, thus adding salt to the wounds of SMEs. As a result, the market is filled with the misery of salary cuts and unemployment rate has remained at a high level.

In fact, the external economic situation is not optimistic. At the present stage, the recovery of the local economy relies to a very large extent on domestic consumption. The introduction of any new tax similar to sales tax will only further dampen the consumption desire of Hong Kong people, and it will impact adversely on tourism, retail business and the service industry which have long been suffering setbacks, and in turn on the employment situation. Therefore, the DAB opines that the Government should not introduce sales tax or retail tax at the present stage in order to spare the local economy further injury.

The DAB is satisfied with the policy address insofar as the support given to SMEs is concerned. Earlier, the Small and Medium Enterprises Committee suggested setting up four funds amounting to \$1.3 billion and made 30 other proposals to the Government with a view to helping SMEs and enhancing their competitiveness. Mr TUNG Chee-hwa, the Chief Executive, has not only accepted all of them, but also allocated \$600 million more to provide more sufficient funding. On the other hand, it was also proposed in the policy address that more exhibition centres be built, the "Logistics Development Council" be established, the Economic and Trading Office (ETO) be set up in

Guangzhou, and Hong Kong professionals be given help to develop the mainland market. In addition, it was suggested in the policy address that the restrictions on mainlanders holding business visas be relaxed so as to promote exchange between Hong Kong and the Mainland, and that the restrictions on foreigners investing in Hong Kong be also relaxed, and so on. All these measures will be very helpful to local enterprises.

The DAB supports the proposals mentioned above and hopes that the Government can implement them at the earliest time possible. Insofar as some of the proposed measures are concerned, we hope that they can be further expanded. For example, more ETOs should be set up in various major cities in the Mainland. Besides, in order to help enterprises further promote their businesses in the Mainland, the DAB proposes that the Government set up an online databank on information relating to economics and trade in the Mainland. By so doing, SMEs can acquire information in respect of mainland commercial policy and large-scale trade fair activities in various cities and provinces, and so on, and look for business opportunities more easily. The Government should also co-operate with the Trade Development Council (TDC) to develop an "online trade show", thus expanding the global buyer market for local enterprises and reducing their intermediary costs.

To continue to improve the local business environment, the DAB proposes that the Government should reduce the unleaded petrol duty by half and maintain the concessionary duty on liquefied petroleum gas (LPG) for use in motor vehicles. Also, the business licence fee for minibuses should be reduced so as to relieve the burdens of 4 000-odd minibus owners. We also request the Government to increase by 10% the depreciation rate of vehicles, factories and machinery for various industries. At the same time, the Government should review the sewage charge and trade effluent surcharge so that the burden of the public and the business sector can be relieved by way of revising the standards of sewage charges.

China will soon accede to the World Trade Organization and this will have significant impact on the economic development in the Mainland and in Hong Kong. With the gradual liberalization of the markets in the Mainland, the advantages enjoyed by Hong Kong in the past such as the edge on obtaining mainland information and building up personal ties in the Mainland, and so on will gradually fade out, or even disappear. Hong Kong businessmen will have to compete for mainland markets directly with foreign enterprises. But on the

other hand, local SMEs can also take this opportunity to continue to develop the market in the Mainland, further enhancing their role as an intermediary and improving their co-operation with foreign enterprises in developing mainland markets. In fact, many foreign SMEs will still face a lot of difficulties, such as insufficient information, skill in dealing with mainland businessmen, and so on when they try to develop the markets in China. In this respect, Hong Kong can bring into full play the advantages and experiences it has accumulated over the years, and form strategic partnership with foreign enterprises. Therefore, the DAB suggests that the TDC should enhance the communication with trade associations in the United States and other places as soon as possible, so that we can give the information on Hong Kong enterprises to SMEs of respective countries, helping them to seek partnership in the territory and developing the mainland market together.

Lastly, I would like to talk about tourism. Although the revenue generated from tourism has been affected by the global economic recession in recent years, tourism has all along been one of the pillars of Hong Kong economy. Given that the economic restructuring of Hong Kong has not yet completed, the role played by tourism is even more important. I believe this is the consensus of people from various sectors.

In order to attract more mainland tourists to visit Hong Kong, the Government has stated clearly in the policy address that several medium-to-long-term tourism programmes would be implemented quickly. More importantly, the Government has negotiated with the mainland authorities and an agreement has been reached to lift the quota on "Group Tour Scheme" starting from next year. Coupled with the relaxation of the restrictions on mainlanders travelling on business visas, an initial estimate of an additional revenue of \$1.5 billion per annum will be generated for Hong Kong. So these proposals will no doubt give new impetus to the development of tourism in Hong Kong.

However, the DAB opines that the Government can still play a more proactive role in promoting tourism. Some specific suggestions are: abolishing the border closed area and develop it into a tourist consumption area; endeavouring to preserve Hong Kong streets with traditions, repairing those valuable sightseeing facilities and buildings in the territory and providing support facilities that match well with the unique features of respective scenery; and building more tourist facilities, such as developing the shores in Ap Lei Chau into a tourist area so as to tie in with the Fisherman's Pier to be developed

opposite Aberdeen in future. Furthermore, a colossal opera theatre at West Kowloon Reclamation, an international gourmet centre at West Kowloon Reclamation or along South Lantau, a large-scale sports stadium, a customs and cultural area and an agriculture and fishery museum in South East Kowloon, and an agriculture and fishery resort centre near the waters in Sai Kung and Tai Po, and so on can also be built. Furthermore, the Government may also recruit a large group of tourist ambassadors who can introduce to foreign tourists local sightseeing highlights and provide them with tourist information, and so on at various scenic spots and ports. The DAB believes that these proposals will have significant impact on the development of tourism in Hong Kong.

Madam President, I so submit.

**DR PHILIP WONG** (in Cantonese): Madam President, the Chinese General Chamber of Commerce (CGCC), which I represent, supports the fifth policy address presented recently by the Chief Executive of the SAR. In the view of the CGCC, at the present time when the international situation remains turbulent and overseas markets are weak, the public is disheartened as the economy of Hong Kong is still in the midst of a recession. Under the circumstances, the SAR Government has pooled collective wisdom and adopted a pragmatic attitude to affirm the unique edge of Hong Kong in certain specific areas and identify the role of the Government in this economic restructuring. The series of long-term and short-term measures put forward by the Government to improve the employment situation and to help the public to alleviate their burden will contribute positively to Hong Kong's effort to revive its economy in the face of adversity.

With regard to the present situation, I feel that even though Hong Kong is now in the midst of an economic downturn, we can still strive to survive. If the Government could make good use of Hong Kong's competitive edge, expedite the completion of the restructuring process, create a favourable investment environment and stabilize the confidence of the public and overseas investors in Hong Kong, the present adversity would certainly be turned into our opportunity. I notice that the latest policy address has set out clearly the positioning of Hong Kong as a window on the world for the Mainland, a major city in China and Asia's world city excelling in high value-added services. I think this major orientation proposed by the Government is very pragmatic indeed. In this connection, the Government has also put forward a number of specific and

feasible initiatives in such aspects as education, business environment, living environment, social policies, reform of the government structure, and so on; I believe these initiatives will receive the support and co-operation of the various sectors of society.

I agree very much that the Government should expedite the hard and soft infrastructural projects to create ample job opportunities to alleviate the unemployment situation. I think the various proposals put forward in the policy address to upgrade our hard and soft infrastructure are timely and helpful to Hong Kong in its transformation into a knowledge-based economy. The Government understands that SMEs are very important to the Hong Kong economy and the local employment market. Hence, it has adopted the recommendations made by the Small and Medium Enterprises Committee and undertaken to set up support funds for SMEs, with a view to helping the SMEs to strengthen training, develop markets and upgrade competitiveness. To the enterprises in their darkest hours, this is indeed a most welcomed measure. Besides, the policy address has also mentioned proposals for driving a thriving exhibition industry, developing the logistics industry, supporting the development of professional services, attracting more visitors and investors, and so on; all these proposed measures should also be helpful to facilitating an early recovery of the economy.

Madam President, after the regional financial turmoil and the recent "September 11 incident" which added to the uncertainty of the global economy, the gravest challenge facing the various sectors of society must be the unemployment threat. This is because many people have to rely on their jobs to feed the whole family, to meet home mortgage repayments and to pay for their children's education. Now that the SAR Government has adopted a positive attitude to resolve the unemployment problem, I believe its decision to allocate funds to create over 30 000 job opportunities will be welcomed by the public. Although the number of jobs created this way is still smaller than the number of people unemployed currently, this should still be considered a good start because the Government has taken the initiative to resolve this problem.

In my view, developing Hong Kong's tourism industry is similar to launching major infrastructural projects in that both can create more than 30 000 jobs and opportunities of upward movement, thereby enabling the people to give play to their self-reliant spirit to improve their lot. This is a much better measure than the short-term measure of "resorting to giveaways" or the measure

of distributing shares to the people as adopted in Singapore. According to government statistics, the tourism industry earned \$60 billion and created 330 000 jobs for Hong Kong last year. Among the 13 million passenger trips recorded last year, almost 30% were made by visitors from the Mainland. In a statistical report published recently by the People's Bank of China, it is pointed out clearly that while the total balance of mainland residents' savings deposit has amounted to RMB 7 trillion yuan, there is generally a strong consumer sentiment for outbound tours among the people. In the coming few years, China will open up even more to the world as a result of its accession to the World Trade Organization and the hosting of the Olympic Games, and thus become one of the tourism giants. In the past, because of the quota system, only 1 500 mainland residents would be issued visas to visit Hong Kong each day. Thanks to the decision of the authorities concerned, the quota system for the Hong Kong Group Tour Scheme will be abolished shortly, making it more convenient for mainland residents to visit Hong Kong. This is a helping hand extended by the Central Government under the principle of "one country, two systems" to support the development of Hong Kong's tourism industry. If this measure and the decision of the Government to extend the validity period for multi-entry business visas should be implemented, I believe the daily total of visitors from the Mainland will certainly increase in leaps and bounds, thereby bringing considerable proceeds to Hong Kong. With more visitors coming to Hong Kong, there will certainly be demands for more manpower in such sectors as hotel, transport, catering, retailing, entertainment, and so on. In that case, the unemployment situation can be alleviated considerably.

Given the imminent sharp increase in visitors from the Mainland, we must change our way of thinking. In this connection, while the Government should enhance planning for the tourism industry and develop more tourist attractions, the people of Hong Kong should improve our hospitality and provide visitors with quality services. In particular, in addition to constructing the various infrastructural facilities between Hong Kong and the PRD like cross-boundary railway, highways and bridges, efforts must be made to remove the unnecessary barriers and simplify procedures, with a view to facilitating the smooth flow of passenger traffic. Currently, the Customs and immigration facilities and manpower at the various Shenzhen control points are always heavily loaded during peak hours. I therefore urge the SAR Government to expeditiously negotiate with the mainland authorities to actively look into ways to improve boundary crossing, with a view to shortening the queuing time for passengers and goods waiting to cross the boundary, thereby making it more convenient for a large number of mainland residents to spend money in Hong Kong.

In order to improve the business environment, I agree that the Government should grant multiple visas to Hong Kong permanent residents who are foreign nationals. Besides, I also support the Government enhancing efforts in such areas as environmental protection, cleanliness and hygiene, improvement to the city outlook, pollution control, and so on. Once they realize that the business environment in Hong Kong is so superb or even better than their homeland, people from overseas will flock to invest in Hong Kong. While the business environment in Hong Kong has all along been recognized as the freest in the world, a free business environment is not the only factor consideration by overseas investors; other factors like children's education opportunities are also very important. Taking the education needs of foreign nationals as an example, there are not enough education facilities provided specifically for children of foreign nationals in Hong Kong and the fees charged are too high. Improvement must be made in this respect.

Madam President, real estate property is one of the underpinnings of the Hong Kong economy. Over the past few years, property prices have plunged to such a low level that there can hardly be any further falls. If there should be any further fall in property prices, the economic recovery of Hong Kong would be slowed down considerably, thereby impacting gravely on the financial system. In the face of a stagnant property market and the lack of public confidence in entering the market, the first and foremost task for the Government is to find ways to stabilize property prices. But then, the problem remains that even though property prices in Hong Kong have fallen significantly, they are still too high compared to property prices in Shenzhen and other PRD cities. In addition to re-examining its housing policy, I suggest that the SAR Government should also consider discussing with the Shenzhen Government to look into ways to minimize the gap between the property prices of the two cities. It should be good news if the Government could do that. On the other hand, one of the reasons why the real estate property markets in Shenzhen and other mainland cities have yet to prosper while property prices remain low is that there is no mature secondary markets in these cities. Thus, the SAR Government may make it a trial measure to help the Shenzhen Government to promote the operation of its secondary market. Seeing the prosperous development of the secondary market, people who have thought about buying flats will certainly become more interested in doing so. Drawing on the experience in Hong Kong, people will generally be willing to invest in the property market when they know that property prices have almost fallen to the lowest level and are about to bounce back. No one will purchase any flats when there is still a downward trend in

property prices. If property prices in Shenzhen and other mainland cities should appreciate, it would certainly be good news to both the owners of properties in the relevant cities and the real estate property sector in Hong Kong, and it would help bolster effectively the confidence of the people of Hong Kong in home ownership. With the property market turning the corner, flat owners and potential home buyers will be greatly encouraged. Besides, the burden on owners of negative equity will also be alleviated when the property market revives. If this task can be handled properly, a number of goals can be achieved at the same time.

With regard to the financial sector, Madam President, many members of the securities trade are holding the view that they are faced with an enormous challenge, with some of them even thinking that their days are numbered. At the same time, there has also been a view that small-to-medium securities firms in Hong Kong should strengthen up by way of merger to compete with large-scale international counterparts. I have found all these views open to question. Regarding mergers, actually it is already very difficult for a securities firm to merge with another securities firm; but then, even if the local small-to-medium securities firms should effect a merger, they will still have difficulty competing with large-scale international securities firms. That being the case, why must legislation be made to add to the pressure on local securities firms? If these local securities firms should be knocked out, only a few large-scale firms would be left in the market. But then, since these large firms general hold the same view regarding market trends, how can the market operate properly in the absence of any small-to-medium firms and dealers holding different views? Hence, I believe the Government should review any legislation that may reduce the vitality of local small-to-medium securities firms.

The policy address this year is a product of collective wisdom. It has been revised many times in the light of the lessons learned in the wake of the financial turmoil and the "September 11 incident" to put forward a new direction for development and new initiatives. We can imagine that the public officers and government departments participating in preparing the policy address must have gained some insight in striving to beat the deadline. I feel that the SAR Government has succeeded in following closer both the changes in circumstances and the various needs of society. On the one hand, it has enhanced communication and co-ordination efforts regarding certain policies that it should hold fast to; on the other hand, it has also made decisive and effective adjustments to some other policies that are in urgent need of revision. For

example, realizing that this should be time to suspend the sale of Home Ownership Scheme flats, the Government has recently made the decisive move to announce its decision right away, rather than deferring until the publication of the policy address. Another noteworthy incident is the Government's decision to enter the market in the midst of the financial turmoil to drive the international speculators away. These examples are reflective of the Government's ability to adjust to changing circumstances and to keep up with the times. I fully believe that our SAR Government certainly has the courage, determination and ability to do the things it should.

Madam President, I so submit.

**MR ERIC LI** (in Cantonese): Madam President, the last policy address presented by the Chief Executive during his office has depicted a rather critical picture of Hong Kong's recent economic situation. Since what he says is true, I need not repeat the background to this situation. The people of Hong Kong are very down-to-earth, they will not back off or become pessimistic in the face of the challenges arising from the economic restructuring. They are ready to bid farewell to the past and embrace new changes. Over the past century, the Hong Kong economy has undergone several restructuring processes, but each time we could emerge out of it to reach new heights. The foundation we have today is the fruit striven for by the people of Hong Kong with their hard work, wisdom and strong adaptability over the years. Apart from that, the ready support from our Motherland is also an indispensable factor.

During the 20th century, China was like a sound asleep giant in the international economic arena. Nevertheless, with just the simple "front shop, back works" mode of operation, the products and services provided by Hong Kong businesses and industries were able to demonstrate their competitive edge. Now that the giant has waken up and is poised to flex his muscles, the new challenges and opportunities coming Hong Kong's way will be totally different from those in the past. As such, we should prepare well beforehand, remedy our shortcomings and give full play to our strengths.

The picture before us now is just like the ones in the past. Major enterprises with sharp international outlook, strong financial power and stamina have since a long time along perceived the changes in situation arising from the globalization development and China's accession to the World Trade

Organization (WTO). In addition to dispersing the risks of their investments, these enterprises have also been proactively making use of the economic conditions in different countries and regions to help cut down costs, thereby sharpening their competitive edge. Moreover, they are also setting their eyes on the target markets in mainland China and are well poised to make their moves. While these enterprises can deal with economic downturns in the short run with strength in reserve, they can also seize the opportunities available in the long run to expand international presence. The hardest hit ones will then be the small and medium enterprises (SMEs) and the lower-skilled workers, both having been described by the policy address as in dire need of support. Hence, the policy objective of enabling SMEs and lower-skilled workers to share the fruits of China's opening up to the world should be approved of.

The policy address urges enterprises of different sizes, individual professionals and technical workers to get prepared. But is the Government well prepared? In this connection, the role played by the Government in such fields as infrastructure, education, manpower training, investment and co-ordination will certainly be hot topics of vigorous discussion and concern of the Legislative Council as well as members of the public. I believe the thrust of the debate over these few days lies not in the question of whether or not the direction is correct. Rather, attention will be focused on the appropriateness or otherwise of the methods and punch of implementation. After putting forward the general orientation of its policies, it is now time for an open-minded government to listen carefully to different views and pool collective wisdom. This is by no means a loss of face on the part of the Government. It is conducive to the efforts to realize this process of change.

Government officials have for many times explicitly advised the people of Hong Kong to go north to look for opportunities. They say so in an earnest tone and there can be little doubt about the goodwill behind their advice. But then, for those SMEs and individual lower-skilled workers not well equipped and not sufficiently prepared psychologically at the moment, encouraging them to go northward without providing them with specific and forceful data analysis or government support measures will leave them at a loss as to how to get started. No doubt mainland China is an enormous market, yet in view of the language and cultural barriers, and the fact that it is also a strictly guarded market where localism and protectionism prevail, enterprises not so competitive in terms of their financial capability, personal connections or stamina really should not be excessively optimistic about their chance of success.

The specific support measures put forward in the policy address, such as enhancing the role of the Business and Services Promotion Unit, setting up a number of support funds for SMEs, facilitating the development of the logistics industry, constructing more exhibition centres, and so on, are indeed encouraging and fully reflect the readiness of the Government to undertake and play a more proactive role. Given time and upon the announcement on the operation details of these proposals, and drawing on past experience, the investment risks to which Hong Kong businesses are exposed on the Mainland would probably be reduced gradually; by then the confidence of the people of Hong Kong would naturally increase as a result.

Whether or not the role played by the Government is appropriate and the support it provides is effective will depend on how we look at and understand the opportunities available in mainland China. As a matter of fact, for local SMEs and individuals without any specific expertise or skills, going northward to start up businesses is like embarking on an arduous long march. The lack of accurate and reliable information on specific operating costs and market potentials of commodities and the frequent changes in laws and regulations have made it difficult for Hong Kong businessmen who are accustomed to a disciplined market to adapt to the business environment in mainland China, not to say to make aggressive moves. On the other hand, competition from mainland businesses is pressing on a number of fronts, including not only cheap industrial production but also consumer goods, logistics support, financial services, and even high technology products. Further still, there is also competition for consumer spending on the more sophisticated cosmopolitan style of living ranging from theatres, conventions and exhibitions, to hotels and tourism, and so on; all of which are the fields we always aspire to achieve excellence. The competition in these areas indeed poses a threat to Hong Kong. Thus, the local SMEs are caught on the horns of a dilemma and can hardly ride this out in the short run. It is just not sufficient for them to rely solely on their own wisdom and efforts, the Government must provide them with guidance and short-term support.

According to many analysts, the economy of mainland China is taking off in much the same way as did the painstaking redevelopment of post-war Japan. If their analysis is correct, then the Mainland must now be continuously absorbing local capital and talents in large quantities to establish an environment for technology transfer and job creation, as costs there remain extremely low.

Nevertheless, the Mainland is different from Japan in that it has a far more enormous economy. In order to create better job opportunities for its almost 1 billion working population and to improve their lot, mainland China has to absorb capital and talents in forces as strong as that of a black hole, thereby causing long-term and far-reaching impact on not only Hong Kong but also the entire Southeast Asia.

At present, capital, jobs and consumer spending are flowing out continuously from Hong Kong into the Pearl River Delta (PRD) where the standard of living is comparatively lower. This is a natural economic phenomenon. While Hong Kong is closest to the Mainland geographically, politically and culturally, the gap between the economies of the two places is visibly wide. What is more, since Hong Kong is an export-oriented free economy with its currency pegged with the strong US Dollar, it is only natural that we are the first one to suffer from this enormous absorption.

Moreover, Hong Kong's strength is so limited compared to the strong absorption power of mainland economy, the capital absorbed into the Mainland can hardly come out in the short run. So, it is understandable that local SMEs with no long-term capital will be faced with structural and long-term hardships. From this we can see that what the SMEs need is support not confined to only information and short-term cash flow, but also the support of specific policies. For instance, efforts should be made to strive for a more stable investment environment to enable them to make some strategic long-term investments like brand establishment and market promotion. These are necessary investments as they can help local SMEs to open up markets on the Mainland, thereby facilitating a two-way capital flow which is more beneficial to Hong Kong economy.

This year's policy address has in fact made a number of breakthroughs in terms of the policy objectives in this respect, reflecting the fact that public opinions have been taken on board. All this merits our approval. Having said that, I have to point out that rather than taking them lightly, we still need to work hard on the problems confronting the local SMEs. I believe the local SMEs are not looking forward to any preferential treatment by the Mainland; they just wish to receive treatment not worse than that given to any WTO member state in practice, so that they can have more equal opportunities to compete with mainland enterprises and the financially more powerful international enterprises.

To the Governments of Hong Kong and the Mainland, it is indeed a tall challenge to ensure the reciprocity and impartiality of the mutually beneficial co-operation between Hong Kong and the Mainland, and particularly the PRD. Otherwise, while other neighbours of the Mainland are taking in local capital, job opportunities and consumer spending in large amounts and thereby impacting on the real estate property market, SMEs in Hong Kong will still be having difficulty making the first move to enter the mainland markets.

Even though Hong Kong is currently experiencing a downturn in its economy, both the Government and members of the public are still holding a handsome reserve of capital, a large part of which has not yet been committed to effective long-term investment. As regards our technical and management personnel, there is already an excessive supply and the problem of unemployment has also stepped in. This is a sharp contrast to the situation in the Mainland where there is still an enormous demand for capital and talents. How these unfair man-made barriers can be removed, and how the two-way flow of manpower and other resources between Hong Kong and the Mainland can be enhanced to bolster investor confidence, thereby achieving a win-win situation mutually beneficial to the two places, are challenges the two governments have to rise up to.

Taking the accounting profession as an example, this is currently one of the prosperous emerging industries in the Mainland, blessed with a bright future. However, with the exception of a few international accountancy houses, the remaining approximately 1 000 small to medium accounting firms in Hong Kong are denied of the opportunity to develop business in mainland China. The dwindling business volume and the lack of room for development for the profession have aroused the attention of the Government. It is hoped that through the active efforts to enhance mutual understanding, the Government will formulate more specific policies to provide the profession with support. I believe we do not have to wait too long for that.

Professionals have all along been playing a pioneer's role in developing new markets. In September last year, the Hong Kong Society of Accountants formed a task force to study China's accession to the WTO. In April this year, the task force published a discussion report on the problems encountered by practising Hong Kong accountants in their practice on the Mainland and made a number of recommendations in this connection. The accounting profession is

looking forward to holding in-depth discussions with the Government in future to explore room for co-operation. I should like to take this opportunity to suggest that subsequent to the efforts made by the legal profession to strive for the development of Hong Kong into an international arbitration centre, the accounting profession can co-ordinate our efforts to strive for Hong Kong a role as the springboard for China's international investments. This springboard will serve both overseas investors and domestic investors. I hope we can co-operate with the Mainland to make good use of the local financial system to provide international investors with "one-stop" financial services in Hong Kong.

I welcome the undertaking made by the Chief Executive in the policy address to set up a \$100 million fund to support useful projects that can raise the standard of professional services in Hong Kong. Although professionals are looking for specific policy support rather than financial help, it is still a good thing if this fund set up out of the Government's goodwill, being managed fairly by the Government, can avoid wasting money on publicity and other irrelevant activities but genuinely and directly benefit those professional bodies and professionals implementing useful projects, such as enhancing their knowledge of the Mainland and providing skills and professional training.

Madam President, I so submit.

**MR MARTIN LEE** (in Cantonese): Madam President, this year's policy address is the last policy address presented by Chief Executive TUNG Chee-hwa in his term of office. Originally, I should take this opportunity to sum up the work of the Chief Executive over these past four years; but then again, I still feel that this policy address should be better considered as an outline of Mr TUNG's administration in the next five years. Although Mr TUNG has not yet formally made it clear that he would stand for re-election, the people of Hong Kong all know that Mr TUNG will certainly remain in office for five more years. For this reason, I will first discuss the positioning of Hong Kong's long-term development as mentioned in the policy address.

Madam President, according to the Chief Executive, Hong Kong should position as "a window on the world for China, a major city in China and Asia's world city". I have two questions about this.

Firstly, although Hong Kong and the Mainland are closely related, it is neither appropriate nor advisable for Hong Kong to rely on hinterland China as its basis for economic development. On the contrary, Hong Kong should move forward into the world together with the Mainland and act as a window bringing in international experience for the Mainland, with a view to helping the Mainland to complete its reform and opening as soon as possible, thereby benefiting both the Mainland and Hong Kong.

Secondly, upon the reunification Hong Kong is essentially a major city in China. The question remains whether we should be satisfied with this position. Should we not extend our scope of vision to beyond the boundaries of China and Asia, and aim at positioning Hong Kong as an international metropolis?

Madam President, what does the Chief Executive mean by having the Mainland as our hinterland? The policy address has repeatedly mentioned Hong Kong benefiting from the Central Authorities' support, the confidence of the Chief Executive in our future being boosted by the Central Government's firm support for Hong Kong, and so on. This way of thinking is of the same nature as that of the Chief Executive's famous phrase of "Hong Kong will be fine when the nation is fine", and is fully reflective of the Chief Executive's philosophy of governance, that is, "when in trouble, turn to the nation for help", which is the same as the philosophy he held when taking charge of his family's business in the past.

The Democratic Party agrees that the Mainland is of great importance to the economic prospects of Hong Kong, and that strengthening the economic exchange and co-operation between Hong Kong and the Mainland is indispensable to our development into an international metropolis. In the past, Hong Kong was confident that we could help China to move forward; it had never occurred to the people of Hong Kong before the reunification that we would need the support of the Central Government to give us the courage to face the world. DENG Xiaoping's guiding principle for governing Hong Kong, "one country, two systems, with the system of Hong Kong remaining unchanged for 50 years", was put forward in the hope that China could make progress and enable the economy of the Mainland to catch up with Hong Kong and the world in 50 years.

However, the Chief Executive just keeps on emphasizing the importance of the Mainland to Hong Kong, hoping that the Central Government will give us

more help to save the Hong Kong economy. In the end, the people of Hong Kong has lost their confidence and aspirations to compete in the international arena, forgetting all the factors that have made Hong Kong a success.

The Democratic Party holds that the uniqueness of Hong Kong lies in not only such qualities as the same spoken and written language or shared customs with the Mainland. More importantly, Hong Kong has a free economy, an independent judicial system and an efficient government, all of which are not lacking on the Mainland. To seize the development opportunity brought about by China's accession to the World Trade Organization, Hong Kong needs not develop into another Shanghai because the Mainland is working on the creation of more Shanghais currently. Hong Kong should give full play to the advantage of "one country, two systems" and foster a mutually dependent and complementary kind of close relationship with the Mainland, make use of our quality services to compete with international organizations in the mainland market, and rely on our own efforts and competitive edge to strive for international business opportunities.

It has been four years since the reunification and discussions on the co-operation between Hong Kong and the Mainland have already become a major trend, and some people have even made the integration of the economies of Hong Kong and the Mainland an agenda item. In this connection, Secretary for Justice Elsie LEUNG has been putting in great efforts to strive for the development of litigation and arbitration business in Hong Kong to enable mainland enterprises to negotiate and sign agreements with foreign enterprises here. Besides, the Government has also reached a consensus with the Public Security Bureau on the Mainland to extend the period of validity of business visas, and this arrangement has been confirmed in the policy address. The Democratic Party considers these measures commendable and affirms their importance to the long-term development of Hong Kong.

Having said that, the Democratic Party wishes to remind the Government that while it is important to strengthen the co-operation between Hong Kong and the Mainland, this should never be achieved at the expense of the unique characteristics on which Hong Kong has been relying for its success all along. In co-operating with the Mainland, Hong Kong should seek to facilitate the linkage between the Mainland and international markets in the process, for this is consistent with the long-term interests of both Hong Kong and the Mainland.

Madam President, Hong Kong is already a world-class city, and so the Chief Executive's objective of developing Hong Kong into Asia's world city is in fact a retrogression. On the other hand, how is Mr TUNG going to develop Hong Kong into Asia's world city? So far the Government has not yet commenced any specific work to follow up and implement this objective, nor has it conducted any detailed research or study to enable participation and discussion by the people of Hong Kong. We are concerned that these proposed objective and positioning would end up like the undertaking made in last year's policy address to review the Old Age Allowance and become another bounced cheque of Mr TUNG's during his term of office!

The Democratic Party opines that if Hong Kong is to develop into an international metropolis, elements like promoting the election of the Chief Executive and Legislative Council Members by universal suffrage, maintaining the free market mechanism, respecting human rights and the rule of law, and upholding social justice and personal dignity will be indispensable.

However, since the reunification, the Chief Executive has been repeatedly making blunders on the political and even economic fronts. Hong Kong has seen a decline in its democracy, the spirit of the rule of law, business environment and momentum of development. The economic privilege involved in the Cyberport project and the judicial privilege reflected in the case of Ms AW Sian are just blots on our equality and justice. While the interpretation by the Standing Committee of the National People's Congress of the Basic Law has dealt a heavy blow to the rule of law, the scrapping of the two former Municipal Councils and the restoration of the appointment system have caused democracy to suffer retrogression. As our unique characteristics continue to fade out, Hong Kong is more like a major city in China than an international metropolis. In the course of time, Hong Kong will find its road to becoming Manhattan Plus getting longer and longer.

Madam President, in each of the four past policy addresses, there were always proposals to develop Hong Kong into a centre for a certain industry or two, such as the innovation centre for the region and world centre for Chinese medicine mentioned in 1997. In 1998, there were proposals to develop Hong Kong into an innovation and technology centre in South China, a world-class design and fashion centre, a regional centre for multimedia-based information and entertainment services, a leading international supplier of high value-added products and components, and so on. In 1999, the proposal was for Hong Kong to develop into a capital of events in Asia. Last year, instead of putting forward

proposals for developing such kinds of centres, the policy address responded to the appeal of the Central Authorities and urged the public as a whole to participate in the development of Western China. According to the Chief Executive's logic regarding his "85 000 flats" housing policy, "a policy not mentioned is a policy that no longer exists". Given that this year's policy address has made no mention of any of the aforementioned centres, does it follow that they no longer exist? Have they become another batch of bounced cheques written by the Chief Executive? I have to ask this question: Why should the Government not allow private enterprises to develop and look for business opportunities on their own?

The Chief Executive's practice of putting a hand in all matters and setting unattainably grand objectives is no doubt a mistake on his part, but the biggest mistake of all is the "tacit agreement" he has made with major real estate developers regarding his housing policy! Just 10 days after Mr LI Ka-shing had demanded that there should not be Home Ownership Scheme (HOS) flats for a short time, the Chief Secretary for Administration promptly announced the suspension of HOS flat sales. Certainly, this is not the only economic privilege the LI family enjoys; the Cyberport project is another good example.

Madam President, the middle class has never relied on the Government in the past. Most of them are professionals or employers operating small and medium enterprises; they are the successful members of society. These people do not need the help of the Government, all they need is an ideal social system and environment under which they can attain self-improvement, make investments, develop their own businesses, and seek business opportunities for their enterprises. Simply put, to live and work in contentment is what the middle class aspires.

But then, because of the Government's chaotic policies on land and housing, the middle-class people have found themselves burdened by heavy debts in the midst of an appalling economic environment. In the present abyss of suffering, they just cannot live or work in contentment. Seeing that the Chief Executive is giving a hand to even Mr LI, the richest man in Hong Kong, they all the more feel that the Chief Executive should give them a hand in riding out the present economic hard time.

Before it rebukes the public for relying on the Government for everything, the Government should first reflect on its own responsibility and ponder over whether the present situation is of the Chief Executive's own making!

Madam President, the Democratic Party requests the Government to give owners of negative equity a helping hand not just because we sympathize with them for the economic hardships they are suffering, the Democratic Party is even more concerned that the problem of negative equity might give rise to many other social problems.

I wish to take this opportunity to clarify specifically that the Democratic Party has never demanded the Government to draw on our fiscal reserves to assist those members of the public who have suffered losses in their investments. The Democratic Party only requests the Government to offer loans to help owners of negative equity to remortgage their flats, so that their interest burden can be reduced. This is a low-risk measure and the Government can earn interest from the loans made out; besides, the funding involved is far less than the inhibitive \$300 billion as suggested in some hearsay.

At present, many members of the public are over-burdened financially and psychologically by their negative equity. This is by no means as simple as the analogy of "having bought a suit at no discount" drawn by the Chief Secretary for Administration.

From a macro point of view, if owners of negative equity cannot remortgage their flats at low interest and have to scratch the bottom to repay the mortgage loans, cases of defaulting on loans will become more common under the present economic circumstances. Should a bankruptcy trend be triggered off as a result, a far greater crisis would be posed to the financial system as a whole.

Yet the Chief Executive has made absolutely no mention of the problem of negative equity in his policy address, thereby disappointing quite a number of members of society who are owners of negative equity. While the pessimists would choose to end their lives after losing all hopes — even though there may be other reasons behind, the optimists may perhaps resort to defaulting on their mortgage loans collectively. Will that be a good thing to Hong Kong?

Madam President, the economy of Hong Kong suffers a rapid downturn in the second half of the year and the recovery of the economy is being impeded indefinitely by the "September 11 incident". On 13 September, the Democratic Party suggested the Chief Executive calling an economic summit because we knew that at such critical moment the Government should give play to its role as

leader of society and put forward contingency measures to help save the economy. It is regrettable that the Chief Executive has turned a deaf ear to our suggestion.

On 9 October, the cross-party coalition of Legislative Council Members reached a seven-point consensus. Actually, the consensus arrived is the highest common factor of the various parties and factions. In other words, the seven points are the things this Council considers the Government should take up at the very least. The Government should really mend the fold before it is too late and respond positively to the seven proposals put forward by the cross-party coalition to provide the public some form of relief, rather than offering some ineffective measures like those suggested in the policy address.

Madam President, since the Chief Executive has repeatedly refused to take on board the views of the public, the majority of the people are very much disappointed and dissatisfied with the policy address. The Chief Executive has actually missed a golden opportunity to foster public trust in his governance of Hong Kong. What is more unacceptable is that he even refused to meet with the cross-party coalition to listen to our views after we had put forward our consensus proposals! Members of this Council are representatives of the views of the public, yet the Chief Executive just does not care to listen.

In the face of public dissatisfactions with the policy address, the Chief Executive simply said that while money could be spent this way, the question remained whether such money should be spent and how much would be enough. The Chief Executive seemed to be telling us that he was the one who had a clear mind. How can the Chief Executive make all the decisions alone? I cannot help but ask this question: Mr TUNG, who on earth do you represent?

Confronted with the enormous economic hardship currently, Hong Kong is urgently in need of a way out. But what is our way out? Some people suggest developing high technology, some suggest reviving our industries, while some others suggest developing a metropolitan economy. Whichever way we choose, the most important point is that rather than letting Mr TUNG make all the decisions, each and every member of the public must be given the chance to express their views and participate in the process through their representatives.

Madam President, Mr TUNG has been holding office as Chief Executive for four and a half years and Hong Kong is already reduced to the present state,

if he should remain in office for five more years, Hong Kong would never develop into Manhattan Plus, but only Shanghai minus at most.

**MR JAMES TIEN:** Madam President, the Chief Executive's previous policy addresses were long on vision but short on immediate remedies. We could afford to look far into the future when our economy was strong and society was contented. However, since 1998, our society has been distressed and economy flat, even going downhill, and people need help right away. The latest policy address at last grasps this and touches on areas that affect everybody over the coming year. The Liberal Party endorses the address, but I would like to spell out some of our proposals to help the Government implement these right policies.

Firstly, on small and medium enterprises (SMEs). SMEs are the backbone of our economy and, unlike multinationals, cannot relocate across the border and so must tough it out through good and bad times in Hong Kong. We have been urging Mr TUNG to do more for them to our recovery. We welcome his pledge for \$1.9 billion in credit through four funds to aid the SMEs.

Some critics say that the assistance is just Mr TUNG doing favours for his business friends at the expense of the working class and those unemployed. Such criticism is simplistic. Help for SMEs is the best form of help to our workers, more than a million of whom are employed by these enterprises. They are the importers, exporters, shops, boutiques and restaurants that also generate income for the Treasury and are the types of business that the Chief Executive is inviting more people to start.

While I fully support the programme, I am concerned with the obstacles that the bureaucracy can create. The Government had a \$2.5 billion SME loans programme before but it was not used up because of stringent regulations and also the need for approval from banks, which rejected many applicants. I have said it before and I will say it again. All the promised funds set up by the Government to help SMEs are useless unless the money in them is spent. So I would like to urge the Government again to fulfil its pledge and spend this \$1.9 billion within this year.

Secondly, on tourism. The Honourable Mrs Selina CHOW of the Hong Kong Tourism Board knows a lot more than I do how tourism can contribute to

our economy and employment. I will, nonetheless, say that we need more visitors from everywhere and to have them spend more, which can only happen if we give them an experience to cherish.

This, however, is not what we have been giving to some visitors. Back in May, I appealed to the Government in a motion to waive unfair restrictions on mainland tourists who actually have to brave a lot of hassles and pay a hefty cost for the privilege of visiting us. If the hassles and costs were reduced, they would certainly enjoy their stay here more and visit us again. We have all heard how the daily quota of 2 000 visitors from the Mainland has created a racket up north in which agents charged more than \$1,000 for a visa. Because of the quota and visa, we have priced ourselves out of the market in which a traveller from the Mainland can take a trip to Thailand for half the price of coming to Hong Kong. Not only are we losing customers that way, we are giving ourselves a bad name. I thank Mr TUNG for reaching an agreement with the National Tourism Administration (NTA) to abolish the quota starting next January. We know that the NTA, by giving more than 60 agencies the right to handle tours to Hong Kong, will create competition and lower costs, as well as improve services for mainland tourists.

Also through the Chief Executive's help, expatriate permanent residents of Hong Kong may now acquire multiple entry visas valid for three years to visit the Mainland. Although the visa is not like Home Visit Permits, it should facilitate their doing business and leisure across the border.

While obstacles are being removed on the expatriates, there are still restrictions on mainland investors who want to establish themselves in Hong Kong. The Liberal Party thinks that it is time for us to attract these investors. Last year, Hong Kong citizens made over 40 million trips into the Mainland via Lo Wu, and the traffic is likely to increase as border crossing hours are extended. We are losing income and yet, we have got irrational regulations that bar mainland investors from coming to Hong Kong. We have to change our attitudes and rules to encourage these wealth creators to make a home and start a business here.

Madam President, Mr TUNG has also been generous with praise and not so generous with help for the professionals and other service providers, who contribute 80% of our Gross Domestic Product. We welcome the Government's help for them to seek opportunities on the Mainland as China joins the World Trade Organization, and the offer of \$100 million in their training.

In recent years, we have seen a decline of professional and linguistic standards in Hong Kong, compelling some employers to bring in people from overseas and the Mainland to fill the vacancies. In our global economy, our standards should not be slipping but improving. I have total faith that our people can meet the challenge if we invest in their education and retraining and they, in turn, invest pride and professionalism in their work.

Madam President, the first proposal of the eight-party coalition is for the Government to suspend property rates for one year to benefit everyone — from those living in housing estates, private homes, to the SMEs and so on. The Chief Executive has offered to reduce rates by a maximum \$2,000, which will not ease the burden of many middle class families and small businesses that typically fork out \$10,000 or more a year on rates. We urge Mr TUNG to reconsider, because waiving rates for one year could mean some businesses surviving the recession and families maintaining their standard of living — all in all a virtuous economic circle.

Property is just about the most precious material asset for most middle class families. In years gone by, people put their savings into real estate not just for a place to live, but also as an investment. The Treasury has gained tremendously from that investment and many budget surpluses that accrued from it. Though I do not expect the Government to bail people out of bad financial decisions, it cannot in clear conscience abandon these families, whose diligence, work ethics and investment define our society. Mr TUNG has proposed a tax deduction of \$150,000 a year for families paying off housing loans, which saves them only a few thousand dollars a year. I ask the Chief Executive to do more, such as working with the Hong Kong Monetary Authority and the banks to reassess these mortgages and offer market rate interest payments to people saddled with negative assets.

In fact, the best way to help the negative-asset home owners is to implement policies to stabilize home prices. Stopping the sale of Home Ownership Scheme flats by the Hong Kong Housing Authority is certainly a right step forward, but if that is not enough and prices do not stabilize shortly, should our Government not consider, as the Singapore Government just did, stopping the sale of government land at a low price for a year or two?

Another suggestion by the Liberal Party to revive the economy in the near term is to suspend the contribution into the Mandatory Provident Fund for one

year. This would not cost the Government a cent, but could save the employers and employees about \$15 billion respectively. A recent telephone survey conducted by the Liberal Party over 2 000 people chosen at random showed that 50% of the respondents supported this view, and 20% against it while 30% had no comment.

People are concerned about their retirement in 30 years, but they are even more concerned with maintaining a decent living today. For many, today is as bad as it had ever been.

Madam President, while I was listening to Mr TUNG last week, I realized that something was missing from his address. No direct reference was made to the possible, record budget deficit. The Government has been hinting for several years now about "exploring" other revenue sources, which mean new taxes. But no thought was given to cutting expenditure in order to reduce the size of the budget deficit.

The Chief Executive knows that he cannot cut essential programmes in housing, education, welfare and healthcare that affect the people directly. The Liberal Party therefore suggests, instead, a cut that will inflict no pain on the public, a cut only of civil service salaries. In the past, we were told not to touch civil servants' benefits because that might undermine their fragile morale. What concerns us now is not their morale but that of the whole working population and also those out of work.

Civil servants always justify their pay and perks on the Pay Trend Survey, which says that the private sector sets the trend for the Civil Service to follow. In the current recession, the private sector pay is being slashed but the Civil Service is not following this trend. In contrast, our officials will get a hefty pay increase for this year. Sometimes, they also resort to the Basic Law, which stipulates that Civil Service's pay and terms of employment should be the same in the Hong Kong Special Administrative Region as these were under British rule. I think their argument is flawed, as is their interpretation of the Basic Law, which only argues for salaries and conditions not less than those in July 1997. Over the past four years, Madam President, civil servants' salaries have gone up roughly by 10%. Therefore, by reducing their pay by 10% now would conform perfectly to the Basic Law. Such a reduction is not going to erode our civil servants' living standards because of deflation and other reasons but can save the Treasury \$16 billion a year, which would reduce the budget deficit and ease

pressure on the Government to make up the difference with increases in fees, charges or new taxes. Madam President, the term "Civil Service" means exactly that, to be civil minded and to serve, not each other but us, the people. Mr TUNG has appealed to Hong Kong to be united as one community and we now invite the civil servants to join us through thick and thin.

Madam President, finally, I applaud the Chief Executive for making bold decisions for economy and society. I thank him for the policy address which is the most practical one that he has delivered to date. We legislators should share his vision, but hope that he and the civil servants can work together for a consensus that instills confidence, inspires us, and tides us over the next few crucial months of uncertainty caused by global recession and the war on terrorism.

**MR SIN CHUNG-KAI** (in Cantonese): Madam President, this year's policy address carries a distinctive feature in that it impresses many people as an interim budget. Before the publication of the policy address, a lot of organizations put forward numerous proposals to alleviate the people's hardship. After the delivery of the policy address by the Chief Executive, the wider community — particularly people of the middle and lower classes — were greatly disappointed. I only wish to focus on two problems; first, the problem of negative equity, and second, the problem of public housing tenants.

First, insofar as the problem of negative equity is concerned, the Chief Executive and the Financial Secretary have repeatedly stated the Government's position clearly. We definitely understand the problems brought about by negative equity. The Government has repeatedly refused to respond simply because it has not examined the problem in detail. The Chairman of the Democratic Party has made it clear earlier that the Democratic Party does not support or opposes drawing on the reserves to make up for any investment losses. Yet negative equity holders are still faced with the problem of interest payment. After obtaining the relevant data recently, the Government lowered the relevant figure for it was found that the figure was smaller than \$300 billion, an estimate made before the survey was conducted.

The previous proposal made by the Democratic Party of setting up an "interest reduction remortgage fund" seeks precisely to tackle this problem, hoping that the Government can do something to help. I will talk about the risk

problem later on. The Home Starter Loan Scheme (HSLs) proposed by the Government in 1998 or 1999 actually seeks to provide loans to the public. Theoretically speaking, no loans should be offered to those who purchase property as an investment. This Scheme is in theory slightly different from the loan scheme for public housing tenants since the latter seeks to provide loans to public housing tenants to help them move out of the public housing market. In the opinion of the Democratic Party, if the Government decides not to participate in the private housing market, not to intervene in it, it should better not to make any intervention at all. At present, negative equity holders are faced with the problem of interest payment. The Democratic Party only hopes that the Government can provide loans for this cause. The Liberal Party did raise the point that it is indeed unnecessary for the Government to provide loans. Instead, it merely needs to provide guarantees for part of the mortgage involving negative equity. We can surely discuss this point. The problem only lies in the methods to be proposed by the Government.

Although a 100% remortgage is now permissible by the Hong Kong Monetary Authority (HKMA), negative equity holders will still be required to come up with payments ranging from \$300,000 to \$500,000 before they can remortgage their properties and enjoy lower interest rates. Certainly, the Government can only give them partial assistance. What can we do to enable them to enjoy prime rate (P) or P-minus interest rates? According to the findings of a survey conducted by the Government, there are some 60 000 negative equity households in Hong Kong. This figure almost agrees with the findings of a survey conducted by the Democratic Party earlier. If the Government decides to set up the "interest reduction remortgage fund", it should make reference to the HSLs in imposing income ceilings and stipulating that the property concerned must be a self-occupied property. If a person owns more than one property, the properties shall be considered as investments and be barred from applying to the fund. Such a little effort by the Government can at least restore stability to some 30 000 or 40 000 negative equity households to enable them to continue making their mortgages payments, to relieve their financial pressure, and to deter the emergence of certain social problems. It was pointed out by the Honourable Jasper TSANG earlier that this was in fact one of the main causes for public grievances. Even though negative equity holders are suffering from financial hardships, they still have to bear with a P or P-plus interest rate, while watching their neighbours enjoy a P minus 2% interest rate.

At present, the number of negative equity holders still stands at 600 000, despite it has shrunk considerably. If the Government can make a little effort, how many of them who are still paying P-plus interest rates can enjoy P-minus interest rates? The Democratic Party's proposal is merely a loan scheme. It is not a subsidy scheme since loans have to be repaid. Of course, loans definitely carry risks. According to the data provided by the HKMA and banks, the ratio of bad debts over the past years stood at 1 or around 1 only.

The Government and the Acting Secretary recently predicted the percentage of risks borne by the \$1.9 billion fund set up for small and medium enterprises (SMEs) to be 10%. As a result, the ratio of protection rose from \$1 billion to \$6.6 billion. If half of the burden is to be borne by banks, the figure will turn into \$13-odd billion. Upon comparison, the percentage of risks of providing mortgage loans is just a little over 1. The Democratic Party will certainly raise no objection to financing SMEs through this means because employment opportunities can be created and businesses can thus prosper. By the same token, if we are to calculate the risk ratios, the percentage of risks of providing mortgage loans only stands at a little over 1 — or we can raise the percentage to 2 because negative equity is involved. Although the Government might lose \$200 million if a \$10 billion loan is to be provided, this measure can restore stability to tens of thousands of negative equity families and prevent certain families from making it to the headlines. After the delivery of the policy address by the Chief Executive, some members of the public planned to organize negative equity holders to stage protests or ceasing to make mortgage repayments en masse. This is definitely undesirable insofar as the whole banking system is concerned. Therefore, I personally feel that the Government should actively consider doing something in this regard.

The second issue concerns high effectiveness and low cost. Rent is currently a major problem confronting public housing tenants. Given the fact that the Government has the courage to decide suspending the sale of Home Ownership Scheme flats in 10 days, it should have the courage to slash rents payable by tenants and shop owners of public housing estates by 30%. The fact that many public housing tenants and people of the lower class choose to go spending across the boundary has exerted great pressure on shop owners in public housing estates. It will surely be enormously helpful to the economy or to retaining spending here in Hong Kong since slashing the rents by 30% will reduce cost. I believe the Liberal Party and some Honourable colleagues are concerned about how we can keep the people here to spend their money.

With these remarks, Madam President, I hope the Government can reconsider the issues pertaining to negative equity and the slashing of public housing rents.

**MRS SOPHIE LEUNG** (in Cantonese): Madam President, this year's policy address happens to coincide with a global economic crisis triggered off by the "September 11 incident". As a result, Hong Kong economy plunged into depression again. It was reported yesterday that the unemployment rate in Hong Kong had even risen to 5.3%. Export-led textile and garment industries were also badly hit. Faced with this situation, the first and foremost tasks for the SAR Government are to revive the economy and to lower the unemployment rate.

The development of Hong Kong economy relies on three ways only. They include attracting inward investments, promoting tourism and exporting industrial products.

Although inward investments can create employment opportunities, they not relatively reliable since Hong Kong has no foreign exchange control and capitals can enter and leave Hong Kong easily.

Tourism provides a good means of earning foreign exchange. Yet the development of tourism in future tends not to rely on scenic spots to attract tourists. According to the findings of a survey, tourists of high standard and spending power tend to visit vibrant and robust cities like London, New York, Paris, and so on. Hong Kong still needs to make an effort if it is to develop into a quality cosmopolitan.

Export of manufactured goods provides a relatively stable means of earning foreign exchange and forms an integral component in supporting the sustainable development of our economy. In 2000, for example, the total value of exports reached \$181 billion. I wish to point out that industries still account for a substantial percentage in the economy of developed countries or regions. In many economies, manufacturing industries manage to maintain a percentage of around 20% perpetually.

Regrettably, the Government has failed to give due attention to Hong Kong industries over the past two decades. What is more, industrial development has

been stifled by such factors as high land prices, high inflation rate and constant amendments to employment and labour legislation. Consequently, the contribution of the manufacturing industry to Gross Domestic Product dropped from 24% in 1980 to 6% in 1999. As a result, the industries of Hong Kong have become hollowed, with excessive emphasis being put on the financial and services industries.

Hong Kong has long been practising a positive non-intervention policy. Nevertheless, I hope the SAR Government can, in formulating its future industrial policy, refrain from adhering blindly to the non-intervention principle and ignore the survival of our economic pillar — industries. The Administration should indeed formulate a 10-year industrial policy to give play to its role of earning foreign exchange.

Let me quote the textile and garment industries as an example. The Chief Executive proposed in the policy address of 1998 to develop Hong Kong into a world-class design and fashion centre. However, this proposal is yet to be implemented.

Pooling collective wisdom, the trade has concluded that the conceived fashion centre should provide one-stop services, organize fashion shows, invite design personnel from reputable fashion houses or institutes to give talks on fashion trends, and facilitate demonstration of products by clothing material suppliers, so as to turn the centre into a Mecca for clothing design personnel from Asia and other parts of the world.

If Hong Kong is to become Milan of Asia, the fashion centre must demonstrate that it can, through various facilities and activities, induce co-operation among manufacturers and design personnel with a view to integrating fashion design into garment production to raise the value of production activities.

Over the past decade or so, although the garment industry was faced with various unfavourable conditions, particularly the lack of room for domestic expansion and rife competition and various forms of protectionism externally, it has never "sought help" from the Government. It has only held fast to its position and worked strenuously to add value to its products and continue to earn foreign exchange for Hong Kong. This is precisely the manifestation of the "enterprising spirit".

Overseas buyers have amicable trust in clothings made in Hong Kong for their quality and manufacturers' punctuality in meeting deadlines. Many small and medium enterprises (SMEs) have also expressed that they are willing to continue their operation in Hong Kong. They also hope that they can undergo another restructuring before the abolition of the garment quota system in 2003, with a view to developing more high value-added products and expanding business opportunities.

In the current difficult economic environment, the Government must redouble its vigilance in providing manufacturers — particularly SMEs — with a favourable business environment. For instance, without compromising the spirit of law enforcement, it should handle with flexibility when inspecting the export goods manufactured by garment factories to avoid delay for great losses will be incurred if the goods are to be transported by air instead of by sea.

Madam President, matching in terms of manpower is of paramount importance. Though the textile and garment industries have been working very hard over the past four or five decades to earn foreign exchange for Hong Kong, negative comments in society have deterred young people from joining the industries. As a result, these industries are suffering from the problem of ageing manpower. If the Government fails to address this problem, the development of the industries will be hampered as a result of ageing this group of highly valuable talents who have made tremendous contribution and the lack of successors.

In fact, such industries as toy, timepiece and electronics also enjoy high reputation internationally and have made substantial contribution to our economy. Robust industrial development can also serve multiple purposes for it is conducive to other industries like transport, paper making, printing, finance, and so on, too. I hope the Government can resolve to sustain an industry-driven economy, create employment opportunities, and lead Hong Kong to turn the corner.

Madam President, I so submit.

**MR DAVID CHU** (in Cantonese): Madam President, although Hong Kong economy is now on the verge of depression and our unemployment rate has further worsened, we should not be overly pessimistic and, what is more, should

not lose confidence. Our advantage lies in the fact that we have the Motherland behind us. It can serve as our production base and provide us with a huge market and enormous business opportunities. The Hong Kong Progressive Alliance (HKPA) is convinced that, by virtue of this point and the diligence of the people, Hong Kong will definitely manage to break through this predicament and create prosperity again. The HKPA also holds that, in order to give full play to our unique strengths, the SAR Government endeavour to promote integration of the economics of Hong Kong and the Mainland, thereby turning the Mainland into our hinterland. The HKPA greatly endorses the proposal of the policy address that we have to strengthen the co-operation between Hong Kong and the Pearl River Delta (PRD). This is in fact a long-standing proposal championed by the HKPA. In this respect, the HKPA would like to make three recommendations.

First, the SAR Government must expedite the implementation of measures to induce economic integration between Hong Kong and the PRD. In this connection, there are four areas we must pay attention to:

- (1) The SAR Government must expedite the construction of various cross-boundary infrastructure and improve transport and shipping facilities serving Hong Kong and the PRD. The HKPA holds that, apart from improving road and railway networks, the SAR Government should also promote the helicopter services plying between Hong Kong and the PRD to boost regional transport links and further shorten travel time within the region.
- (2) The SAR Government must further facilitate the exchange of talents between Hong Kong and the Mainland. To this end, the Government should introduce a points system to allow mainlanders to apply for residence in Hong Kong in the light of their assets and expertise. In addition, the SAR Government should continue its negotiations with mainland authorities to examine the feasibility of further relaxing the restrictions on business travellers.
- (3) The prime task for the SAR Government now is to expeditiously improve passenger clearance across the boundary. To this end, the Government must expand the capacity of control points and enhance the efficiency of passenger clearance by considering further lengthening the hours for passenger clearance, boosting manpower

for the handling of immigration matters, expeditiously setting up an automatic smart card system and introducing a "joint clearance" system as soon as possible.

- (4) The HKPA greatly supports the decision of setting up an economic and trade office in Guangzhou next year and hopes that the office can provide the people of Hong Kong with more substantial support and professional advice in such areas as law, business environment, and so on.

Second, the Government must by all possible means reduce the inconveniences or man-made obstacles imposed on the conveyance of mainland goods to Hong Kong to facilitate the flow of goods. Although Hong Kong is separated from the Mainland by only a checkpoint and it takes only one hour or so to travel between the two places, there is a huge difference between the prices of goods. This is very unreasonable indeed. It is therefore necessary for the SAR Government to conduct a detailed study to cut unnecessary costs incurred in the trading of goods between the two places and to facilitate the flow of goods so that enterprises and residents in Hong Kong can purchase mainland materials, food and necessities at cheaper and more reasonable prices.

Third, given the fact that professionals of the middle class in Hong Kong are now faced with tremendous hardships, the SAR Government should help them further develop business opportunities in the Mainland (particularly in the PRD). Following the accession of China to the World Trade Organization (WTO), a number of trades must align with the international community and there is hence a keen demand for professional services. If mainland organizations and enterprises can recruit management and professional personnel from Hong Kong, it will help China to make preparations for its accession to the WTO and expose China to different experiences and points of view on the one hand, and provide the middle class in Hong Kong with opportunities of further development on the other. The HKPA would like to suggest the SAR Government to set up a specialized department to introduce to the Mainland and overseas countries various professional services available in Hong Kong in such areas as law, accounting, finance, insurance, engineering, surveying, planning, and so on. Moreover, the SAR Government can hold discussions with the mainland authorities in a bid to help the middle class in Hong Kong to operate small businesses in the Mainland and provide them with essential support.

Madam President, we shall be able to turn a crisis into an opportunity if we can make good use of our strength in having the Motherland behind us. The SAR must enhance the efficiency of the Civil Service and implement various measures conducive to economic revival in concrete terms. With these remarks, I support the policy address.

**MR MA FUNG-KWOK** (in Cantonese): Madam President, that the economy of the SAR is facing a critical challenge is not news. The Chief Executive has mentioned in the policy address once again the inherent advantages of Hong Kong such as having the Mainland as our hinterland and being the freest economy. We are very clear about our advantages but the community still lacks confidence in overcoming the present economic plight. In the final analysis, the situation has been caused by the failure in restructuring our economy, or perhaps it can be said that we are at a loss as to how to restructure the economy, hesitating at the crossroads of a knowledge-based economy and at the same time failing to adapt to and face up to the omni-directional competition brought by globalization. The situation is found in the community and also in the Government. In my view, the Government should greatly intensify strategic studies in this respect, especially studies related to co-operation between Hong Kong and the Pearl River Delta in the Mainland and development.

In the policy address, the Government has locked the focus of long-term strategic development on investment in education and talents training. I fully agree to and support it, but I do not intend to discuss this point today.

Earlier on, the SAR Government proposed the promotion of innovation and technology and the development of high value-added industries. The direction is absolutely right because industries in Hong Kong really must develop in the direction of innovation and technology. The SAR Government has also set up the Commission of Innovation and Technology. We have great expectations of the Commission and hope it would give advice on and create conditions for the development of local industries. I wish to know the recommendations made by members of the Commission and which of these have been adopted by the Government.

It is disappointing that the latest policy address has not touched upon the development of high value-added industries. I hope that the Administration can increase the momentum of promoting the development of high value-added

industries. I also hope that the significance of the direction of developing innovation and technology to Hong Kong is not merely transient or lacking substance, just like the upsurge of technology shares earlier on.

Madam President, as a responsible government, the SAR Government must explicitly depict for the public the impacts of a knowledge-based economy and globalization so that the public will have sufficient knowledge of the problems that may emerge in the future, to avoid losing confidence and being at a loss in the face of new difficulties. We can note that the Government of Singapore has made a very thorough analysis of the likely changes in the *modus operandi* of enterprises, the direction of education and the situation of the lower class in the face of the new situation brought about by knowledge-based economy and globalization of the world economy. It has also facilitated the penetration of the information to various strata in the community. Warning the public in advance and allowing everybody to engage in deep introspection is far more positive and aggressive than continuously restating our inherent advantages.

We have to consolidate our strengths and grasp a clear understanding of the situation. I believe the SAR Government has not failed to grasp the prevailing situation. With China's imminent accession to the World Trade Organization (WTO), there is less and less time for us to sound a warning in advance and the Government should let the public become mentally prepared as soon as possible in order to rise to the difficulties and challenges that may emerge in the future.

Madam President, with China's imminent accession to the WTO, our economy will inevitably become more open. If we do not take effective support measures in time, the vitality of small and medium enterprises (SMEs) in Hong Kong will be diminishing. Consolidating the foundation of our economy, that is, SMEs, should be the prime task for the Administration in consolidating our strengths.

At present, SMEs and the professional services sector are subject to great pressure, one of the source of the pressure being the failure of the Administration in understanding that the sector are in a plight because of the deteriorating economic condition and its eager introduction of new legislation or measures. Thus, it has expedited the elimination of the weak and the survival of the fittest in the relevant sectors and increased the pressures of operation. Moreover, there is a lack of measures to assist SMEs in hardship to restructure. The Chief

Executive has pledged in the policy address that prior to formulating new policies and legislation, the impact of such policies and legislation on the business environment will be fully assessed. This would reverse the attitude of government officials in the past, that is, attaching importance only to the performance in respect of their own portfolios to the neglect of the overall social impact. This is an appropriate step. However, the SAR Government should further review the impacts of bills or policies introduced in recent years on the business environment. Circumstances permitting, it should make adjustments to the schedules of implementation of the relevant projects and the corresponding measures, to give the sector a chance to gasp for breath under the present economic difficulties.

Although it is stated in the policy address that an additional \$1.9 billion will be injected into various funds targeted at the development of SMEs, merely these funds alone are not enough to help SMEs and the professional services sector in meeting the challenges resultant of China's accession to the WTO. It is stated in the policy address that the SAR Government will establish an Economic and Trade Office (ETO) in Guangzhou next year. We should welcome and support this, but the scale, work positioning and targets of this office must be very explicit. If the ETO is to effectively assist Hong Kong businesses in their development in the PRD area, it must play a more positive and aggressive role, look around for business opportunities, feed back information in time and take up the task of coercing and uniting Hong Kong businesses. It should help them fight for reasonable treatment, reflect their views and give them essential support. I hope that the ETO in Guangzhou is just a start and the Government should identify other suitable places for the establishment of similar ETOs.

While the SAR Government encourages Hong Kong businesses and the professional services sector to look northward, we have to realize one point, that is, SMEs, given their smaller scale, can hardly compete with large foreign enterprises in the mainland market after all. The SAR Government should consider following the example of foreign governments in formulating policies, rules and regulations targeted at SMEs. For example, it should specify that a certain percentage of contracts administered by the Government must be specially offered for tender by SMEs. Provided that the relevant legislation is also applicable to foreign companies, the problem of protectionism will not arise. Actually, we must allow SMEs and the professional services sector to stay and develop in Hong Kong and the Government should be able to serve as the cradle of prospective large enterprises.

Finally, I wish to say that the policy address has mentioned little about culture. In my view, the cultural heritage is a very important component of a knowledge-based economy.

**PRESIDENT** (in Cantonese): Mr MA Fung-kwok, I wish to remind you that, in this session, Members should debate on such policy areas as industry and commerce as well as economic and financial affairs. If the content of your speech goes beyond these three areas, you should wait until the debate next Wednesday to make your remarks.

**MR MA FUNG-KWOK** (in Cantonese): That is precisely the closing remark of my speech.

**PRESIDENT** (in Cantonese): Mr MA Fung-kwok, please continue.

**MR MA FUNG-KWOK** (in Cantonese): I would put forward the specific cases for discussion at the right time. Thank you, Madam President.

**MRS SELINA CHOW** (in Cantonese): Madam President, with desolate scenes on all sides, the hardest hit is the wholesale and retail sector that I represent. In recent years, this service sector employing approximately 260 000 workers has been competing intensely with our neighbouring regions that boast low costs and prices. In particular, it was badly hit in the wake of the financial turmoil in 1997 and as Hong Kong people have travelled north for spending more frequently, the sector is lingering on in a steadily worsening condition. After the "September 11 incident", there is a global dwindling of the desire to consume and travel. All these disasters, coming one after another, have been rubbing salt in the wounds of the wholesale and retail sector which takes all the hits direct.

Hong Kong cannot control or change the general trend, even if it can, it still needs time and resources. Does it mean that nothing can be done? The answer is certainly negative. In fact, the discussion of the community and the relief measures put forward by the Government in respect of this issue are only stopgap, targeting only at the symptoms but not the cause. Therefore, I am

very disappointed with the policy address for it lacks measures that can thoroughly stimulate the economy and encourage or enhance people's confidence in consumption.

There is a common saying that one will invariably talk shop as he goes on talking. I think that promoting the development of tourism may be one of the solutions. I am grateful to a member colleagues of this Council for their concern about this sector. The work of the Hong Kong Tourism Board is clearly the promotion of Hong Kong to tourists outside Hong Kong. I hope to discuss in detail the active promotion of local tours to Hong Kong people in the debate next week. In any case, the Government has to remove various obstacles to our business environment as soon as possible, including the existing legislation, policies and measures. Therefore, I fully agree with the question asked by the Honourable James TIEN in the Chief Executive's Question and Answer Session. He asked whether the Chief Executive would review the existing legislation and policies because, as compared to the time when the legislation was first made, the present situation has probably changed, or it has been found that they are not feasible after a certain period of implementation. This is not exclusive to a certain department or Policy Bureau. Instead, it requires the overall concern and actions of the Government, and it cannot be solved by empty discussions about principles, slogans or theories. Only by specifically targeting at the actual problems can we rebuild investor confidence in development in Hong Kong.

I would like to tell a few stories and all of them are true cases. A well-known chain store intended to introduce United States health foods into Hong Kong but as there was legislation in Hong Kong regulating such products, the chain store was required to provide documents to prove that the products comply with certain standards. However, there were no such standards in Britain, the United States or Singapore for they were made up by the relevant department in Hong Kong behind closed doors. Though they were made to safeguard the safety and health of consumers, they were non-existent in the developed countries mentioned above. The chain store originally intended to open dozens of branches and each of them might employ eight to 10 workers. As a result, the matter has been postponed for six to seven months and it is not yet settled. Since the problem could hardly be resolved, the chain store approached me for assistance and I promised to assist it in consulting with the relevant department. Until then, the department started to look into the matter and I am not sure how many months more it would take to solve the problem.

Another story was about cushions. As some cushions failed to meet the standards of Hong Kong, they were confiscated by the Customs and Excise Department. The businessman selling the cushions indicated that the United States did not have such standards. But if Hong Kong really had such standards, he could discuss the matter with the United States party for it was specified in the contract that the goods could be returned if they failed to comply with the standards of Hong Kong. Yet, the Customs told him that though he did not sell any cushions, as that shipment of imported cushions failed to comply with the law of Hong Kong, they had to be confiscated. Finally, the businessman had lost tens of thousands of dollars for no cause.

There is yet another story about toys. The Government confiscated a kind of toys as they failed to meet certain safety standards. It was found after the confiscation of all the toys that, it was only necessary to replace a component and the toy would then become a safe product in another market. Thus, the businessman asked the relevant department whether he could do the same since that could be done in other markets. However, the inquiry was like a stone dropped into the sea and there has been no reply whatsoever.

Moreover, many a shop in the retail sector often has to apply for 15 licences before it can begin operation. In the meantime, the Housing Authority has taken the lead to increase rents and the rates of increase range from 35% to 95%. I believe the Financial Secretary has also heard such complaints today.

The Government is very capable. It continues to adopt the positive non-intervention policy that has existed for long but is still adopted from time to time. For example, when Hong Kong businesses wish to develop in the Mainland, the Government has to come forward and fight for fairer rather than preferential treatment for them. Yet, the Government would say, "Sorry, we adopt the positive non-intervention policy."

In addition, there are some unreasonable cases. For example, why are chickens supplied by the same source sold at over \$40 each in Hong Kong but only \$20 each in Shenzhen? I believe the relevant government departments are actually aware of these problems. Have they ever given Hong Kong businesses any assistance?

Certainly, I am very pleased to hear the Financial Secretary say resolutely that he would not introduce the sales tax now, but I still wish to hear him officially announce that here.

Thank you, Madam President.

**MR NG LEUNG-SING** (in Cantonese): Madam President, the last policy address of the first Chief Executive during his term of office was presented at a time when the global economic situation were wrapped in extreme uncertainties. Our economy has yet to revive, worse still, it has been cast under another shadow. The enterprises and the general public are still facing various operation and livelihood difficulties.

Our economy has long been export-oriented and it inevitably follows closely the external economic trend. Given that our economy is based on the free market, the means at the Government's disposal to assist the business sector and influence the economy direct are naturally limited. However, this does not mean that the Government can do nothing. Basically, the policy address focuses on the soft and hard infrastructure in an attempt to assist in improving some of the basic elements of our economy in a practical manner. For example, initiatives like undertaking more infrastructural projects to promote economic activities, enhanced commitment to help SMEs and establishing closer trade and economic links between Hong Kong and the Mainland merit approval. More importantly, it is stated as a principle in the policy address that prior to formulating new policies and legislation, the impact of such policies and legislation on the business environment will be fully assessed. Moreover, government departments should always be conscious of the need to enhance the business environment.

To practically observe this principle, standards that are as specific and objective as possible should be set for assessments on the impact on the business environment, so that there could be a realistic basis for these assessments, thereby avoiding reducing them to vague and general slogans. In this regard, the Government should negotiate and study with the business sector, set up a framework when necessary and invite the participation of such groups as business associations as well as make reference to the experience and practice of professional organizations engaged in the assessment of the business environment. When working out the various policies, if it is known that a

certain measure has potential impact on the business environment, even if it does not fall into the business and economic scopes, reports on the assessment of impact and data should be made to the Executive Council and the Legislative Council. Then, the policy makers and the councils can take the matter into consideration and effect monitoring.

Moreover, to demonstrate that government departments are always conscious of the need to enhance our business environment, the Government should take one step further apart from the measures proposed in the policy address. In other words, in planning the structure, establishment and remuneration package of government departments, it must start with compliance with the idea of improving the business environment, carrying through the principle of "small government" and gradually reducing direct participation in market operation. Furthermore, the civil service structure should be given greater flexibility and an adjustment mechanism that can better reflect the actual market situation and effectively control growth in recurrent government and public expenditure be introduced. Excessive participation in the market would produce an enormous and cumbersome public sector and a continual increase in public expenditure will be unfavourable to the business environment of Hong Kong. Besides eroding the vitality of the private sector, it will easily increase tedious bureaucratic procedures and the pressure on taxation and government charges.

The Hong Kong economy is a maturing economy and the general public has rising expectations of business organizations operating in the market, especially private organizations of a large scale. While shareholders wish that their economic benefits would continue to increase, the general public will wish that they would make more commitment to their social responsibilities. For instance, in recent years, given the economic downturn and the depreciation of assets, together with the phased abolition of the interest rate agreement, the banking sector is facing more intense competition in the market, on the one hand, some sectors of the community expect the operators of banks to take better care of the needs of people in financial difficulties. While maintaining steady operation, the banking sector has always responded positively to the expectations of the public and society because this is basically in the interest of the overall development of the banking industry. Yet, the most basic point is still that operators must follow the principle of free market operation so as to ensure the stability and systemic safety of the long-term operation of the banking sector and ultimately safeguard the interests of depositors. Apart from putting forward

suitable matching measures and incentives, the Government should apply its yardstick firmly and avoid excessive administrative intervention or participation in market operation. Besides, it should avoid influencing the business decisions of the sector so that the public would not harbour unrealistic expectations that are detached from the standards of market operation. To maintain a good business environment and continue to attract international investors, the Government still has to make continuous efforts and endeavour to stick to the principle.

Just as I have said, the essence of improving the business environment is to exercise the greatest restraint from intervening in the private market. In Hong Kong, the property market is one of the most important markets that have close links with business, economic and financial affairs. Unfortunately, it is also the market that has seen the most intervention by the Government for a long time. I would grasp the opportunity to explore the matter further in the relevant session of the debate tomorrow. Today, I only wish to point out that, in the face of the present economic quagmire and the slump in the property market, the Government has every reason and urgency to review various policies in respect of public housing again. The making and existence of these policies certainly have a complicated historical background. Yet, as the effect of intervention of these policies in the private property market has felt more significantly, I agree that the Government should conduct a review and address the issue later.

Madam President, I so submit.

**MISS EMILY LAU** (in Cantonese): Madam President, there is seething popular discontent when we debate on the policy address in this Council these few days. I believe a lot of people will be interested in whether this Council can make efforts to help relieve the people's difficulties. I am very grateful to Mr James TIEN for organizing a cross-party coalition to make a number of recommendations to the executive authorities again. Next week, Mr TIEN will propose an amendment that, I believe, will be supported by a great majority of colleagues. I also hope that the executive authorities will actively respond it. Madam President, many Members have said that the amendment will seek to make a small change only. It is true because it is a product of compromise. A lot of people have different expectations but if a proposal cannot gain the support of the majority, it will be deleted, so it leaves a very small scope for the amendment. However, we have still made more recommendations than the Chief Executive. Thus, we insist and hope that the Chief Executive will try his best to adopt the various recommendations made by Members.

Madam President, as I support small government, I will not encourage the unlimited expansion of the Government. I hope that we could try our best to improve the business environment and provide sound infrastructure to attract foreign or local people to make investments and run businesses in Hong Kong, thus providing job opportunities. The Honourable Martin LEE has just mentioned some cases that make people very unhappy, feeling that Hong Kong may not necessarily work out some fair rules of the game. The fact that some will be treated with leniency shows the existence of partiality. Some who have committed an offence may even not be prosecuted — if they come from or have very good relationship with the business sector. I believe all these incidents have cost Hong Kong dearly in terms of reputation. I do not wish to see such cases happen again.

Madam President, I do not wish to see Hong Kong people to travel so often to the Mainland to ask various parties to do them "favours". Madam President, I have recently read the *Economist* ranking of various countries in the world. Hong Kong ranks 25th among the largest economies and the Gross Domestic Product (GDP) of Hong Kong is \$158.9 billion. Certainly, the United States ranks first and its Gross National Product (GNP) is over \$9,150 billion. China ranks seven and its GNP is \$989.5 billion. The GNP of China is six times that of Hong Kong. The GDP per capita of Hong Kong is US\$23,000 and that of the Mainland is US\$790. Development is wanting in many areas in the Mainland. Although I cannot travel to the Mainland, I fully support enhancing communication with the Mainland. However, I will not support the remark made by some people, that we have to carry with us a "begging bowl" to the Mainland and ask the mainland people to help us. This is not feasible as we need so much money. Madam President, Hong Kong has a lot of money but I do not know whose pocket it is in. According to some reports, 1.25 million Hong Kong people earn less than \$25,000 a month. Therefore, I do not know how the accounts are made. Though Hong Kong has so much money and it ranks 25th among the largest economies in the world, over 1 million people are in a precarious state.

Madam President, I fully support the amendment proposed by Mr James TIEN. I do not wish to waste the money of Hong Kong, nor do I wish to give "handouts". I have told the Financial Secretary that the remark is utterly insulting. When the Financial Secretary was interviewed by the Cable TV on that day, a person from the middle class said very angrily that his situation had not gone so bad that he had to hold a "begging bowl" and beg the Financial Secretary to give him alms of some rice yet. I believe the Financial Secretary

had not used the word "alms" at that time, but we think it is time for the Government to spend some money.

What movies can the Government spend? The latest information indicates that the total assets of the Exchange Fund at end August are \$1,000.4 billion — perhaps it has fallen below \$1,000 billion today because it has been losing money. There is a fiscal reserve of \$381.3 billion in the \$1,000 billion and there is also an accrued surplus of \$299.4 billion — the Financial Secretary certainly knows that the accrued surplus is the gains of the Exchange Fund — it is not necessary to use the money to defend the linked exchange rate, so, there is \$680.7 billion at the Government's disposal. The Financial Secretary has said that there may be a deficit of \$100 billion but we are not sure if it is true, perhaps he can tell us later. Some think that the figures given by the Financial Secretary are too large, but I think that a forecast can hardly be made because the former Financial Secretary used to make erroneous forecasts very often. Even though there is a deficit of \$100 billion, we can still spend \$680 billion — although the figure will decrease with daily losses — the amount that several political parties have proposed to spend is only a very small percentage of this figure, thus, I absolutely hope that the Government would consider whether this can be done. I also hope that the whole taxation system can be reviewed rather than just expanding the tax base as I am also worried about the general revenue. From the information I recently obtained, I find that there are a lot of non-tax revenue, so, I hope that a review could be made. But I think we definitely have capacity for spending.

I fully support the remarks just made by the Liberal Party, Dr the Honourable David LI and a few Members, that civil servants and senior officers should have a salary reduction. I know this Council has different views on this issue and I have discussed it with some good friends. Some of them agreed, but some disagreed. In my view, we should demonstrate to the public how the Government would tide over the difficulties together with the public.

Madam President, I have just mentioned the information in the *Economist* and I would like to mention other information in the publication. The remuneration of civil servants in Hong Kong ranks among the highest in the world, but the quality of life in Hong Kong only ranks 26th. Should a review be conducted on the remuneration of our civil servants? I think that their remuneration should be linked with their performance and one of the indicators of such performance is the quality of life.

Finally, Madam President, I would like to discuss the linked exchange rate. This is a very sensitive and important issue. I hope that the Financial Secretary will conduct a review when appropriate. Certainly, we cannot discuss the issue in open and I do not wish anybody to attack the Hong Kong dollar capitalizing on this. Nevertheless, if our economic development would be impeded as a result, I think it is necessary to conduct a review.

I so submit.

**MR LAU WONG-FAT** (in Cantonese): Madam President, Hong Kong has entered the fifth year since its reunification with the Motherland in 1997. It has now been proved that the grand idea of "one country, two systems" conceived by Mr DENG Xiaoping is practically feasible. Politics-wise, it has also become a successful example recognized internationally. Unfortunately, Hong Kong economy has failed to develop at the same speed, owing to both external and internal factors. At a time when our economy is sliding and the unemployment rate rapidly rising, the fifth policy address delivered by the Chief Executive has indeed provided certain means to relieve the people's hardship. Nevertheless, I personally hold that the Government can do more to benefit both Hong Kong and the people to enable the community to extricate from the financial predicament expeditiously. I earnestly hope that the authorities concerned can consider taking more measures of greater intensity to really alleviate the people's hardship.

There have been a lot of comments in society surrounding the issue of alleviating the people's hardship. I would like to focus on two points only.

First, measures to help people with negative equity. Although the Government has only engaged in verbal help without spending a dime, it can be said that it has at least taken a right step by changing its former attitude of indifference. Nevertheless, the new measures have come too late, offering little help to negative equity holders. In my opinion, it would be better and more practical for the repayment period to be substantially extended to, for example, 30 to 40 years. A longer repayment period is just a usual means that helps stabilize society. Hong Kong should be able to do so for it has already completed the transition from 1997. Both the Government and banks cannot shirk their responsibility of having caused the negative equity problem. In my opinion, the Government should continue its effort by setting up an expert team

to follow up this issue with the banking sector. I am sure it can come up with more measures that can help people with negative equity to tide over their difficulties in a more effective manner.

Madam President, I am very disappointed that the policy address has not mentioned even a word about public aspirations in respect of the Mandatory Provident Fund (MPF). At a time when businesses are bleak, retrenchment has become a trend, and the unemployment rate is rising rapidly, we must not overlook the impact of the MPF on the financial burden of employees and employers and the overall spending power of the public. What employers and employees want most at present is a chance for them to catch breath. If companies "fold" one after another because employers cannot hang on anymore, even an improved MPF system is not going to work. If employees and employers are allowed to stop making MPF contributions for a year, or if the Government can contribute on their behalf or provide interest-free loans for them to make MPF contributions for a year, it will greatly help relieve the people's burden, alleviate grievances resulting from losses incurred by MPF investment, reduce the occurrence of closures, and stimulate domestic spending. It is indeed worthwhile for the Administration to study this subject carefully.

Madam President, I so submit.

**MS AUDREY EU** (in Cantonese): Madam President, as the Chief Executive, Mr TUNG Chee-hwa, has said, our economy has encountered unprecedented difficulties for years. He also analyses in great length in the policy address the problems encountered by Hong Kong in the course of economic transformation and restates the many advantages that Hong Kong has. However, the remarks of the Chief Executive have obviously failed to rebuild the confidence of Hong Kong people in our economic prospects.

In the policy address, the Chief Executive puts the blame for the economic difficulties encountered by Hong Kong on changes in the global political and economic environment including the Asian financial turmoil, globalization of world economy and the emergence of a knowledge-based economy as well as the "September 11" terrorist attack incident. Is it absolutely right for the Chief Executive to put the blame for the problems on external factors? A responsible policy address not only has to announce the direction of future administration but also the need and courage to review the blunders of administration in the past, to avoid repeating the same old disastrous path.

Of course, Hong Kong is an open economy and the external factors have enormous impact on economic development. In face of an economic crisis, it is precisely the right time for the Government to demonstrate its leadership. Although the Government cannot control the external changes, it should put forward stable economic policies. The business sector is most concerned about the stability and continuity of policies and local businessmen and foreign investors alike are most afraid of unpredictable changes in policies because they will not be able to predict the rules of the game of the market or make corresponding investment decisions.

The present confidence crisis in respect of our economy is to a certain extent brought by the swaying policies of the SAR Government in the past four years or so. The policy-making process is just like a black hole, characterized by the "rule of man". The most typical example is the housing policy. All the significant decisions, from the "85 000" policy to the suspension of the sale of Home Ownership Scheme flats, were made out of the blue. The "85 000" policy had disappeared for two years, but none of the officials by the side of the Chief Executive knew that. The significant changes in the housing policy have been made without consulting the Housing Authority or the officials concerned. How can people adapt to such a style of governance? How can the people have confidence in making investments in the property market?

The Government's excursion to the market during the 1998 financial crisis to ward off the speculators and the granting of the right to develop the Cyberport without open bidding are examples of violating the rules of free market economy. Such measures of intervention in the market have induced the community to hold expectations of the Government. In particular, when there is an economic downturn, various trades and industries will ask the Government for assistance. Government officials complain that the public are reluctant to make efforts on their own to improve themselves, asking the Government for assistance instead. Has it ever occurred to them that all this has been the making of the Government?

Another mortal wound of the Chief Executive is his craving for greatness and success. He hastily put forward some ambitious plans to turn Hong Kong into London and New York of Asia without careful consideration. For instance, he strongly advocated the development of information technology and it ultimately kick started another round of an upsurge in speculation. Other great wishes of the Chief Executive include a first-rate fashion centre in Asia, a

multimedia information and entertainment centre in Asia, a silicon port, an international Chinese medicine centre and a fresh flower port. However, the Government has made a fine start but poor finish in all these cases. The prestige of the Chief Executive has thus been badly hit and people cannot help doubting whether he has conducted a detailed study before putting forward these ideas.

From an economic angle, the policy address this year is undoubtedly much more down to earth than its predecessors. Compared with other large cities on the Mainland, the biggest advantage of Hong Kong is a free and open market. We must continue to maintain this advantage and create a more open market and a fairer environment for competition. In this connection, I think the new measures to facilitate mainland business travellers and tourists visiting Hong Kong very much merit our support.

The Government must endeavour to improve the business environment, including improving the air quality, promoting logistics transportation, upholding the rule of law and freedom as well as legislating to prohibit racial discrimination. Besides, the Government should make an objective and detailed study of the blow that would be dealt at our economy by China's accession to the World Trade Organization and the globalization of world economy. Blindly putting emphasis on having the Mainland as our hinterland cannot give the public confidence.

Summing up, I think that the Government should review its faulty administration with swaying policies in the past and increase the transparency of policy making. Although the Chief Executive stresses that he will serve Hong Kong unflinching resolve, the antonym of "unflinching resolve" is "stubbornness". Declining to profoundly rethink where the problem lies and putting the blame for all the problems on external factors will only make the situation worse.

Madam President, Hong Kong is now facing a problem that is more important than the economic problems. It is the problem of confidence. Putting it more clearly, it is the problem of confidence in the Government or the ruler. There are only two ways to rebuild the public's confidence. Firstly, the Government should bravely admit and review its blunders in administration in the past. Secondly, it should demonstrate that senior officials and the

Government are willing to tide over the difficulties together with the public. I hope that the Government will seriously consider the proposed salary reduction of senior officials.

Madam President, I so submit.

**MR LAU PING-CHEUNG** (in Cantonese): Madam President, the Chief Executive has just presented the fifth policy address during his term of office. Under the new debate arrangement, I would focus on discussing the work of the Government in promoting professional services in this debate session.

As our economy has shrunk as a result of the impact by the financial turmoil, the various professions cannot escape by sheer luck and encounter business difficulties. Thus, I have made suggestions to the Government time and again in the past few years. For example, I proposed in this Council last year that the Government should expand the room for survival of the professions as far as possible and focus on the quality of services instead of low prices, so that cut-throat competition among the professionals that would ultimately affect the standard of service could be avoided. It is a pity that the Government lacks the acumen of the business sector. Only after the situation has deteriorated does the Chief Executive admit in the policy address this year that the professionals cannot "escape the challenges brought by economic restructuring. And we are doing what we can to promote the development of professional services not only in Hong Kong, but to open up markets in other places."

The Chief Executive also pledges to: first, review the current tendering and approval procedures for government projects and services. The aim is to create more opportunities for local professionals; and second to set aside \$100 million to establish a fund to upgrade the standard of professional services in Hong Kong.

I welcome these belated measures and expect the Government and the professions to honour these pledges together.

As we all know, the Government invariably tends to award contracts to the lowest bidder when selecting professional consultant services or administering public works projects. But after the outbreak of scandals in respect of public housing, the community has reached the consensus the practice of awarding contracts to the lowest bidder will make the Government, the professions and the

community all losers. I hope this review can target at the crux of the problem so that the Government can no longer adopt an ostrich policy of ignoring the facts. Besides, it should work with the professions to draw up some reasonable methods of tender and selection.

Moreover, China is going to accede to the World Trade Organization (WTO) and this will bring unprecedented opportunities and challenges. Hong Kong will most probably be able to capitalize on this opportunity to leave the economic abyss. China is also a large market for the long-term economic development of Hong Kong. Though I do not fully agree with the remark made by the Financial Secretary, that "Hong Kong can hardly be poor", I would like to insert a footnote here that Hong Kong must grasp the opportunity and make matching efforts before it can its advantages into full play and have a share in the liberalization up of the mainland market. Otherwise, even if Hong Kong is given the tender care of the Central Authorities, it may not benefit as much as foreign countries.

Madam President, please forgive me in putting it bluntly that it seems there is something wrong with the strategies and methods adopted by the Government in promoting local professional services to the Mainland. Perhaps Members may recall that I asked the Government to appoint a policy bureau last year to assist local professions in developing the mainland market. Yet, the Government turned down my request.

The Chief Executive has stated in the policy address that the Government will join hands with the professions in developing new markets in the Mainland and overseas. Last year, the Chief Secretary for Administration and well-know businessmen visited the Mainland as a prelude to the development of Northwestern China, and the visit achieved very good publicity effects. In fact, before the Chief Secretary for Administration led the delegation to visit Northwestern China, the professional alliance, which I had joined, had taken the initiative to promote professional services in mainland cities with the assistance of the Office of the Government of the Hong Kong Special Administrative Region in Beijing (Beijing Office). This November, we would renew the co-operation with the Beijing Office and host a "Hong Kong Week" in Chongqing. I would like to especially send my regards to the Beijing Office and gratitude for their assistance.

However, in my view, this kind of promotional visit may be more effective for general businessmen and traders, but not to professional services.

Actually, the Chief Executive has given an answer in the policy address. He stated that the Secretary for Justice had discussed the matter with the mainland authorities and proposed that arbitration could be conducted in Hong Kong to settle contractual disputes when necessary. This will be advantageous to the Mainland, foreign investors and the legal profession in Hong Kong. Yet, this is only the first step in the development of the mainland market for Hong Kong professional services.

A more positive approach, however, should be the participation of Hong Kong legal professionals in the drafting of contracts to make Hong Kong the venue for arbitration, and once there are disputes, the legal profession in Hong Kong will stand to gain. This involves the practice of Hong Kong professionals in the Mainland. At present, most professionals in Hong Kong can only set up liaison or representative offices in the Mainland and they cannot begin practice or charge consultant fees; there are quite a lot of restrictions.

However, with China's accession to the WTO, these restrictions will gradually be lifted. The problem remains whether Hong Kong, with its special position, can ride the early train of liberalization of the mainland market, or missing the boat altogether. I am saying this not merely from a Hong Kong-oriented point of view. Insofar as professional services are concerned, the standards observed by the Mainland have yet to dovetail with the international standards observed by the West. While Hong Kong is familiar with the Western standards, it understands the culture and customs of the Mainland since it belongs to the same race and speaks the same language; thus, it is most suitable for Hong Kong to play a bridging role. This fully complies with the "going out" policy of our Motherland.

Let us think about the example cited by me just now about the attempt made by the legal profession to open up the mainland market. If the Secretary for Justice had not taken the lead, and if the professions had discussed the matter at the non-government level, I am afraid we would have got only half the result with twice the effort. Though we are fully aware that what the professional alliance and a number of professional bodies are doing is precisely this, we still insist on doing it. Instead of having a cornered beast fight in the small Hong Kong market, we might as well charge outward. We expect proactive intervention by the Government to make more efforts like what the Secretary for Justice has done in order that we may get twice the result with half the effort.

Madam President, professional services are very different from general business and trade in nature. For instance, in developing logistics services, we

need to construct a first-rate airport, ports, warehouses and enhance the application of information technology, to attract our neighbouring regions to use our airport and ports for the transportation of goods to destinations overseas. When we promote the professional services of Hong Kong such as the construction industry, we cannot ask our customers to come to Hong Kong. If so, our professional services will be done for sooner or later. We have to attract customers to Hong Kong to use our professional services, we must also export professional services to the location of our customers and assist them in suiting measures to local conditions as well as designing plans, preparing tender documents, conducting tenders and monitoring the progress of works until the completion of the buildings and the owners have taken occupation. We must even assist in the management, sale or lease of the flats. Hong Kong must provide and promote such professional services.

Madam President, I so submit.

**PRESIDENT** (in Cantonese): It is now 5.55 pm. The speaking time limit for Members for this session has expired. There are still 12 Members in the queue and I hope they will speak in other sessions. However, Members should speak in respect of the relevant policy areas in other sessions.

I now call upon public officers to speak in respect of this session. Five public officers will speak and they will have up to 45 minutes in total for their speeches.

**SECRETARY FOR ECONOMIC SERVICES** (in Cantonese): Madam President, I am grateful to Honourable Members for putting forward their views on Hong Kong economy. A response will be made by the Financial Secretary on 24 October, next Wednesday, to the views expressed by Members on our economic policy.

I have in the past three hours listened carefully to the views expressed by Members on logistics and tourism. I am grateful for their support for the Government in these areas. I will surely consider Members' views and suggestions in detail.

I am just as concerned as Members are about the economic situation in Hong Kong. And that reminds me of an article entitled "The uses of adversity:

how to survive the downturn" I read in *The Economist* earlier. Let me quote a few lines to share with Honourable Members. It says, "Downturns provide opportunities as well as hazards. Recessions do not last forever. It is in the early stages of an upturn that fortunes are most easily made. This is the time when companies should be preparing themselves to grasp the upturn when it comes". At this difficult time, we must try every possible means to solve the problems facing us. However, we should not lose sight of our fundamental economic strength. Let us work together to prepare for the moment of upturn, to regain, and most importantly, multiply our fortune. As pointed out by Members, we have sound infrastructure, and excellent air and shipping networks, which are pillars conducive to the movement of people and goods to benefit the development of logistics and tourism industries. The strengths we enjoy in these two aspects are evident to all. For air services, in particular, we have a world-class airport. The Airport Authority has already embarked on development plans that will take our airport well into the next two decades.

Earlier on, the Honourable David CHU raised the point of expanding the helicopter services plying between Hong Kong and the Mainland. In fact, we have already started discussions with the relevant mainland authorities on the feasibility of expanding the service. On shipping, Members should appreciate that our port development has reached a well-matured stage. However, we cannot add value to our existing services by solely relying on our port. This explains why we must take positive measures to expand our logistics business by making use of our excellent transport infrastructure. If public and private sectors can join hands and capitalize on this strength, and coupled with our efficient and reliable financial, insurance and other ancillary services, I strongly believe the logistics industry can be further strengthened. Just as the Honourable Kenneth TING mentioned just now, the Administration was urged by Honourable Members to speed up the development of our logistics industry at the last motion debate on 12 July before this Council rose. In my response given at that time, I said categorically that the Government shared this objective with Honourable Members. I believe, and I also hope Members will agree, that we had made a decision this time. In the following three months, my colleagues and I have worked hard on the "Logistics Hong Kong" initiatives. In response to the question raised by Mr TING on how these initiatives would be put into implementation, I would like to take this opportunity to give an outline of these initiatives.

These initiatives are characterized as the "4 Ls". The first "L" is P-logistics. We share the concern expressed by a number of Members that we must strengthen the infrastructural and inter-modal transportation links in the

regional and global demand and supply chain that operates through Hong Kong. We are also committed to studying ways to promote more infrastructure projects, including the creation of a value-added logistics park, the establishment of "logistics pipelines", and so on, to further strengthen our liaison with the Peal River Delta and land transport. We should also examine other transport networks, including the development of marine and rail transport. The second area we should actively work on is E-logistics for time is money. Given our solid and excellent infrastructure, we should strive for speed by accelerating the flow of goods. We will therefore first examine ways to strengthen co-operation among service providers and develop electronic linkage to enhance the operational efficiency of the industry. One of the problems Hong Kong, as a logistics hub, has found is the existence of a "digital divide" amongst service providers which has hindered the development of Hong Kong's role in co-ordinating and integrating service providers in the demand and supply chain that operates in Hong Kong. To this end, we plan to work with the industry to develop a common information technology architecture to enable Hong Kong to become a base for logistics information. In the meantime, we will not lose sight of the importance of H-logistics. Insofar as this area is concerned, we will work in collaboration with the industry and the Education and Manpower Bureau. Finally, we will continue our effort in developing M-logistics with organizations which are currently making promotional effort outside Hong Kong like the Airport Authority, Hong Kong Trade Development Council, Invest Hong Kong, and so on, to promote the development of the logistics industry in Hong Kong. The Honourable HUI Cheung-ching raised the question as to whether the proposed Logistics Development Board (LDB) will lead to overlappings. This is definitely the last thing I wish to see. The LDB, a non-advisory organ, will comprise representatives appointed by the Financial Secretary from the Government and the industry. It will be responsible for promoting and implementing logistics initiatives formulated by public and private organizations. At the same time, the Financial Secretary will chair the Steering Committee on Logistics Development. He will certainly monitor the progress of our work.

After talking about logistics, let me take this opportunity to say a few words on tourism. As mentioned by Honourable Members earlier on, tourism is one of Hong Kong's most important economic pillars and one which has the potential for further growth. In their speeches earlier, Members expressed support for our measures to facilitate entry of visitors and develop tourism, and I am grateful to them. To achieve this goal, the Government and the industry must work in collaboration as is the case with in developing the logistics industry. The Government has embarked on an ambitious programme of support for this sector. This is in the form of infrastructural developments, facilitating access

by visitors, improving the quality of services, and actively promoting Hong Kong in new and existing markets. These initiatives are intended to improve both our software and hardware. As the Honourable Mrs Sophie LEUNG remarked, we must endeavour to upgrade the quality of the industry to make tourists feel that Hong Kong is a home away from home.

On the software front, Members did raise the point that abolishing the quota under the Hong Kong Group Tour Scheme and relaxing the issuance of business visas would bring definite benefits to Hong Kong. The results of these new measures are expected to be significant: in the first year of implementation, we estimate that there will be an increase of some 300 000 mainland visitors, bringing in an additional tourism revenue of \$1.5 billion. Meanwhile, Taiwan is our second largest source of tourists. We are also committed to reducing the time required to process permit applications and provide additional application channels to visitors from Taiwan. The Immigration Department has pledged to speed up the processing time of one-year and three-year multiple Taiwan Visit Permits so that the applications can be processed within two working days, instead of five days as at present. In April 2002, the i-Permit Scheme will be introduced to further facilitate the entry of Taiwan residents.

On the hardware front, the Chief Executive announced a number of relevant measures in August this year. We will expedite work to improve our existing tourist attractions and to develop new tourist nodes, including development plans on Lantau, in Sai Kung, Central, West Kowloon and Aberdeen, which I believe Members should have heard of. Earlier on, Mr TSANG proposed to develop some scenic attractions and to build new tourist spots at the boundary. We will certainly give detailed consideration to these proposals. The first eight months of this year showed satisfactory growth in the number of tourist arrivals. Unfortunately, Hong Kong was hit, like the rest of the world, by the terrorist attacks in the United States on 11 September 2001. We all appreciate that relentless efforts must be made in promoting tourism. To achieve this, we have worked with the Hong Kong Tourism Board to modify its marketing strategy by refocusing its efforts on the short haul markets with a view to minimizing the impact of the "September 11 incident" on our tourism. Given the necessity for co-operation with the industry, we will hold an industry symposium at the Convention and Exhibition Centre on 3 November in the hope of identifying new ideas and solutions, and reaching consensus on actions to be taken together with the industry to positively boost tourism in Hong Kong.

Thank you, Madam President.

**SECRETARY FOR COMMERCE AND INDUSTRY** (in Cantonese): Madam President, first of all, I would like to thank Honourable Members who have spoken for their valuable advice on support for business development as outlined in the policy address. The topics discussed include the rendering of support to small and medium enterprises (SMEs), the local business environment, the strengthening of our relationship with the Pearl River Delta (PRD), the setting up of an Economic and Trade Office (ETO) in Guangdong, and so on. I would like to respond and explain briefly here.

Insofar as giving support to SMEs is concerned, I am pleased to note that Members generally support the initiatives outlined by the Government for supporting SMEs. With respect to Mr Kenneth TING's concern about the attitude of financial institutions and banks, we will request members of the financial sector to change their so-called "bricks and mortar culture". In other words, properties should not be required as the only form of collateral in approving loans. The Hong Kong Monetary Authority (HKMA) will also meet with other financial institutions and SMEs to strengthen communication for the purpose of facilitating loan approval.

We did study the question of requesting banks to charge lower interest rates, a point mentioned by Mr HUI Cheung-ching earlier. We have come to the conclusion that it is not advisable for the Government to intervene in the making of commercial decisions by banks since the banks will become even more reluctant to lend money if more restrictions are imposed. Eventually, SMEs will find it even harder to secure the financing they need. At present, competition is quite keen among banks. The transparency of the requirements for securing a loan is very high too. Coupled with the 50% guarantee provided by the Government, a number of banks have expressed interest in joining the scheme. We believe SMEs, given a lot of choices, should be able to secure loans at reasonable interest rates.

Earlier on, Mr James TIEN pointed out that the funds provided under the Special Finance Scheme launched last year had not been used up. I would like to make a small clarification here; the fund under this scheme has been exhausted in guarantee for loans approved. In any case, we will ensure that the new finance scheme will be implemented smoothly under a simple procedure to enable more people to secure loans.

I entirely agree that we must strengthen our tie with the PRD and help businessmen to expand their business on the Mainland. As the Chief Executive outlined in the policy address, Hong Kong's future development hinges on riding

on the economic growth momentum in the Mainland. It is precisely for this reason that the Commerce and Industry Bureau, the Trade and Industry Department (TID) and the Hong Kong Trade Development Council (TDC) have long been rendering positive support through different approaches to the business sector in their development in the Mainland. From recent media reports and today's debate, I notice that the general public apparently does not have a full understanding of the long-standing work carried out by the Government in this area. Perhaps the Government and the TDC should strengthen their publicity work. Actually, there are numerous existing and new initiatives in this area. The Government's objective is to try every possible means to strengthen and facilitate the flow of information, capitals, manpower and goods between the two places. The measures we have taken include conducting in-depth analyse of the impact of China's accession to the World Trade Organization (WTO) on Hong Kong, strengthening contact and discussion with the relevant mainland authorities, consulting various trades and industries in Hong Kong, disseminating information and messages related to business operation on the Mainland to the business sector through the Trade Information Circulars issued by the TID.

The TDC has published a total of 16 reports on the impact of China's accession to the WTO on different trades and industries since last year for distribution to various businesses. The reports have also been uploaded onto its webpage. I hope I have responded to the concern raised by the Honourable CHAN Kam-lam.

A few days ago, the TDC published a publication entitled *Guide to Doing Business in China*, featuring information on procedures for vetting investment applications made by overseas businessmen, export management, distribution systems with respect to taxation and finance, and so on. In addition, the TDC will mobilize the business sector in Hong Kong to take part in large exhibitions, delegations and conventions on the Mainland to help businessmen to explore business opportunities on the Mainland. For instance, a seminar, featuring attendance by the Financial Secretary, will be jointly organized by the TDC and the Beijing Municipal Government next week. During the seminar, Hong Kong businessmen will be given first-hand information on various business opportunities arising as a result of Beijing's successful bid to host the Olympic Games. To help the TDC to do more and to serve mainland business groups better, an additional funding at 15% will be set aside for the TDC in the next five years.

In view of the imminent accession of China to the WTO, joint efforts were made by the Commerce and Industry Bureau, the TID and the TDC to provide

the business sector with more information. The TID has also, for the first time, jointly published a special supplement entitled *Embracing the Opportunities, Meeting the Challenges — Special Supplement on China's Accession to the WTO* with the TDC.

We certainly agree that the most important strategy for strengthening our relationship with the Mainland is to set up an ETO in Guangdong. Earlier on, Mr HUI Cheung-ching questioned the difference between this office and other offices set up by the TDC. The difference is actually huge. Although the TDC plays an important role in assisting Hong Kong businessmen to expand their business on the Mainland, a lot of matters cannot be resolved without negotiation between both parties at official level. For instance, the new measures introduced in 1999 with respect to management, processing and trading in the Mainland were eventually satisfactorily resolved through the mediation of the governments of both parties. Another example is that the TDC will not brief the SAR Government on the general development of the Guangdong Province. Insofar as attracting investments is concerned, the TDC will only provide Hong Kong businessmen with guidance on investment on the Mainland. The ETO will, on the contrary, attract mainland capitals to Hong Kong.

As regards the question raised by several Members, that is, whether the ETO should help Hong Kong enterprises to handle complaints or commercial disputes, I would like to point out that the SAR Government has the long-standing policy of not intervening in the commercial or legal disputes involving individual enterprises. This policy applies to Hong Kong as well as places outside the territory. Under the "one country, two systems" principle, we are obliged to respect the administrative power and jurisdiction of every province and city on the Mainland. Notwithstanding this, I can assure Members that no people of Hong Kong will be rejected by the new ETO in Guangzhou. The office will definitely, upon receipt of complaint cases, take positive measures to refer them to the relevant government or judicial departments on the Mainland for action. For instance, the Immigration Department will render assistance to the Assistance to Hong Kong Residents Unit through the ETO to deal with such problems as the loss of identity cards on the Mainland. The new ETO will form a larger support network with the Guangzhou office of the TDC, the Beijing Office of the SAR Government and other Hong Kong business bodies in Guangzhou to provide comprehensive services to Hong Kong businesses. We will discuss with the relevant mainland authorities, including the Guangdong Provincial Government, details regarding the establishment of this office shortly.

The SAR Government will also take complementary measures internally to expedite the establishment of the ETO by the middle of next year. We will definitely consider in due course whether similar offices should be set up in other parts of the Mainland.

Earlier on, the Honourable Jasper TSANG raised the point that the Government should assist Hong Kong businessmen to raise the productivity of their production in the Mainland, particularly in the PRD. I hope to inform Members that the Hong Kong Productivity Council (HKPC) has been making relentless efforts in this respect and has accumulated rich experience over the years. We have recently commissioned a consultancy to study what additional work the HKPC can do in this area and compile a relevant report. The conclusion of the study report will be published very soon.

Mrs Sophie LEUNG mentioned the development of the fashion industry in Hong Kong. Insofar as this area is concerned, the Government has provided more than \$149 million through the Innovation and Technology Fund to such industries as textile, clothing and footwear for launching 62 projects. One of the projects is to conduct a study on the feasibility of setting up a design and fashion centre in Hong Kong. I understand that Mrs LEUNG is a member of the Textile Council of Hong Kong which has commissioned the HKPC to undertake a study and a report is expected to be submitted shortly. Certainly, we will continue to assist the various industries to expand overseas markets, remove trade barriers, and ensure that Hong Kong exports will not meet discrimination or other forms of unfair treatment in overseas markets. In addition, the TDC will continue to promote our quality fashion and design to the international community. The major publicity work undertaken by the TDC includes organizing fashion festivals and design exhibitions in Europe, the United States and Asia with a view to commending Hong Kong brand products and designers, particularly emerging designers, to purchasers and industry participants in these places.

Earlier on, a few Members raised the point that it was essential to minimize bureaucratic barriers in order to improve the business environment. This issue is taken seriously by the Government too. The Chief Executive has mentioned in the policy address that measures will be taken to further streamline licensing and reporting procedures, and to assess the impact of new policies and legislation on the business environment when formulating the same. In this respect, the Financial Secretary has also outlined specific initiatives to facilitate

business. Regular studies of government operations will be carried out with a view to removing any obstacles that may stifle business development.

Madam President, in the light of the tall challenges confronting the business sector of Hong Kong, the Chief Executive has announced a package of new initiatives in this year's policy address in clear demonstration of the SAR Government's concern for business operators and its determination to actively support the business sector. The Commerce and Industry Bureau and its subordinate departments, including the TID, the Innovation and Technology Commission, and so on, will endeavour to fulfil the commitments made in the policy address to expedite the implementation of various support measures and create a better business environment for the business sector.

I so submit.

**SECRETARY FOR FINANCIAL SERVICES** (in Cantonese): Madam President, I hope Members would pardon me for speaking at excessive speed for I have 10 minutes only.

A few Members have just mentioned the importance of co-operation between the Mainland and Hong Kong in respect of financial services. I could not agree more.

China's accession to the WTO and the development of Western China will bring Hong Kong unlimited business opportunities. Hong Kong has the advantages in a first-rate financial infrastructure and talents with financial knowledge and experience, while the Mainland has an enormous market and capital on offer. The advantages of the two places are mutually complementary and there is enormous room for co-operation in the stocks, bonds and fund management markets. We are making efforts in this regard and we hope to introduce more new products to further develop our markets and to meet the needs of the Mainland, in order to attain, I emphasize, a "win-win situation".

A Member has also mentioned that there is much room for the development of the accounting sector in the Mainland. We agree and are prepared to assist the accounting sector in developing the mainland market. We would continue to discuss with the Hong Kong Society of Accountants about how best we could give them assistance.

Several Members have also expressed their valuable views on the negative equity problem. According to the figures published by the Hong Kong Monetary Authority (HKMA) yesterday, it was estimated that there were around 65 000 heads of households with negative equity in Hong Kong. Discounting the number of remortgages, the number of owners of negative equity was less than the general estimate in the market. Besides, half of these negative equity owners were charged mortgage interest at a rate lower than the prime rate and only 30% of them were charged mortgage interest at a rate higher than the prime rate. We fully understand the plight of these owners, but the Government, banks and owners have to address the negative equity problem together. The Government has already increased the deduction for home mortgage interest payment and the HKMA has announced that banks are allowed to provide a home mortgage loan at 100% of the market value of the flat when an owner of negative equity applies for remortgage.

Although these measures cannot resolve the problem in its entirety, they can definitely help some holders of negative equity. Certainly, we hope that the banking sector would consider the plight of customers with negative equity and take the initiative to reduce the mortgage interest rate. In fact, those with negative equity have made great efforts to sustain in the plight, without stopping making mortgage repayments, and maintained good repayment records so far. For the sake of their interests, I believe banks are most unwilling to see customers with negative equity go bankrupt and the properties reduce to "default properties". Before customers of negative equity applied for remortgage, some banks already took the initiative last week to lower the mortgage interest rate or re-examine the mortgage portfolio to relieve the burden of people with negative equity. Through the market forces and under the premise of not affecting the stability of banks, I hope that more and more banks would make proposals to relieve the burden of customers. We would also focus our attention on whether the actions of the banks answer their words.

Having said that the Government and banks would work together to help people with negative equity by reducing the remortgage interest rate, I would also like to point out that the overall interest rate has all along been dropping. Perhaps Members would recall that the mortgage interest rate for new applications was as high as 11% in 1998, but the mortgage interest rate for new applications have now dropped to 3%, relatively speaking, the burden of mortgage repayment has been reduced.

A Member has just suggested that the Government should set up a loan fund and lend money to people with negative equity to service mortgage repayment. Actually, this will shift the risks borne by banks onto the Government. As the Financial Secretary has pointed out time and again, if public money were used to help people with negative equity, the Government would have to bear fairly large financial risks. Besides, consideration should also be given to moral risks. Thus, it is not prudent to do so.

A Member has also questioned why the Government would not accept the proposal to suspend Mandatory Provident Fund (MPF) contributions for one year. The answer is that the MPF system is a colossal social project affecting over 2 million employers, employees, service providers and MPF intermediaries. We must set our eyes farther when we consider the proposals to suspend or reduce MPF contributions. The purpose of MPF is to prepare employees well for retirement, the earlier contributions are made, the more favourable the protection the employees will get. At present, employers and employees respectively contribute 5% of the employees' income. In fact, this rate of contribution is the consensus reached after years of discussion. We cannot try to save a penny now only to lose a pound and we should not give up future retirement protection in the light of the present economic situation. A suspension of MPF contributions might not be able to ameliorate the unemployment situation as estimated, conversely, it may cause layoffs in the MPF and fund management sectors and the number of unemployed people would rise. On the other hand, a suspension or reduction of contributions may not be able to stimulate consumption.

In view of the present situation, even if the contributions were really suspended, people would only save the contributions and there would not be much help to consumption. I would like to say that, at present, employees contribute 5%, there will be 10% contribution if the employers' contributions are included. As compared with other regions, Hong Kong does not have a high rate of contribution. Even with a difficult economic situation, the combined rate of contribution by employers and employees in Singapore and Malaysia is 36% and 21% respectively.

The lower limit of income for MPF contribution purpose is \$4,000 and I have said that we would study how to establish a mechanism acceptable to all and review the upper and lower limits of income by the end of this year. The study is now in progress and we hope to consult Members and the relevant groups about this adjustment mechanism soon.

A Member has also mentioned the plight of small and medium stockbrokers. I would like to say that it is not the policy of the Government to reduce the number of securities dealers. In fact, under the present market situation, it is rather difficult for almost 500 securities dealers to compete for business. The Government would try its best to help the industry find room of development. As I have said, we would try to strengthen the co-operation between the Mainland and Hong Kong and take advantage of the advantages in our talents and market infrastructure to enter the mainland market and launch new products. Furthermore, the Government, the Securities and Futures Commission and the Hong Kong Exchanges and Clearing Limited would review the securities legislation and listing rules, simplify the licensing, renewal and other formalities and try their best to assist the sector in cutting operating costs and enhancing efficiency. I believe the Honourable Henry WU is most concerned about the issue of minimum brokerage commission. I would respond after Mr WU has spoken.

**SECRETARY FOR THE TREASURY** (in Cantonese): Madam President, the short-term, medium-term and long-term policies formulated by the SAR Government are clearly stated in the policy address of the Chief Executive, with the promotion of economic and social development being its core.

In the short term, besides taking various relief measures and creating over 30 000 jobs that are conducive to the development of Hong Kong, the Chief Executive and the Principal Secretaries have instructed all departments to simplify procedures and, when necessary, apply to the Finance Committee of the Legislative Council for additional resources to create job opportunities as soon as possible.

In the medium and long term, one of the key measures is to more proactively and more positively match and co-ordinate the development of the SAR with that of the Pearl River Delta (PRD). A Member has just suggested that the SAR Government should create a post at Deputy Secretary level for co-ordinating all matters related to the development of the SAR and the PRD. Actually, the SAR Government attaches great importance to co-ordinating the development of the SAR with that of the PRD. The Chief Secretary for Administration and the Financial Secretary are leading a trans-bureau and trans-departmental working group comprising Directorate grade officers which is tasked full-time to co-ordinate the development of the SAR with that of the PRD.

We think that the existing arrangement is appropriate and meets the specific needs. In the future, if there is such a need in the light the actual situation, we do not rule out the possibility of increasing the relevant manpower and resources.

Madam President, the 10-odd Members who have just spoken have divergent views on whether the Government should draw more on the reserves to provide more relief measures. These divergent views also reflect the different views of the public on this issue. The Chief Executive has said on a number of public occasions that he as a responsible leader and the SAR Government as a responsible government must strike a balance among various considerations.

The various relief measures proposed in the policy address have been determined after having extensively listened to the views of the public as well as careful and prudent consideration, in the hope of relieving the most needy with limited resources. In respect of reducing the rates charge, the Government has set the ceiling at \$2,000. With this ceiling, 840 000 ratepayers will not pay any rates next year, 85% of public housing estate tenants will not pay any rates for three quarters, 70% of private property households will not pay any rates for two quarters and over 45% of commercial and industrial building tenants will not pay any rates for half a year.

A Member has earlier suggested that the Government should fully exempt rates payments for the next four quarters. This suggestion would reduce government income by around \$15 billion, that is, \$10 billion more than that suggested by the Government. Taking the overall financial situation into consideration, we think that it is inappropriate to adopt this suggestion now.

Madam President, I note that Mr James TIEN would propose an amendment next week, including *inter alia* a proposal to postpone the payment of salaries tax for the year 2001-02. Will this proposal really significantly alleviate people's difficulties? I believe Members should assess this prudently.

Firstly, salaries taxpayers for the year 2001-02 only account for one third of the working population, that is, only 1.17 million people have to pay salaries tax. Among these taxpayers, 27% of them will only pay less than \$500 tax in the first quarter next year while 25% of the taxpayers will pay more than \$500 but less than \$3,000. Will the tax payable really put enormous pressure on the taxpayers concerned? Among the remaining 50% salaries taxpayers, most of them will pay less than \$20,000 tax in the first quarter of next year. Only a

minority, that is, around 60 000 taxpayers will pay over \$100,000 tax in January next year. However, this salaried class has a monthly income of over \$80,000 and 12 000 taxpayers among them have an annual income of more than \$1 million and some even have an income of tens of millions of dollars. Do they need the relief measure of holding over salaries tax payment?

According to the actual figures in the last year of assessment, half of the salaries taxpayers voluntarily chose to pay the payable taxes in full before the due date of the second instalment. I would like to stress that the Inland Revenue Department has an effective mechanism currently that allows people in financial difficulty to pay taxes in instalments. In our view, this measure of giving suitable relief to people in difficulty is more desirable than the uniform postponement of tax collection. I believe Members would understand that if salaries tax payment were postponed for a year, taxpayers would have to pay taxes for two years together in the 2002-03 financial year. Do Members think that this will have enormous effect on the financial burden of taxpayers next year?

A Member has also said that the Government should not increase water and sewage charges. The Financial Secretary announced months ago that various government charges related to the people's livelihood would be frozen until the end of March next year. The Financial Secretary also announced months ago that the effective period for the concessionary duty on ultra low sulphur diesel would be extended until the end of March next year.

In March this year, we forecast that there would be a \$3 billion fiscal deficit this financial year. The recent economic performance and the "September 11 incident" would definitely have further adverse effects on the fiscal deficit this year. As regards the actual fiscal deficit, we still need to spend more time on specific and detailed studies. The Financial Secretary will definitely give us an account when he presents the Budget in March next year. However, we already know that the prospects of three major revenue items are not optimistic and unsatisfactory, for instance, it is uncertain whether the second lot of \$15 billion shares of the MTR Corporation Limited can be launched onto the market as scheduled this financial year. We estimated in the budget that there would be \$36 billion investment income but as the investment climate and the performance of various global stock markets are unsatisfactory, the global economic future is bleak and there are violent changes in the market, thus, the investment income we would have accrued by the end of March next year is still open to question.

Thirdly, revenue from land sales. Until September, including the result of the land sales yesterday, our revenue from land sales stands at around \$5 billion only, falling far short of the \$28 billion annual revenue from land sales as estimated by the Government in March.

As regards expenditure, under the present economic conditions, it is very likely that government expenditure in certain areas such as Comprehensive Social Security Assistance and Social Security Allowance would increase.

Furthermore, the policy address has introduced various measures to create jobs, and these measures will be implemented as soon as possible. Therefore, the Policy Bureaux and departments concerned will most probably need more funding this financial year to meet these additional expenditures.

Thus, from the perspectives of revenue and expenditure, there will be an enormous budget deficit this financial year and the balance of our fiscal reserves will correspondingly decrease with an increase in the deficit.

The SAR Government fully agrees that it is necessary to take special corresponding measures under special economic circumstances. However, some special measures that affect revenue and increase expenditure cannot be allowed to sustain in the long run. When the economic situation improves, we would have to make significant adjustments to the overall government revenue and expenditure. Madam President, I so submit.

**SECRETARY FOR THE CIVIL SERVICE** (in Cantonese): Madam President, I would like to respond to the salary reduction proposal for civil servants made by several Members when they delivered their speeches earlier.

First of all, I would like to explain the policy, mechanism, practice and schedule for the annual pay adjustment for civil servants. Briefly speaking, the Government will consider on a yearly basis whether adjustments should be made to civil service remuneration. If there are no special circumstances, the rate of adjustment will be broadly in line with that in the private sector. With respect to the specific arrangements, the Government will commission an independent Pay Trend Survey Committee to conduct a survey every year, with a view to understanding the pay adjustment situation from 2 April of the previous year to 1 April of the current year in the private sector. The results of the pay trend

survey, after deducting the payroll costs of civil service increments, provide the basis for the rate of pay adjustment of that year. Other factors of consideration include the economic condition of Hong Kong, government expenditure, changes in the cost of living, the Staff Side pay claims, and civil service morale. The relevant adjustment will take effect from 1 April of that year after the Finance Committee of the Legislative Council has granted the approval for fund appropriation.

To begin with, Mr James TIEN mentioned that when there were negative figures in the Pay Trend Indicators of year 2000, the Government decided to freeze civil servants' pay only. I would like to explain that the decision was made after careful consideration of all the factors, and it had not departed from the usual practice and timetable adopted by the Government. The Government did not agree to a pay reduction for civil servants or senior civil servants mainly because the Government should not hastily change a proven mechanism. It is because this mechanism has not only been accepted both by civil servants and the Legislative Council to date, but also supported by a set of objective Pay Trend Indicators. At the same time, we will also consider other factors such as the economic condition of Hong Kong, government expenditure, and so on. If an established institution is changed to an action that can be interfered with at any time due to some political aspirations, it will certainly arouse considerable controversy within the Civil Service. Moreover, if the Government did not follow the schedule and additionally reduce civil service salary all of a sudden in the middle of the year, it would certainly impact on companies in the private sector and the labour market. A decision based on political considerations may give rise to a series of political consequences. Commentators and Members advocating a pay cut for civil servants should consider at the same time the negative impacts of such action.

I would like to point out that the pay adjustment effected in the private sector from 2 April this year to 1 April next year will be reflected in the Pay Trend Indicators next year. When dealing with the pay adjustment of civil servants, the Government will, as usual, consider all the relevant factors including the Pay Trend Indicators released specific to that period of time, the economic condition of Hong Kong and the financial position of the Government. Such a practice can allow Members, civil servants and the general public to acquire objective data concerning the pay change in companies of the private sector while making reference to the actual social and economic circumstances prevailing at the time before reaching a logical and reasonable conclusion.

In the light of the poor economy presently, the public has to face a lot of difficulties. Comparatively speaking, civil servants need not worry about unemployment and they have a stable income. The Government is absolutely duty-bound to do its job even better and I have kept reminding my colleagues of this crucial point. In fact, the Government has taken several measures in recent years in an attempt to provide public services in a more cost-effective and efficient manner.

In respect of downsizing the Civil Service, the government establishment will reduce from 198 000 posts in March 2000 to 181 000 in March 2003, that is, 17 000 posts will be reduced and the reduction rate is as high as 9%. With the downsized establishment, the Government is determined to meet the rising expectations of the public and to cope with the greater demands for public service as a result of population growth. All these are commitments made by the Civil Service to enhance its efficiency.

I would like Members and the public to appreciate that the Civil Service treasures what it has and will continue to work assiduously to enhance efficiency and improve the business environment to the satisfaction of both the public and Members. By so doing, it is more practical and more meaningful than a hasty pay cut. Thank you, Madam President.

**PRESIDENT** (in Cantonese): Council will now move on to the second debate session. This debate session is on the policy areas of Security, Transport, Works, Information Technology and Broadcasting as well as Planning and Lands.

Members who wish to speak will please press the "Request-to-Speak" button to indicate their wish. It is now 6.40 pm, Members have roughly three hours to speak in this session, so I reckon that this session will finish at around ten o'clock tonight.

**MR ALBERT CHAN** (in Cantonese): Madam President, I wish to say a few words on land planning and public works. Madam President, should I wait until the government officials have arrived and taken their seats before I deliver my speech?

**PRESIDENT** (in Cantonese): Mr CHAN, I think you should continue with your speech, because the time for this session is very limited. If we keep on delaying the debate like this, I am afraid this meeting may have to last until 11 pm.

Mr CHAN, please continue.

**MR ALBERT CHAN** (in Cantonese): Thank you, Madam President. As far as the performance of the Works Bureau and the Planning and Lands Bureau is concerned, there have been many unsatisfactory aspects this year. Over the past year, the works projects of the Works Bureau have been plagued with many serious problems such as flooding and corruption and bribery, and all this has led to works safety problems which may in turn threaten people's lives.

Besides, there has been delay, and even a lack of any progress, in seven works projects of the Planning and Lands Bureau. So, there is this Civil Service of Hong Kong, often praised for its high efficiency, but given all its disappointing performance and records in the past, one simply cannot help questioning its efficiency. So much for this. I shall also speak on building safety and unauthorized building works.

Madam President, the corruption cases connected with a number of government public works projects have caused concerns about the dangers that these projects may pose and the resultant impact on public safety. Added to this are the spate of problems connected with "short nails" in slope maintenance, shoddy construction work and the substandard quality of newly completed buildings, and for this reason, it can really be said that the whole city of Hong Kong is plagued with hidden dangers.

What is more, with respect to the arbitration on the works under the Strategic Sewage Disposal Scheme, the Works Bureau has chosen to settle the matter with the contractor in agreement, making people feel that it is much too generous with taxpayers' money, particularly because the overall losses resulting from the uncompleted works are as huge as \$1.3 billion. At the beginning of the lawsuit on its compensation claims, the Government showed very great confidence in winning the case, and it really won at the end as expected, but then it subsequently reached an out-of-court settlement with the contractor concerned, agreeing to accept a mere 60% of all the losses, that is, \$750 million, as compensation, when the losses suffered by taxpayers amount to billions more.

What is even more outrageous is that the Government has even agreed not to further penalize the contractor, and it is thus allowed to bid for public works projects again. All these public works-related decisions are really a joke.

Another matter, Madam President, is the "regular" problem of flooding that occurs during the rainy season every year. Hong Kong is a cosmopolitan city, but people sometimes really feel that they are back to the primitive times, for even the downtown areas are battered by flooding. Flooding in the North District is a "regular" problem that occurs every year. The Government manages to offer an explanation every time, but the problem keeps repeating itself all the same. Obviously, something must have gone wrong with works supervision, and the whole thing is a man-made calamity instead of a natural disaster — although the Government always resorts to the excuse of a natural disaster, it is in fact a man-made calamity as far as I can see. This can be illustrated by the flooding connected with the West Rail construction works the previous year; subsequent to enhanced works supervision, no flooding in times of heavy rain has occurred so far this year. Flooding connected with existing government works projects has occurred quite a number of times, and the problem simply occurs again and again. That is why I hope that the Government can learn a lesson from all this and step up the supervision of its works projects instead of making up any excuse, lest the flooding problem may occur again.

The coming to light of the "short nails" scandal surrounding the maintenance works of the dangerous slopes in Wong Tai Sin and Fei Ngo Shan, together with the substandard slope in Yan Wing Street, Lei Yue Mun, has served to convince people that there are many problems with the entire process of works supervision. The disclosure of the scandal mentioned above has inevitably led people to make the inference that there may be an unknown number of many more such cases. A few years ago, when we investigated the Kwun Lung Lau incident, we noticed that although many problems of the kind uncovered would only surface decades later, they were all caused by shoddy work during the process of construction and would lead to accidents that might endanger people's lives, or even kill them, years later. That is why such problems are really a cause of concern.

Another problem which people often encounter, but which has received only lukewarm responses from the Government is: After a person has purchased a newly completed flat worth millions, he finally moves in, only to find that there

is water seepage inside his unit, and there are many problems of shoddy workmanship such as uneven thickness of walls, rusty pipes and spalling off of concrete. The mosaic tiles on the external walls of the building, being newly completed and just one-year-old, have also spalled off and fallen onto the street. Problems of this kind are frequent, but the Government says that it should have nothing to do with them, as they are within the scope of professional responsibilities. I think that the Government should not continue to shirk its responsibility, because the public trust the Government will issue an occupation permit only after inspecting the works to its satisfaction that there is no problem with the building concerned. But then, such problems simply keep emerging after people have moved into their new units; building contractors and developers all refuse to shoulder responsibility, and the management companies of the relevant buildings will also protect property developers, refusing to assist small owners in pursuing responsibility. If the Government now watches with folded arms, then once any accident occurs and people's lives are endangered, the Government cannot possibly deny its responsibility.

With respect to the several policies not yet implemented by the Planning and Lands Bureau, I also wish to say a few words on a number of points. Honestly speaking, Secretary TSANG should have nothing to do with this because he assumed office only very recently. All these problems are left over by his predecessors; I do not know whether Secretary TSANG has been deliberately made to clean up the mess of these thorny issues, so that his predecessor did not have to face the predicament before transfer.

The submission of the bill in respect of the Town Planning Ordinance to the Legislative Council for scrutiny is still nowhere in sight, and we have been waiting for that for decades already. The Town Planning Ordinance was enacted in 1949, and although some minor amendments were made to it in the past few years, no amendment with respect to the most significant and central issue has ever been made. The decision-making power under the Town Planning Ordinance is still thoroughly marked by executive hegemony, executive control and secretive operation; the public has no way of knowing how decisions are made, or even when people learn of the decisions, it will be too late, and they will have no opportunity to voice their views. Therefore, if the Town Planning Ordinance is still not given an overhaul, Hong Kong will certainly lag far behind other places in terms of town planning development. When this happens, please do not brag of Hong Kong as a cosmopolitan city anymore because it is

extremely conservative in this respect, in violation of the principle of fair participation. It is hoped that the Government can make haste and submit the relevant bill this year instead of delaying the matter. If not, I will have to criticize it year after year, in which case it will be very embarrassing, even to me.

Besides, the Government has spent quite a long time studying issues like the lack of planning for rural development, a review on small house titles and private properties in the New Territories. But it has not released any findings so far. Is it because the Government fears that villagers may protest by throwing chicken and duck wastes around? Although these issues are very complex and sensitive, there is still a need to make a decision, and the small house policy is obviously marked by sex discrimination. Unsatisfactory rural planning has led to poor conditions in villages, so poor that the daily life of villagers is affected by in various aspects. Precisely because of this, many lawless elements have emerged in villages, and they try to gain interests and benefits by all sorts of illegal means, thus plunging villagers into fear and panic. It is therefore hoped that the Government can finish its policy review on private properties and make a decision as soon as possible. Moreover, a new policy on rural planning must be drawn up, so as to make life in villages more comfortable, to free villagers from having to live under chaos and the threats of lawless elements. Sometimes, when there is a fire in a village, even fire engines are barred from entering the village. All such problems simply should not occur in Hong Kong, a so-called cosmopolitan city.

Land supply is given no treatment in the policy address this year. This issue is no doubt mentioned in the Policy Objectives of various Policy Bureaux, but the policy address is silent on this. I do not know whether no means no problem. I hope that the Secretary can offer an explanation.

Besides, following the inauguration of the new airport, aircraft noise along the new flight paths has led to lots of problems, but instead of taking any steps to address these problems, the Government has all along resorted to the 25 contour (NEF) as a defence, refusing to review and tackle the problems caused by flight path noises to people. And, flight path noises are also a cause of inaccurate and erroneous land planning in many cases. The Government says that many new lands under planning now are within the 25 contour (NEF) and can thus be planned for residential settlement, as the relevant international standards and

those set down by the Government are not exceeded. However, I can point out unequivocally that in many of the areas planned by the Government for residential settlement, the aircraft noises recorded all exceed 75 dB. But the Government has still designated them as residential zones in its planning, and this happens also to new areas zoned for residential settlement such as the vicinity of Siu Ho Wan, the new reclamation at Sham Tseng and the new reclamation being planned in Tsuen Wan. In all these places, aircraft noises are over 75 dB, but the Government has still designated them for residential settlement in its planning, which is why I definitely think that all these are examples of erroneous planning. If the Government does not review its policy, and if it instead continues to develop these places and sell the lands there, then once people move in, there will be endless complaints. The Government should have foresight and seek to avoid any new problems caused by aircraft noises.

The Democratic Party has also advised the Government to consider the idea of designing a cycling path that runs through the various districts in the New Territories, so as to improve people's quality of living and offer them more recreational facilities. The actual construction costs will be minimal, but with the cycling path, the people of Hong Kong can improve their quality of living. Since not many kinds of entertainment are available to the average Hong Kong citizen during weekends, they thus go north to the Mainland for shopping or entertainment. If there can be some attractions in Hong Kong to lure the people of Hong Kong to stay behind with their families, then the number of people going north may go down, and this may be helpful to the economy of Hong Kong. I thus hope that the Government can consider the possibility of launching schemes in this direction.

Madam President, when it comes to the issue of lands, I must talk about the problems caused by land resumption. I must once again mention the Wah Kai Industrial Centre incident. The land there has been resumed for one whole year, but both sides are still arguing over the issue of compensation. Many factory proprietors have not received the compensation they are entitled to, which is why they have been suffering immensely. The Government has been putting up one administrative after another, and although the factory proprietors once wrote to the Chief Executive, he gave just a standard reply instead of any direct response. So, the factory proprietors now really have channel of redress. Madam President, I do not know how many times I still have to condemn the Government for this. But if the matter is still not settled at the time of the

policy address next year, I will certainly continue to condemn it. I wish now to strongly condemn the Government for failing to assist the factory proprietors of Wah Kai Industrial Centre in resolving this problem.

Madam President, I wish to put forward a number of recommendations on employment. Many jobs can in fact be created by the Government early. One simple example is that many people have lodged complaints about some environmental issues such as the growth of *mikania micrantha* in country parks that killed the trees there. But the Government has simply replied that it is studying the case in conjunction with the Guangdong Provincial Government. Earlier on, following my complaint, the Leisure and Cultural Services showed a better response by hiring some part-time workers to remove some of the *mikania micrantha*. But in most of the rest of the country parks and green areas in Hong Kong, this problem still exists, and the trees in Hong Kong are being destroyed continuously. I hope that the Government can hire part-time workers to carry out this kind of work. That way, jobs can be created immediately, both for beautifying the environment and protecting trees. That is why the Government should proceed with this as soon as possible.

Moreover, in many country parks, practically no trees are found. The Government should hire people to plant trees in these country parks as soon as possible. Saplings are not expensive, and the work should start as soon as possible, before the coming of the rainy season in spring. This can create jobs on the one hand, and green Hong Kong on the other.

I do not know whether Members are aware that the Municipal Government of Guangzhou is now conducting a project called "Dressing Up". I mean, with the several hundred million yuan allocated by the Municipal Government and the contributions from the various districts of the municipality, old buildings all over the city are re-painted and re-designed with attractive European style roofs. If one drives round the circular road of Guangzhou, one will see the beautification effect of this project. It is hoped that Hong Kong can learn from this. If not, Hong Kong may even lag behind Guangzhou, let alone catching up with Shanghai or becoming a Manhattan Plus. Therefore, I hope that the Government can really wake up and stop wool-gathering anymore.

Finally, Madam President, I really must talk about negative assets. If I do not talk about this issue, I do not think that my speech can be considered complete. I can recall that on the question of negative assets, the Chief

Secretary for Administration, when he was still the Financial Secretary, once remarked that the Government would not use any public money to solve this problem. Upon his assumption of office as Financial Secretary, Mr Antony LEUNG also said that the Government would not guarantee people any profit in their investments. I remember that he did say so. But then, a couple of days ago, he remarked that as much as \$370 billion would be required to rescue people with negative assets. But the statistics recently released by the Hong Kong Monetary Authority have proven him wrong. Therefore, I hope that he can refrain from making such indiscreet comments in the future.

I hope that the Government can really do something concrete to help these people. The Government keeps saying that it wishes to help people with negative assets. But, honestly speaking, what has the Government done so far? I only hope that the Government can stop making things worse for them, stop saying again and again, "the Government will not use any public money to help them. The Government will not guarantee people any profit in their investments." Please refrain from making such negative comments anymore. I hope that the Government can really work out some concrete measures to help people with negative assets.

Finally, Madam President, the Chief Executive said that this policy address was going to be the last one he delivered during his first term of office. But I hope that this can really be his last policy address. Having said that, however, I still wish that he can live to be a hundred. Thank you, Madam President.

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

**MR LAU KONG-WAH** (in Cantonese): Madam Deputy, "Building on our Strengths; Investing in our Future" is the theme of the Chief Executive's policy address this year. The Government plans to make an infrastructure investment worth tens of billions of dollars over the next 15 years, in the hope that some 30 000 jobs can be created in the near future to help the unemployed tide over their financial hardship. The Democratic Alliance for Betterment of Hong Kong (DAB) supports this move. But apart from paying attention to the policies outlined in the policy address to save our economy, we must also see to it that people can really benefit from this mega-dollar infrastructure investment. In

particular, it is important to ensure how best the order of the labour market can be maintained, so as to ensure that local workers can really enjoy job opportunities and fair treatment.

I have discussed the proposed infrastructure development with the grass-roots people on a number of occasions, but many of them simply do not feel delighted at all. It is because, in their experience, the workers employed to work at the construction sites of these infrastructure projects are likely to be foreign workers. The workers of Hong Kong cannot help asking, "Will such infrastructure projects really benefit local workers?" The DAB is of the view that as long as the enforcement work against illegal workers is still marked by loopholes and negligence, the 30 000 or so jobs in question will just be a "mirage" to the people of Hong Kong; there can be no guarantee that local workers can thus enjoy any job opportunities.

Frankly speaking, while the Government seeks to create more jobs by launching massive infrastructure projects, if it does not make serious efforts to tackle the problem of "illegal employment", then many gangers may simply hire illegal workers from the Mainland, Southeast Asia, Pakistan, the Philippines, and so on at super-low wages during their short stay in Hong Kong. That is why the result will just be an "employment growth for the mobile population", for local workers will not be hired at all. The huge numbers of jobs to be created by infrastructure projects will only become the "preys" of unscrupulous businessmen and "black market workers", and the unemployment and underemployment of local workers will remain serious.

The situation of part-time domestic helpers is similar. The Government advises middle-aged women to equip themselves and learn the skills required for taking up the job of a part-time domestic helper, and it even offers retraining to them, so that they can join the market of part-time domestic helpers. But if one looks at the matter more closely, one will see that local part-time domestic helpers simply cannot compete with foreign domestic helpers, who earn just \$3,600 monthly, doing all sorts of household chores. Worse still, many women who are here on two-way permits may also work as domestic helpers for some time to earn some money, and they may even mobilize their friends and relatives in their hometowns to come south to look for a job in the market. How then can local domestic helpers enjoy any competitive edge? Is it a bit of a waste for us to provide them with retraining?

The policy address makes a point of saying that "the Government will take strong action against illegal employment" and ensure strict compliance with the laws and regulations on importation of labour. It is also stated that consistent and vigorous efforts will be made to stamp out illegal employment activities. One must do what one says! We expect the Government to give an account of the specific manpower arrangements and measures required when it replies later on.

We urge the Government to seriously implement the proposals espoused in the policy address by stepping up the interception of illegal immigrants, enforcement at illegal employment black spots and the prosecution of unscrupulous businessmen who employ illegal immigrants and illegal workers. That way, illegal employment can be eliminated to protect the job opportunities of local workers.

Madam Deputy, with respect to transport policies, the DAB must first welcome the Government's vow to speed up the progress of future infrastructure projects, to spend as much as \$600 billion on completing the relevant projects over the next 15 years. Although all these railway and infrastructure projects were already finalized as early as several years ago, the atmosphere of increased employment they now produce is still a good doze of medicine that can serve to allay people's anxieties under the existing circumstances.

However, all these infrastructure projects will involve much research and assessment work. If the Government fails to handle such work properly, "accelerated progress" may well turn into delay in the end. I suppose this is a lesson that Members will not forget. Last time, the Lok Ma Chau Spur Line project of the Kowloon-Canton Railway eventually fell flat because of the problems connected with the Long Valley wetlands. Let us not discuss who is right or who is wrong here, but the fact remains that in the end, the completion of the Lok Ma Chau Spur Line will be delayed for three years, until 2007. What is more, all the consultation conducted in the process and all the consultancy fees incurred before will also be wasted.

I think the Government should really learn a lesson from this. Since more and more infrastructure projects will require planning, it is now the right time we reviewed the flow of project planning, especially those studies related to laws on environmental impact assessment. Should the co-ordination among the various departments under the existing mechanism be strengthened? Like all

people in Hong Kong, the DAB does not wish to see the recurrence of similar incidents.

At this juncture, I must ask once again, "Since the Lok Ma Chau Spur Line will be completed only six years from now, have the authorities concerned worked out any feasible measures to cope with the problem of overcrowding at immigration control points during the long years in the interim?" During the long Mid-Autumn Festival holidays early this month, some people who could not catch the last train were stranded for the whole night at the Lo Wu Control Point. Besides, serious overcrowding also occurred at Lo Wu as swarms of residents returned to Hong Kong at the end of the long holidays. Are we going to let people continue to suffer for another six years? Improvements to existing facilities can at best be piecemeal, they cannot possibly cope with future needs.

I am sure that even the Government itself does not wish to see such overcrowding, nor do I think that it wishes to see people questioning, almost "as a matter of routine", the SAR Government's ability to cope with immigration clearance. The Government in fact knows only too well that the Lo Wu Control Point has long since reached capacity. The construction of the Lok Ma Chau Spur Line is meant exactly to divert passengers from the East Rail, to relieve the overcrowding at Lo Wu. But has it ever occurred to the Government that even when the Lok Ma Chau Spur Line is completed, it may not be able to fully solve the problem of overcrowding at Lo Wu? I ask this question because the Spur Line will connect to Futian area in Shenzhen instead of Lo Wu and Dongmen frequented by most Hong Kong people. More importantly, the Shenzhen train station is itself a major transportation hub linking the city with other provinces and cities. It can be expected that downtown Lo Wu will remain a major transportation hub for those Hong Kong people shuttling between the two places. This means that demands at Lo Wu Station will only increase, and the completion of the Lok Ma Chau Spur Line will not be able to solve the problem of overcrowding at Lo Wu entirely. Besides, the Mainland will abolish the quota for "Hong Kong Group Tours" with effect from 2002. Faced with the resultant drastic increase in the number of mainland tourists coming south to Hong Kong, the demand of tourists for immigration clearance at the Lo Wu Control Point will certainly increase sharply.

To tackle this problem, the DAB put forward a proposal on constructing a new control point at Sheung Shui in June this year, the aim being to relieve the problem of overcrowding at Lo Wu within the shortest possible period of time.

Therefore, the DAB urges the Government to continue to consider the possibility of operating an express train service between Sheung Shui and Shenzhen, and it also thinks that the introduction of a through train service between Hung Hom and Lo Wu in the near future will help ease the problem. For the details of our proposal, Members can refer to the relevant motion moved by me in the Legislative Council. If everything is smooth, the construction time under our proposal will definitely be shorter than that of the Lok Ma Chau Spur Line. Our proposal is a scheme that can handle a daily throughput of 100 000 passengers, so it merits the serious consideration of the SAR Government. With the aim of facilitating the construction of a control point at Sheung Shui, the DAB now urges the Government to discuss the railway development between Sheung Shui and Lo Wu with the Kowloon-Canton Railway Corporation as soon as possible. It also urges the Government to explore together with the Mainland the feasibility of setting up a control point at Shenzhen train station.

In fact, the economic ties between Hong Kong and the Mainland are becoming increasingly important, which is why the DAB very much welcomes the proposal of the policy address to finalize the construction of the Shenzhen-Hong Kong Western Corridor and the express railway from Hong Kong to Shenzhen. We also hope that these railway projects can effectively resolve the problems plaguing the transportation between Hong Kong and the Mainland over the years. Since the Government is determined to improve the transportation between Hong Kong and the Mainland, speed up the flow of passengers and freight across the boundary and draw the two places closer together, it should at the same time accord prime importance to the provision of efficient and safe means of transport in addition to seeking to improve railway networks. I wish to quote Japan as an example. Japan is a vast country, consisting mainly of several islands. But the Japanese Government is able to realize the merits of efficient railway systems, and with such systems, the different parts of the whole country are nicely linked up. We can also look at Shanghai. In January this year, Shanghai signed an agreement with a German company on the construction of a Maglev railway running from Pudong to the airport and the urban areas. The railway is expected to be commissioned for service in two years' time. It can thus be seen that Shanghai is really better than Hong Kong in terms of the pace and efficiency of construction. This railway was first mooted about a year or so ago when Premier Zhu Rongji visited Germany; an agreement was signed soon afterward, early this year, and inauguration is expected just two years from now. Such is the speed achieved by Shanghai, and why is it impossible for Hong Kong to do the same? If Hong Kong is to remain as an international

financial centre, it must learn from these two places in the areas of transport and construction. If not, when we seek to develop tourism and the logistics industry, we will inevitably meet various obstacles.

Finally, the DAB urges the Government to adopt a people-oriented approach and seeks to keep public transport charges and fees at their present levels. With so many cases of layoffs and wage reduction now, the Government should continue to freeze these charges and fees. It should also join hands with the bus operators to explore the use of the Octopus Card for the introduction of section fares. That way, fares can be charged in direct proportion to the distance travelled, thus relieving the burden of the masses. More importantly, this can enhance the competitiveness of bus companies, leading to a three-win situation. The Government of Hong Kong should appreciate the people's plight, and when it comes to public transport charges, which closely affect the people's livelihood, there should be no exception.

I so submit. Thank you, Madam Deputy.

**DR TANG SIU-TONG** (IN Cantonese): Madam Deputy, the Chief Executive has just delivered the last policy address in his term of office, emphasizing that amid the existing predicament, the Government will make vigorous efforts to invest in education, promote infrastructure development, enhance the quality of our business and living environments and complement our strengths with those of the Pearl River Delta, so that our economy can restructure smoothly towards high value-added activities. In the short run, it will seek to boost domestic demand and create job opportunities by investing \$600 billion in infrastructure construction and advancing the implementation of various public works programmes. Whether all these long-term objectives and short-term relief measures can be smoothly implemented, completed on schedule and achieve the desired effects will depend on what policies are formulated by the authorities in the three important aspects of "planning", "transport" and "works" and on how these policies are implemented.

Madam Deputy, the smooth restructuring of our economy, the enhancement of people's quality of living and a happy life for all are no doubt the common aspiration of society. But these objectives cannot possibly be achieved in a short span of a year or so, nor can problems be solved just by a handful of measures proposed in one or two policy addresses. The road ahead is not

always smooth and straight either. To achieve these objectives, the Government must encourage participation by the community as a whole; it must respond to the changes of the times, set down short-, medium- and long-term outline planning in stages and then proceed according to specific and quantifiable indicators.

Earlier on, the Government released a consultation document entitled "Hong Kong 2030: Planning Vision and Strategy", which sets down the objectives for the development of Hong Kong in the next 30 years. These objectives will form a guideline for the formulation and assessment of planning strategies. The seven planning objectives set down in the document roughly cover the long-term objectives contained in this policy address and the previous four: adhering to the principle of sustainable development; enhancing Hong Kong's hub functions by providing sufficient lands to meet the changing economic needs; providing a quality living environment by conserving the natural landscape, preserving our cultural heritage, enhancing the townscape and regenerating the old urban areas; providing a framework to develop a safe, efficient, economically viable, and environmentally friendly transport system; and strengthening ties with the Mainland. But the relevant strategies still remain very much at the conceptual stage, failing to take account of external changes and realize the "people-oriented" principle.

Therefore, I hope that after completing the Stage I consultation and gathering the information required, the authorities can commence the detailed studies of Stages II and III as soon as possible, so that a planning outline on lands and the transport infrastructure can be formulated for the future development of Hong Kong. That way, Hong Kong will be able to respond swiftly to the changes of the times and speed up its economic restructuring by capitalizing on China's economic boom following its accession to the WTO. And, on those issues that are more important, thematic and detailed studies should be conducted. For example, has the Government reserved sufficient land for the development of teaching hardware, or even the founding of quality private-sector universities, so that people can be trained to adapt to the information technology world of the future? Has allowance been made for a reduction in the teacher to student ratio? How should the provision of job opportunities tie in with population growth and distribution? Is the promotion of tourism backed by sufficient leisure and transport facilities? In the case of planning in respect of liaison with the Mainland, are there any channels for high-level communication and omni-

directional co-ordination, so that both sides can complement each other to the maximum?

Although "enhancing the living environment" is one of the major emphases of the policy address and the "people-oriented" principle has recently been introduced to the urban renewal strategy, the "people-oriented" principle is still not an important consideration in planning. Over the past few decades, costs control in town planning has always superceded "people-oriented" considerations. Typical examples of this are the second and third generations of new towns in places such as Tuen Mun, Tin Shui Wai, Ma On Shan and Tseung Kwan O. Their common features are: first, standardized design. Estate A, Estate B and practically all housing estates look very much similar, with the colours of their external walls being the only difference. This, together with high population density, has made it difficult to foster residents' sense of belonging to their housing estates; second, splitting up of neighbourhoods by road design. New towns depend mainly on roads for both their internal and external links. Intricate networks of road surround residential blocks and cause pollution on the one hand, and split up neighbourhoods, hindering residents' contacts on the other; and third, failure of infrastructure facilities to meet demand. Infrastructure facilities needed by residents, ranging from big ones such as roads and hospitals to small community facilities like schools and community halls, are not provided until the population size reaches the planning standard, so people have to wait, and their needs are ignored for long periods of time. The traffic problem in Tuen Mun a few years ago was a typical example! Therefore, if the Government is to implement the objective of "enhancing the quality of our living environment" as laid down in the policy address, it must introduce the "people-oriented" principle into its planning for the future, especially in planning the development of South East Kowloon.

Planning involves investing in the future, its aim being to promote economic restructuring and raise our quality of living in the long run. But given the existing predicament marked by an economic downturn and dwindling confidence, the only direct way to boost the economy and create job opportunities should be to expedite infrastructure construction and increase the related investment. The policy address has issued a "post-dated cheque" for \$600 billion, to be spent on infrastructure construction and various public works programmes. The amount is no doubt very huge, but there is still the question of whether this "post-dated" cheque can be honoured in time. And also, will local workers, professionals and enterprises be thus benefited?

An investment of \$600 billion in infrastructure indeed sounds very appealing, but if one takes a close look at the "Hard Infrastructure" section of the policy address, one will notice that the Government will not actually launch any new projects. What is "new" is just the repackaging of the large-scale projects promised in the policy addresses over the past five years, some examples being the Hong Kong Disneyland, the Science Park, the Cyberport and the projects of the two railway corporations. Paragraph 100 of the policy address states that work on projects will be expedited, but it stops short of telling us which projects will be expedited and by how much. All the projects covered by the \$600 billion are either already underway or have been launched as originally scheduled. There is no new project, nor is there any expedited project, so the impact felt by the construction and engineering sectors as a result of the sharp fall in housing construction volume simply cannot be alleviated. To the industries concerned, the billions of investment in infrastructure can only put them "on the drip" instead of giving them "a new lease of life". Since the jobs and business opportunities lost in the construction and engineering industries will far outnumber those created by the infrastructure projects concerned, the industries have already warned that if no new project is launched in the next two or three years, a new round of layoffs and closures is bound to occur. Obviously, the mega-dollar infrastructure development will be unable to solve the immediate problems and offer any timely relief to the industries. The authorities must therefore conduct further studies on how best to expedite works projects and offer immediate relief to the industries. Actually, when it comes to expediting works projects, there are many options, one example being the Northern Link of the West Rail, which can both relieve overcrowding at Lo Wu and satisfy the cross-boundary transport demand of people living in New Territories West and Kowloon West. What is most important is that the lands required have already been reserved. It can thus be said that everything is now ready, and it is not at all difficult to advance the launching of the project.

Another point is that with the exception of some projects involving slopes, schools and cultural and recreational facilities, most of the infrastructure projects are valued at billions of dollars. Since the works contracts are not split up into smaller ones, local consultancy and engineering companies, mostly small to medium in scale, are often unable to compete with large multinational corporations due to insufficient financial strength. As a result, most large-scale consultancy and works contracts will be awarded to large multinational corporations. Admittedly, after many levels of sub-contracting, consultancy and works projects will still be undertaken by local professionals and small and

medium companies at the end. But then, after so many levels of sub-contracting, most profits will have been drained away. Local small and medium enterprises (SMEs), as the final contractor, will get only very meagre profits. For the sake of mere survival, many are forced to undertake projects even when there is no profit. So, at the end, those who are going to benefit from the \$600 billion investment in infrastructure may just be a handful of multinational corporations. Actually, it has long since been requested in this Chamber and the relevant Panel that works contracts should be split up to enable SMEs to take part directly, and to enable local professionals and academic institutions to offer their consultancy services. But the Government has not shown any positive response to this. I must therefore call upon the Government to serious review its existing policy of tender and approval, so as to make it easier for local professionals and companies to bid for and take part in local works projects. That way, technology transfer can be facilitated. It should also be noted that the infrastructure investment over the next 10 years should in fact be regarded as a good opportunity to upgrade local professional standards and works quality. But if local enterprises and professionals are not able to take part in these large-scale projects direct, they will not be able to accumulate any experience in undertaking large-scale projects. If local companies are always forced to act as the third or fourth sub-contractor, then the objectives of the policy address to "export professional services" and "open up new markets in the Mainland and overseas" will only become empty slogans.

It is pointed out in the policy address that most of the infrastructure projects covered by the \$600 billion will be completed before 2010, but the Environmental Protection Department's rejection of the proposed Lantau North-South Road Link, the uncompleted River Indus training works and the Long Valley incident that caused the grounding of the Lok Ma Chau Spur Line all serve to show that if there is no co-ordination among the departments concerned, if works supervision is not conducted adequately, the "post-dated cheques" issued by the Government will only be "bounced" in the end, making it difficult to implement the projects concerned. In fact, besides the new scheme for the Lok Ma Chau Spur Line, many other infrastructure projects on the list, such as Route 10 and Route 7, have also given rise to a lot of arguments among the community, District Councils, local organizations and residents. It is still doubtful whether they can be implemented as scheduled. Meanwhile, the relevant Panel has also requested the authorities to review the relevant design and scheme of implementation. But what warrants a review should not be confined to design; rather, the entire decision-making and works supervision mechanism

covering consultation, study, land resumption and works administration should also be reviewed. An average of \$60 billion in infrastructure investment a year will matter very much to our future economic development. I am sure that the community will not accept any snags or unnecessary delays for such a major and significant investment, nor will they tolerate any human errors either. Therefore, I hope that the authorities can learn from past experience, strengthen the co-ordination among different departments, revise the existing land resumption mechanism which is both unreasonable and rigid, listen to people's views with an open mind and handle large-scale controversial projects with extreme care.

I welcome the proposals of the policy address to speed up the projects left behind by the former Municipal Councils, to implement river training measures to eliminate flooding, to repair slopes and to renovate school premises. I also hope that the Government can seriously consider the possibility of expediting other major works projects and formulating policies to facilitate participation by the local industries in tenders for works projects.

Yesterday, when we discussed the progress of the works programmes left behind by the former Municipal Councils, the Government said that a total of 64 projects would be implemented within a five-year period. But then, the expenditure for these programmes in 2001-02 would just be \$300 million, that is, about one fourth of the original average annual spending. This is indeed ridiculous when viewed against the Government's emphasis that it seeks to create more jobs by expediting these programmes.

Madam Deputy, I so submit.

**DR RAYMOND HO** (in Cantonese): Madam Deputy, like most of the people of Hong Kong, I have certain expectations for the policy address this year and I hope the Government can take some proactive measures to stimulate the economy, increase employment and prevent the economy from further deteriorating. The Government has made some response in the policy address just released, and I think that is a welcome move to make. However, I do not think that the Government has put enough efforts in saving the economy and in relieving the hardship of the people. That the policy address lacks sufficient punch is a view which I think is shared by the majority of Honourable colleagues in this Council. It is precisely because of this reason that a cross-party coalition

formed by seven political parties and the Breakfast Group will continue to discuss with the Government their proposals on increasing employment opportunities and relieving the hardship of the people. The Honourable Eric LI and I will represent the Breakfast Group to participate in the meetings concerned and we hope that we can ultimately persuade the Government with the help of other Honourable colleagues to launch more initiatives to stimulate the economy.

As regards the measures proposed in the policy address this year, I have the following points to make:

*Increase investment in infrastructure      Create job opportunities*

The Chief Executive in his policy address says that the Government and the two railway corporations will launch infrastructure projects worth \$600 billion in total over the next 15 years. Infrastructure programmes of such a mammoth scale is vital to the enhancement of our competitiveness and future development, so they should be welcome. However, if we look at the infrastructure projects listed in the policy address carefully, we will note that quite a number of them have been finalized some time ago and it is surprising to find their investment amount being included in the total amount of \$600 billion.

The latest policy address proposes that projects worth \$600 billion will be launched over the next 15 years, meaning that \$200 billion will be spent every five years. The amount is even less than projects worth \$240 billion over five years as proposed in the 1998-99 policy address. At a time when the economy continues to turn bad presently, the Government should increase investment in infrastructure projects. Despite the impression made by the Chief Executive in the policy address this year that more investments will be made in infrastructure projects in a bid to stimulate the economy and create employment, quite a number of the projects mentioned will be launched only a few years from now and will not serve to meet the dire needs of the construction industry and its employees.

*Speed up the pace of works projects      Realize improvement of employment*

As a matter of fact, the Government has been very slow in launching infrastructure projects and this has made people doubt whether the new infrastructure projects would be able to achieve the desired result of creating

employment amid an economic downturn. The Government pledged in 1998 and 1999 to launch works projects worth \$240 billion within five years, but the result was that the amount of work undertaken by the construction industry kept falling. The industry has been grumbling as construction companies do not have any works projects for which they could submit tenders, workers lose their jobs and the related professionals, including engineers have also been directly affected. Last Thursday, in the Chief Executive's Question and Answer Session in this Council, I expressed this concern to him.

The slow launching of infrastructure works projects by the Government has all along been a grave concern to the construction industry. Many projects which have been finalized suffer delay as a result of the cumbersome administrative procedures of approval and problems encountered in relation to land resumption in the initial stages of the projects, hence the construction industry has not been able to benefit. In view of that, in last December, with the support and co-operation lent by two of my Honourable colleagues, the Honourable Abraham SHEK and the Honourable LAU Ping-cheung, we formed the Public Works Concern Group. Twelve bodies closely related to the construction industry were invited to join the Concern Group. They include professional bodies, business associations and workers' groups such as the Hong Kong Institution of Engineers, Hong Kong Construction Association and the Hong Kong Construction Industry Employees General Union. A total of more than 300 000 members are represented. The object of the Concern Group is to urge the Government to speed up the progress of infrastructure projects.

The Concern Group met Mr Antony LEUNG, the Financial Secretary, and held two press conferences afterwards where the concerns of the industry were expressed. The Government has been made aware of the problems as a result of the suggestions which Mr SHEK, Mr LAU and I have made to the upper echelon of the Administration, including the Chief Executive himself. Over the past few months, many senior officials, especially the Financial Secretary, have told the press repeatedly that the Government is studying how the works projects can be accelerated. And in the policy address recently delivered, the Chief Executive has also mentioned that the public works projects and the approval procedures would be accelerated. The Public Works Subcommittee of which I am the Chairman decided this morning that in the next meeting we would discuss with the government officials how a process re-engineering in respect of the existing approval procedures and practices. I hope that with these discussions,

the Government can proceed with work in this respect so that works projects that have been finalized can commence as soon as possible, hence helping to create the projected job opportunities.

It should be noted that as many people from the industry are concerned about the impact brought about by the Environmental Impact Assessment Ordinance on the progress of works projects, Mr LAU Ping-cheung, Mr Abraham SHEK and I have consulted the relevant Policy Bureaux on public works and construction, as well as other public-sector organizations, professional bodies, business associations and the Hong Kong Construction Industry Employees General Union. We have received very enthusiastic responses and after a detailed analysis, we will discuss with the authorities on whether the Ordinance should be amended as appropriate. Apart from that, the Public Works Concern Group has all along been engaged in studies in many aspects and has made suggestions to the Government and urged that the launching of works projects be accelerated without sacrificing the quality of work. This will hopefully create work and job opportunities for the construction industry and inject a momentum for growth for our economy.

*Launch construction projects      Create more jobs*

The construction industry has always been playing a vital role in our economy, but it is at present in a very difficult situation. Earlier on, the Financial Secretary announced the suspension and reduction in the sale of Home Ownership Scheme (HOS) flats. Although this is a positive move for the property market in general, it has placed the construction industry in a much worse situation than before. Many construction companies affected have started massive layoffs after the announcement of the policy. The staff laid off include not only workers but also many professionals and middle-level workers.

To prevent the industry from further contracting, I have urged the Government to increase and speed up infrastructure and construction projects, and apart from that, the Government should build more public rental housing estates and expedite launching the 160-plus works projects left over by the two former Municipal Councils. Many of these projects are cover the building of cultural, sports and recreational facilities that are directly related to the quality of life of the people. In addition, the Government should make an additional annual provision of \$6 billion over the next five years to undertake improvement

and maintenance works for infrastructure facilities built with billions of dollars over the past three decades or so. Such improvement and maintenance works of a relatively smaller scale are well-suited for small and medium sized companies and they can easily create employment opportunities. In a proposal which I submitted to the Chief Executive last month in respect of the policy address, I urged the Government to commence improvement works to tourist spots, accelerate urban renewal and to undertake structural inspection, preventive maintenance and repairs for private buildings aged over 30 years.

Most of these proposals have been accepted by the Chief Executive and included in the policy address this year. I am pleased to see this, but notwithstanding this, I still have some doubts about the extent to which these proposals have been accepted by the Government and its sincerity in making these proposals a reality. In paragraph 99 of the policy address, it is stated that a total number of more than 20 000 new jobs will be created as the Government will carry out improvement and remedial works on various public facilities, including projects on dangerous slopes, eliminating flooding at root, launching many of the projects endorsed by the two former Municipal Councils on recreational and cultural facilities and amenities, and school improvement works. According to estimates made by people in the construction industry, putting all the projects endorsed by the two former Municipal Councils in full swing alone will create more than 10 000 new jobs at once. In addition, if my proposal of using \$6 billion to carry out remedial works on ageing infrastructure is adopted, it is estimated that 20 000 to 30 000 new jobs can be created, and this the number does not include those job opportunities to be created as a result of the acceleration of urban renewal, enhancing maintenance and repairs of old buildings and improvement works carried out at tourist spots, and so on.

It is precisely because of this worry that, in the Chief Executive's Question and Answer Session, I asked the Government to provide information on the new and finalized infrastructure projects, the implementation timetable with regard to the works projects endorsed by the two former Municipal Councils and the remedial works, the expected total outlay and the expected number of jobs to be created. This is to ensure that the Government will not engage itself in yet another attempt to manipulate with the figures.

On the other hand, as the Government has announced the suspension of the production and the reduction in the sale of HOS flats, it should also increase the

construction of public rental housing to offset the adverse impact of the suspension and reduction on the construction industry. This will prevent layoffs from happening in the industry as a result of the suspension of the production and the reduction in the sale of HOS flats. On the other hand, it will shorten the waiting time for applicants of public rental housing. This is killing two birds with one stone. I hope the Government can give serious thoughts to this. Earlier, the six colleagues from the Breakfast Group and I made a joint petition to the Secretary for Housing to urge the Government not to use premium sites for the HOS and to rectify the mismatch of resources by selling these sites to private-sector developers. After the eliminating of such unfair conditions of competition, private-sector developers will have greater confidence in developing residential properties to the benefit of the construction industry and create more jobs.

*Step up with greening efforts    Make the best use of human resources*

When compared with many economically advanced cities, Hong Kong lags behind in its greening efforts. Hong Kong has been called a concrete forest and there is no overall planning in greening and landscape. The Government has never made any obvious and proactive attempt to change this state of affairs. But on the contrary, many cities on the Mainland have made remarkable achievements in greening. There are even quite a number of cities and places in the western part of China from which we should learn. I recall in the meeting on 9 May this year, the Council discussed and passed a motion on landscaped development and greening policy. I hope that the Government can devise a comprehensive greening policy and commence the related projects and make the best use of our human resources. In fact, some projects of a smaller scale such as the greening of some slopes can be carried out at once. In the past, many of the slopes in Hong Kong are reinforced by the use of shotcrete and the outlook of the slopes is far from desirable. The Government should make use of the opportunity now to carry out greening on our slopes. More trees should be planted on our pavements as most of them are bare and devoid of vegetation now. Street lamps and signs should be beautified as in the mainland cities. All these can be done.

Likewise, in environmental protection and the creation of jobs, the Government should assist and promote the recycling industry, especially through the provision of land suitable for such purpose. The growth of the recycling

industry in Hong Kong is completely in line with our policy on environmental protection. Moreover, apart from enhancing public awareness of recycling, the Government may also consider hiring more staff to promote the recycling of household waste.

### *Conclusion*

Madam Deputy, keeping the present state of our economy and the high unemployment rate in consideration, the focus of my discussion today is on the creation of jobs through different kinds of works projects. However, I must stress that the above proposals on the creation of jobs do not seek to create jobs that do not have any substantial contribution to society; they do create jobs just for the sake of creating them. The proposals made by me are all conducive to enhancing our competitiveness and improving our environment. They are very beneficial to both the quality of life of the people and to our tourist industry.

If the authorities concerned can adopt the above proposals made by me, I am confident that more unemployed people will be able to re-enter the job market. The sluggish economy can thus be expected to get a boost. For the same consideration, one of the proposals made by the cross-party coalition, that is, to create 20 000 temporary posts in addition to the jobs related to infrastructure projects, is totally within the capacity of the Government. It is also one of the measures that should be adopted by the Government at least to relieve the hardship of the people.

Madam Deputy, I so submit.

THE PRESIDENT resumed the Chair.

**MRS MIRIAM LAU** (in Cantonese): Madam President, over the past year there was a slackening in our export growth and so a drastic worsening of our economy ensued. The unfortunate "September 11" terrorist attack on the United States has added uncertainties in the market. Our economy has as a result turned from bad to worse and both passenger and freight volumes have suffered serious setbacks. In terms of freight volume, there was a drastic fall in imports and exports over the past year. With a reduction in the orders placed for next year, it is envisaged that the situation for imports and exports will be

even worse in the year to come. Things are not so bright in passenger volume either. With the economic downturn, people stay more at home instead of going out and cut their spending. Parents want to save and so pupils who used to go to school by nanny vans now ride on public means of transport. Unless they are in a great hurry, people will choose not to ride on taxis. With this prevailing weak market sentiment, the number of tourists coming to Hong Kong has also dropped.

With the business environment remaining gloomy, taxis, minibuses, vans, nanny vans, non-franchised buses, goods vehicles, and so on are struggling hard to survive, in the same way as other trades and the public at large. At this moment of life and death, it was most fortunate that the Government responded to the demands of the transport industry and extended the tax concession for ultra-low sulphur diesel (ULSD) this July. That has served to relieve to a certain extent the pressure on the industry which can then breathe a sigh of relief. In order to tide over the difficulties together with the people, not only does the transport industry refrain from making any increase in fares but it even slashes the fares. It can thus be seen that the reduction in oil duty will not just benefit the industry but also the public and consignors, so it can be said that everyone will benefit.

Admittedly, Hong Kong will have to remain in a difficult position for yet some time to come. The Government should therefore take bold and decisive measures to alleviate the hardship of the people. I think the Government should take the initiative of extending the tax concession for ULSD and even raise the concessionary rate to reduce the diesel duty further. Some people say that the industry only takes favourable measures while rejecting those unfavourable. But the point is, the industry has all along been losers. It has lost to the poor economic situation, the bad business and the slash in income. It has never been a winner. It is because it has never made a single cent more because of the duty concession. Time after time when the effective period of the concessionary duty is extended, it is only the public at large who reaps the benefit. The public pays less fares and the pressure on life is reduced. The goods owners need to pay less transportation fees and the freight forwarding industry becomes more competitive as a result.

The Chief Executive in his policy address says that whenever new policies are devised or when new laws are to be enacted, consideration will be given to their impact on the business environment. If the Government is bent on having

its own way and ignores the demands of the industry by abolishing the duty concession for ULSD, I hope the Government will make a review of the impact of such an action on the passenger and freight transport industry.

I fail to see why there is a distinction between the old and the new in the mindset of the Government. If the Government is really determined to improve the business environment, it should not have such a distinction. There are quite a few things that the Government can do in respect of improving the business environment for the transport industry. For taxis, the Government should relax the prohibited zones for taxis, for such a policy runs against the function of taxis providing point-to-point service and adversely affects the survival of taxis. For minibuses, when the Government is to decide on the way forward for environmentally-friendly minibuses, it should consider the impact of green minibuses on the business environment of operators apart from making environmental protection considerations. I must reiterate that when taxis are to switch to using liquefied petroleum gas, the major premise is that it would not lead to an increase in operational costs, so the same principle should apply to minibuses switching to using environmentally-friendly fuels.

In addition, the Government should consider how infrastructure can be used in an optimal way to improve the business environment. At present, there are some "bus only" lanes which have not been fully utilized, often not many buses are using these lanes but traffic outside these lanes is very congested. When infrastructure is not well utilized, the traffic flow is affected and this is unfavourable to the business environment. The Government should consider opening up these "bus only" lanes to hired taxis, minibuses, nanny vans and non-franchised buses.

Another example where infrastructure is not fully utilized is in toll tunnels and roads. The traffic flow in the toll-collecting tunnels and roads is sparse while that in those tunnels and roads with a cheaper toll or free will experience heavy congestion. Often there are vehicles unable to find any roads to travel while there are roads with no vehicles travelling on them. If this state of affairs is allowed to go on, no one will be interested in building infrastructure and the Government will have to bear all the costs itself on the one hand; and roads will get congested on the other. This will not be conducive to the future development of the logistics industry. To promote the development of the logistics industry, apart from setting up a value-added logistics park, it is vital to build more transport infrastructure and perfect the road networks so as to

increase the links and connections of all kinds of logistics infrastructure. Work in this aspect can be divided into internal and external considerations. For internal considerations, increase infrastructure construction is one way and the other is to maximize the utilization of infrastructure which I have mentioned. For external considerations, to increase infrastructure construction is the only way. For example, with the development of the western part of China, many people will invest and set up factories in this part of China and freight transport cannot rely on the existing channels between Shenzhen and Hong Kong alone, therefore the building of the Lingdingyang Bridge linking the western part of the Mainland should warrant active consideration. But the development of hardware for the logistics industry will take at least a few years and since there are keep competition in the industry, the Government must exert greater efforts in devising policies on logistics software in order that the greatest competitive edge can be achieved within the shortest span of time.

In recent years, there have been massive investments on infrastructure in the Mainland. The transport network in the Pearl River Delta is becoming very efficient, but there are only the Lo Wu and Lok Ma Chau to Huanggang boundary crossings linking Hong Kong with the Mainland. This has caused a bottleneck in both passenger and freight flows. In respect of passenger flow, the long-term solution is to increase boundary crossing accesses such as the building of the Western Corridor, the Lingdingyang Bridge and the Sheung Shui to Lok Ma Chau Spur Line, as well as implementing the Regional Express Line proposal. However, as the construction of such hardware requires time, consideration can now be made of extending the opening hours of the Lo Wu Control Point and to study how Lok Ma Chau and Man Kam To can help relieve the pressure on Lo Wu. The through train service from Hung Hom to Shenzhen should be finalized as soon as possible.

In terms of freight flow, despite the fact that a 24-hour service is offered at Lok Ma Chau to Huanggang, and that there is no distinction between empty and loaded containers, the bulk of container trucks using the 24-hour service are those trailing empty containers and the number of loaded container trucks using the service is fewer. As far as I am aware, since customs officers on the Huanggang side are unable to meet the requirements of a 24-hour clearance service, container truck drivers from Hong Kong may have to wait for a few hours for inspection of their containers. In addition, the control points on both sides of the boundary only have one or two inspection booths in operation after midnight and drivers have to wait a long time, so many of them would prefer to

clear the customs in the morning instead of after midnight. This may give some people the wrong impression that 24-hour clearance does not apply to loaded containers. But in fact, there is no such restriction. Owing to the above reason, the number of container trucks clearing the customs after midnight are much smaller than during daytime. Therefore, it is quite simple to relieve the pressure on the Lok Ma Chau Control Point. First, both sides should extend the opening hours of all of their inspection booths or increase the number of inspection booths and manpower after midnight. Security measures will have to be stepped up to make it safe to clear the customs after midnight. All this together will enable the Lok Ma Chau Control Point to be fully utilized 24 hours a day. It is therefore imperative that authorities on both sides of the boundary should forge better co-ordination and co-operation in order to alleviate the problem of congestion at the boundary control points.

Second, simplifying the customs clearance procedures may also be a practicable solution. Recently, an agreement is reached between the customs services and other related authorities in Hong Kong and Shenzhen, whereby air cargoes arriving in Hong Kong from overseas can be conveyed by sea to the Huangtian airport direct and transshipped to various airports on the Mainland. That has simplified the customs clearance procedures involved. This kind of air-sea-air cargo flow can actually be applied to a mix-mode freight forwarding flow which includes land transportation, hence the efficiency of land transportation will be enhanced.

Third, a complementary measure to simplify customs clearance is the electronic customs declaration system. At present, the Government is looking into the implementation of a road electronic customs declaration arrangement at the Lok Ma Chau crossing point. The industry hopes that this time-saving arrangement can be put in force soon. The logistics industry should have the assistance from information technology before it can be fast, accurate and capable of handling large quantities of logistics over an extensive region. Apart from electronic customs declaration, the Government should help the industry to fully utilize information technology to upgrade the efficiency of its service. This will promote logistics information and electronic commerce and encourage the industry to provide value-added services. I am very glad that the Secretary for Information Technology and Broadcasting will join the Steering Committee on Logistics Development chaired by the Financial Secretary.

Fourth, the Lok Ma Chau crossing has implemented an "one-stop" boundary-crossing arrangement for goods vehicles since the beginning of this month. This is a pilot scheme lasting for one month. Immigration and Customs officers will station in the same inspection booth and undertake arrival and clearance procedures for drivers. This one-stop service will shorten the former time required from one minute 15 seconds when immigration and customs clearances were undertaken separately, to just a matter of 45 seconds. The pilot scheme is the result of co-operation between the industry and the Government. It is the hope and wish of the industry that the scheme will be put in force on a full-scale basis as soon as possible.

The Government has always emphasized that new thinking and new measures should be adopted to solve the problems at hand and that co-operation must be forged with the trades and industries concerned. This I very much agree. In the shipping and transport sectors which I am familiar with, for example, though there are examples of government and industry co-operation, there are not many such examples. Often times the industry is prepared to co-operate, but the Government is bent on having its own way, despite its claim that there should be new thinking. The old mindset is still there and the Government is still bent on having its own way. It is my fervent hope that the people of Hong Kong can be united and that the Government and the industry can work in close partnership so that we can tide over the difficulties together.

Madam President, I so submit.

**MR JAMES TO** (in Cantonese): Madam President, let me first talk about the issue of urban renewal. There used to be great expectations for the new Urban Renewal Authority (URA) in the hope that urban renewal work can be done well. Unfortunately, there was a greater public concern for the news stories related to the URA when it was set up than during the five years when the Land Development Corporation (LCD) was in operation. Such media coverage included conflict of interest, the intricate network of relationship involved and the breaking of a pledge made to the Legislative Council of not to lay off its staff, as well as the appointment of a new director. All these incidents, together with the lack of satisfactory explanations, has undermined the integrity of the URA.

In view of this, the public has doubts about whether urban renewal can proceed in big strides and whether bold and decisive actions can be taken to tackle the problems left over from the past. Confidence for the URA has thus

been eroded. Many Honourable Members of this Council have at a number of meetings urged the Government to take expeditious actions. The same remarks have been said about the Chief Executive in some radio phone-in programmes. However, having read the Policy Objectives of the policy address, it can be seen that the first five-year plan of the URA will apparently be announced next year.

In the part on urban renewal strategy in the consultation paper, it can be seen that consultation in respect of some scopes is not ongoing at all. It is because the Government has decided to carry out only 225 schemes in the next 20 years, evident in many related papers and the number is confirmed. If government officials can visit various districts and listen to the views of the public, especially those from owners, tenants and those affected in the older districts, they would certainly get a strong message that the people hope more works projects can be carried out, and in greater speed. Can the five-year plan which is to be announced only next year be made public at an earlier date? In addition, there are rumours recently that some of the projects will be carried out in six to nine months' time. But it should be noted that the 25 projects announced by the LDC in 1997 and 1998 will take a few years to complete and if we do not commence these projects and choose to carry out only those small and easy projects, or those which can bring more profits or with greater flexibility, or if we stick to the previous mentality, that will do us no good. In the past, nothing could be done about this and some projects were unable to commence because of some restrictions in legislation. I therefore hope that the Government can really launch these projects in the first one or two years and finalize all the projects concerned, in particular those 25 projects which have been delayed for so long.

Due to factors like the fall in property prices, and so on, the account books of the Government are not that easy to square, and we are worried that the Government will again change its mind or delay the projects in order that the cash flow may appear better, or it may postpone the projects in the name of the conservation of antiquities or cultural heritage. If the Government is not willing to inject funds to the projects, it will lower the amount of reasonable compensation payable to those affected, for if not, it will be difficult for it to tidy up the accounts.

The Government may be thinking in another way. Originally, the Government may hope to proceed with auctioning after the sites are prepared, but if it is still acting with this mentality, it may be difficult to get the sums right.

Will the Government make good use of the role played by the developers with a view to effecting a recovery of the property market? My opinion is that the Government has not had much luck in urban renewal from the outset, I hope the new Chairman of the URA can have a bold vision on that.

I would like to talk about other Policy Secretaries and officials, for example, the Director of Buildings. There are times which we should not care who is in power, for we should not attach importance to the rule of man. But it seems that sometimes the person in power matters a lot. We can see for example that after Mr C. M. LEUNG has assumed the office of the Director of Buildings, many residents and Members of the Council find that things have become completely different. There are new thinking and aggressive steps and the entire department has a few hundred engineers working in it and the number is double or even triple that of the former establishment. It is important that we have great efficiency, new thinking and effective measures. I have great expectations for the Secretary for Planning and Lands and the Secretary for the Environment and Food. I would like to ask, will it be better if we can give more consideration to personnel matters especially at this time when talents are so badly needed?

I am especially concerned about the serious problem of water leakage in old districts. The mentality of the Government seems to be still sticking to its former way of thinking, that is, to finish the matter off by just hiring a consultancy firm to examine if anything can be done. I hope more thoughts and discussions can be given to this.

On the question of planning, I think a very important thing is that our planning should be visionary. For example we should look into issues like our demographic pattern in the future and population movements on the Mainland. These are very important issues. It remains of course that policies and human thinking and planning are interactive. In 2002 the Government will hire consultants to study this issue. I think this study is very important, for it will have a direct bearing on not just one Policy Bureau, section or department in the next few years. I hope the Government can make special efforts to expedite such a study. For the study may take a long time and it will have to depend on other policies or changes in mindset, thinking and the kind of interactive relationship in existence after economic co-operation in the Pearl River Delta has taken place and in terms of logistics and the movement of people. All these are important references when planning is to be carried out.

In the area of transportation, I would like to point out that I agree with what the Honourable Mrs Miriam LAU has said. I think the Western Harbour Crossing (WHC) has become a tunnel for the rich and it is not fully utilized. I think the problem has to be dealt with, for we cannot build a tunnel and anyone who can pay a few dozen dollars more can drive his car through it. On the contrary, many other tunnels may be congested as a result and drivers may need to spend more time. Will the Government think of some ways to solve the problem? There may be some restrictions in the contract of the WHC, but we need to use some new thinking to bring an end to this unreasonable state of affairs. We cannot allow a nice tunnel which links up parts of the New Territories to permit anyone to use it just by paying a few dozen dollars more. Shall we not count how many million dollars we need to spend on this before we can save some time and raise our efficiency? Besides, how much good will it do to our society?

I support the action taken by the Kowloon-Canton Railway Corporation in its new legislation to separate the posts of chairman and executive director. One of the major reasons for this is that when we have found out that some changes ought to be made and when we are to bring about change to some people or system, I think we should take bold and comprehensive actions. We should not let some long-standing problems continue to exist, nor should we be half-hearted. Recently, when I followed up the case of the superstructure of the Hung Hom Railway Station, it seems that a convincing explanation is lacking. But that may not be due entirely to the system, it may be related to people.

I would like to mention in passing the work of the Independent Commission Against Corruption (ICAC). The ICAC is aware of problems like abuse of power and the use of power to further private gains, and so on. Discussions have been going on for many years and it seems that the enforcement sections of the ICAC are aware that the situation warrants urgent attention, but owing to some unknown reasons, nothing is heard about any actions done. Is it because there are some problems that cannot be solved on the part of the Government? What are the reasons for this? I hope the Government can look into this as soon as possible in order to prevent corruption and uphold justice. We can see that in the area of prevention of corruption, a lot of things should be done. For example we have heard recently that Mr K. M. LAU, the former Privacy Commissioner for Personal Data, immediately joined a private sector company after his retirement from the office and that company took part in the bid for contracts on smart identity cards. Since the time of his departure from

office is so short, it fails to convince people that there is a just and equitable system in existence. The Chief Executive has said that later on he would introduce a system whereby staff from private-sector organizations can be appointed as ministers. That is called the accountability system. So there is a need for further discussions on the prevention of using one's powers to further private gains or what should best be the length of the sanitization period applicable to departed staff from public organizations before they can join private-sector organizations. At present, there are many public organizations or statutory bodies which are not directly under the Government but nevertheless possess a lot of powers. Should we not examine the relevant legislation? It seems that the ICAC has said all that, it can, but after a few years, nothing is heard about the problems which it said it would look into. Of course, we hope that the Government will continue to provide sufficient resources to the ICAC so that it can combat cross-boundary corruption activities without any hesitation or fear, for work in this area will only increase instead of the other way round.

In respect of monitoring the work of the ICAC, in particular the committee which investigates into reported corruption activities, that is, the ORC, I call upon the Government not to make all of its members appointees by the Chief Executive. It is because we should convince the public that the systems in the ICAC are capable of monitoring even the Chief Executive.

As for other matters of concern with regard to security, some Honourable Members have talked earlier on about the crowded conditions and dangers at the Lo Wu Control Point. Conditions have reached a critical stage. I recall a retired Deputy Director of Immigration once said a few years ago that he was very worried, for a catastrophe could happen there at any time. What he was referring to were certainly not catastrophes of the kind like the "September 11 incident" or biochemical warfare attacks, but cases like someone shouting "Fire!" all of a sudden or a very minor mistake done somewhere which could also lead to a great catastrophe. I hope greater efforts will be done by the Government about this as soon as possible.

We can see that the Chief Executive has pointed out in paragraphs 62 and 63 of the policy address that he attaches great importance to the passenger flow at the Lo Wu Control Point. However, he then suggested that the Lok Ma Chau crossing may provide a solution. The Honourable LAU Kong-wah has said earlier that Lok Ma Chau's ability to ease the problem is only very marginal.

On the Police Force, I think special attention should be paid to the following. First, legislation should be enacted on computer crimes and that manpower should be increased to prevent computer crimes. Second, it is on triads and organized crimes. On triads, in particular, the police seem to be contented in maintaining the problem at an equilibrium. Many members of the public have told me that even if work is done on that level, if police efforts are comprehensive, concentrated and planned over many years, the vitality of triad societies can be further curtailed.

Lastly, I hope that the Fire Services Department will be able to provide full-scale auxiliary medical service within three years. I have had a chance to look at the relevant plan and training programme. Although the manpower requirements may not be met in a short time, I still hope that the original plan can be completed within two to three years, for only in this way can the safety of the public be protected.

**MR SIN CHUNG-KAI** (in Cantonese): Madam President, I would focus on the information technology (IT) and broadcasting policies in the policy address.

Faced with dual challenges of economic restructuring and cyclical economic downturn, the Chief Executive is geared up to improve the business environment this year, with a view to transforming Hong Kong into a knowledge-based economy. IT should have a pivotal role to play in the successful restructuring of Hong Kong, and this is also a policy objective set by the Chief Executive two years ago. Regrettably, while his words still ring in our ears, his determination to pursue IT development vigorously has disappeared into obscurity.

For instance, in the policy address the Chief Executive pointed to the direction of developing Hong Kong into a logistics centre, and while IT is an indispensable component of the logistics and transportation sector, just as Mrs Miriam LAU has said, not a single word is mentioned of the role of IT in this aspect.

We must bear in mind that it is impossible nowadays for any industry to develop without matching IT strategies. Whether it be the manufacturing industry or service industry, the fact remains that only with the use of IT can we access information more readily and achieve higher production and operational efficiency and move towards a knowledge-based economy.

Take a look at this year's policy address and we will see that there is little mention of IT projects. If we read carefully the Policy Objectives set out by the Information Technology and Broadcasting Bureau for this year, together with the "Digital 21" IT Strategy promulgated in May, we will find that the projects mentioned therein are all outstanding projects proposed previously. All that can barely be considered original is the idea of hard-selling such outstanding projects as the Cyberport, the Science Park, and so on, overseas. As to how proposals of more pragmatic measures will be implemented, such as providing assistance for small and medium enterprises (SMEs), the adoption of e-business, upgrading the overall IT standard in Hong Kong, bridging the "digital divide", and so on, there is little to write home about the policy address.

To develop Hong Kong into a leading digital city has been a strategy of the authorities in promoting IT development. Basically, I very much agree with this direction of development. But if the authorities think that Hong Kong can turn into an international digital city surpassing other countries simply by some haphazard marketing or promotional efforts to boast the IT development in Hong Kong, it would be downright ludicrous.

Since 1999, the Government has laid emphasis on the importance of IT application. Nevertheless, the overall pervasiveness of IT knowledge is still far from satisfactory. This is especially so in respect of the adoption of e-commerce among the public and even businesses. The take-up rate has been all the more unsatisfactory.

According to a survey conducted by the Census and Statistics Department in 2000 on the use of IT among the public and businesses, only 7.6% of the respondents have shopped via the Internet, and a mere 3.4% of businesses have adopted e-commerce. These figures show that the objective of developing Hong Kong into a leading e-business community and an international digital city seems to be beyond our reach.

In fact, many members of the industry have already pointed out that most of the local SMEs are not knowledgeable about IT. As a result, they have yet been able to fully utilize IT to improve their production and operational efficiency. At the same time, given the rapid deterioration of the economic environment, many companies are forced to defer their IT investment projects. A latest survey by the IDC showed that most IT markets in the Asian-Pacific

Region have registered a negative growth this year. In Hong Kong, a negative growth of 8% is recorded.

Given all these adversities, the future development of the IT industry is certainly anything but optimistic. The situation is even more critical for local SMEs, for they must give up IT application because of various objectivities, while facing fierce competition from neighbouring territories. As a result, many businesses have lost their competitive edge, and this will eventually slow down the pace of Hong Kong in moving towards a knowledge-based economy.

In this year's policy address, the Government proposed an injection of \$1.9 billion for SMEs for the purpose of market expansion, and I very much support this. However, assistance in respect of business installations and equipment is provided in the form of credit guarantees only. Measures for enhancing IT application among SMEs are indeed inadequate. In this connection, the Government should more actively adopt "supportive intervention measures" to assist SMEs in developing or using IT, so as to steer them away from the present predicament, and consequently expedite the take-up of e-business among enterprises.

The Hong Kong Information Technology Federation and I have earlier on proposed such supportive intervention measures. These proposals have been submitted to the authorities concerned. They include the following:

- To increase the Government's estimates for IT investment and outsourcing of IT projects. In this connection, the Government should, at this stage, give particular consideration to this proposal, because I believe the tender prices have come down substantially. In the past, the tendering of government projects could be costly. Therefore, with regard to the proposal of the Government to develop E-government, work should speed up in this direction indeed since it will stimulate market demand, which will, in turn, be helpful to the industry. On the other hand, in outsourcing IT projects, the Government should consider putting in place a fair quota system whereby IT providers which are SMEs can be awarded a reasonable proportion of contracts. We understand that stipulations under the WTO prohibit discrimination against foreign companies. But if, say, a percentage can be worked out to allow

companies with a certain number of employees to have a reasonable share, that would actually be a viable option.

- On the other hand, the industry has also proposed setting up a \$1 billion "Dollar-for-Dollar Fund" to facilitate IT application among 10 000 local SMEs in their operations.
- To improve the government-managed Innovation and Technology Fund as well as other funds set up for providing subsidies, and to offer more attractive conditions to overseas IT investors.
- To set up a \$100 million fund to support the development of IT business by local companies in the Pearl River Delta Region.
- To initiate proactive business matching services so as to lead the local IT industry to open up overseas markets.
- To upgrade the SMEs Office which is currently administered by the Trade and Industry Department to department level, so as to provide "one-stop" services to SMEs effectively.

Madam President, in the light of the present economic downturn, the authorities must provide active support for the IT industry. More importantly, it must assist the SMEs to adopt e-business in order to enhance their competitiveness. In the meantime, it is also necessary to create market demands for them. I will now speak on the urgency of finding solutions to the problem of "digital divide".

The advent of knowledge-based economy has rendered our relationship with IT inseparable. With the use of IT, we can avail ourselves of the opportunities brought by the new economy, thus enabling us to continuously improve and upgrade the quality of our living. However, in order to catch up with the IT wagon, every citizen and enterprise as well as the Government must join hands and participate in building Hong Kong into a digital city before we can reap the benefits brought by the new digital era.

Over the past year, I have repeatedly emphasized the importance of addressing the "digital divide" for two reasons:

Firstly, "digital divide" will become a major barrier to the development of Hong Kong into a digital city. "Digital divide", in fact, concerns not only the socially disadvantaged who are in the minority, not only general social welfare policies. In fact, "digital divide" has to do with almost each and every citizen and even all businesses. It will have far-reaching influence on the overall economic development.

Imagine if the majority of people still cannot change the old mindset and apply IT to their daily life, how possibly would enterprises promote e-business? Without demand, how will there be supply? This is a most fundamental demand-and-supply principle in the market, and also an example of how a vicious circle develops.

Korea is an Asian-Pacific territory where e-commerce has been successfully developed within a short period of time, for they have a very extensive broadband network with a high penetration rate. But apart from this reason, the most important factor is that the Korean Government and all businesses, big and small, are accustomed to using intranet as a major mode of communication. Now that government departments are taking the lead to use intranet in this Chamber, and this, I believe, sets a good example. Korean enterprises, big and small, are accustomed to using intranet as a mode of communication, and also a channel for purchasing products of their companies. As the Koreans had long changed their culture of communication and mode of shopping, they were able to make rapid progress in the development of "b2c" (business to customers) as soon as fully-fledged Internet infrastructures were put in place, and a robust growth was even registered in "b2b" (business to business) consequently.

With this example, I wish to illustrate that to ensure a holistic and healthy development of IT, there is a need to change the culture of IT application among citizens and to upgrade their IT knowledge. Only in this way can we create demands for e-business to drive economic growth.

Another reason why I maintain that the "digital divide" problem must be addressed squarely is related to structural unemployment which, I believe, will be the focus of debate tomorrow. The latest unemployment rate announced by the Government yesterday had surged to 5.3%, and is expected to be on the rise. Unemployment is a pressing issue. Hong Kong is in the course of transforming from an industrialized economy to a knowledge-based one. As a result of economic restructuring, a large pool of low-skilled workers in the labour market

will fail to meet the needs of the market and will thus be plunged into a state of long-term unemployment.

A result of rapid technological advancement is the ever shortening of the life span of jobs. The cycle of many jobs now runs several years only and the skills required of such jobs will then become outdated. Workers in those trades will thus be doomed to be eliminated. By then, not only the disadvantaged groups and workers with low skills, skilled workers will also fall prey to the "digital divide" and become the "information have-nots". So, in view of the economic hardships, it is all the more imperative for us to plough in even greater resources to provide continuous training opportunities for all sectors of the community, with a view to equipping the whole community with more IT knowledge to cope with the economic restructuring.

Madam President, recently when I discussed the policy address with members of the industry, we felt that the measures taken to address the "digital divide" problem are incomprehensible indeed. A reason is that many initiatives scatter over individual policy areas, namely, education, social welfare and IT. They involve different Policy Bureaux and departments, depending on the targets of the initiatives. To many organizations interested in collaborating with the Government to resolve the "digital divide" problem, it is very difficult to find out which departments are responsible for which parts of work, and in so doing, they are like groping in the dark indeed. This group of people who wish to assist the Government to bridge the "digital divide" will only feel helpless. Confused objectives precisely show that the Government lacks understanding of this problem and has even ignored its complexity and seriousness. Most developed countries had conducted in-depth studies in this regard in the 1990s, and channelled massive resources for bridging the "digital divide". They knew long ago that failure to address this problem squarely would take its toll not just on the "information have-nots", because the Government will have to bear the consequences of the overall economic development being slowed down, plus a high unemployment rate.

Earlier on when mentioning the promotion of logistics management, the Secretary for Economic Services, Ms Sandra LEE, said that "digital divide" also exists among enterprises. This precisely corroborates my comment that "digital divide" is not only a social issue, but also an economic issue.

Indeed, many people are aware of its seriousness. In August last year, I raised the problem of "digital divide" in the context of the blueprint on future IT development. In May and June this year, the Legislative Council conducted a

hearing on this issue. I had presented papers and a motion debate had been held in the Legislative Council.

Many industry organizations and non-profit-making groups have shown concern for and endorsed this series of actions. A total of 174 recommendations were submitted to the authorities, many of which are highly worthy of consideration. I also put forward 56 recommendations. Many of my recommendations are based on experiences of foreign countries, being examples of successful measures formulated after in-depth studies. Nevertheless, the authorities hastily dismissed most of the recommendations or argued that the relevant measures had already been implemented without actually looking into or reviewing them carefully. The authorities take the view that our recommendations still leave something to be desired, and we are happy to accept this comment. But I cannot see any measure proposed by the Government that is more proactive and effective than ours, and is sufficient to serve as an obvious solution to the problem of "digital divide". Is this attitude of the authorities the right attitude? Is this the attitude that any wise and able ruler who is receptive to comments should take? The most pressing task is to facilitate close co-operation among various sectors in order to carefully look into ways to resolve the "digital divide" problem.

"Digital divide" is a process that Hong Kong must go through in the course of economic restructuring. If this problem is not handled in a timely manner, it would upset the economy of Hong Kong. In order for Hong Kong to develop into an internationally-renowned digital city, we cannot feel complacent with the existing "piecemeal" initiatives.

I urge the authorities to draw up a long-term, unitary and visionary policy on "digital divide". I also call for the establishment of a task force and government funding to set up a fund to conduct studies and implement more measures to upgrade the IT knowledge of the whole community, so as to lay a solid foundation for our long-term development and facilitate the smooth transformation of the Hong Kong economy.

Madam President, I so submit.

**MR LAU PING-CHEUNG** (in Cantonese): Madam President, first of all, I wish to declare my interest as the representative of the Architectural, Surveying

and Planning Functional Constituency in this Council, and a non-executive Director of the Urban Renewal Authority (URA). My following speech will cover these two areas.

The professional sectors that I represent cannot be spared from the prevailing severe economic downturn. In his policy address, the Chief Executive undertook to invest over \$400 billion in more than 1 600 infrastructural projects to be completed by 2010, in an effort to stimulate the economy. The Government also undertook to implement public facilities maintenance, slope upgrading and flood prevention projects, as well as projects left over by the two former Municipal Councils. These public works projects can create over 20 000 jobs for the construction sector. I must say that I very much support the decision of the Government, and I had actually made similar suggestions in last year's policy debate. While we focus on finding solutions to unemployment, we should not lose sight of our long-term development; and I believe these two areas of work can proceed at the same time. Besides, as long as we proceed in the right direction, the current investment in infrastructure will in turn bolster the overall competitiveness of Hong Kong and bring this generation and the next even more opportunities of development.

To ensure that the public works projects to be launched by the Government will achieve the desired results and at the same time dovetail with the long-term economic development of Hong Kong, I wish to remind the Government again the areas that warrant attention when making overall planning for long-term economic development and implementing public works projects.

In the policy address the Chief Executive discussed in great length the education reform, pledging an increase in education spending in the next five to 10 years regardless of Hong Kong's economic situation. I wish to start from this point. It is because whenever the education sector called for the construction of more schools or a reduction in the teacher-to-student ratio by the Government, the Secretary for Education and Manpower would invariably respond that there was not enough land for building schools. Is it true that there is not enough land available in Hong Kong? The built-up areas in Hong Kong now account for some 17% of the total area of Hong Kong, which compares less favourably with the neighbouring Singapore. The problem is in the closely-packed urban areas, it is indeed utterly difficult to find land for building schools and other necessary public facilities. So, we need to redevelop the urban areas on the one hand and build new towns on the other.

After the reunification of Hong Kong, the Government had not provided a clear direction for long-term development until early this year when it published the Consultation Paper entitled "Hong Kong 2030: Planning Vision and Strategy", proposing the idea of "sustainable development", attaching more importance to environmental protection initiatives and stressing the need for the future development of Hong Kong to tie in with that of the neighbouring Pearl River Delta Region. This direction is worthy of support, but the progress has lagged far behind the needs. Besides, while this year's policy address has announced a number of major projects, there is little mention of initiatives in the area of environmental conservation, and this is rather disappointing.

Moreover, without the support of any comprehensive survey on natural and landscape resources in Hong Kong, "sustainable development" may easily become nothing more than chanting an empty slogan, or a sheer concept. Last year, I moved a motion in this Council urging the Government to formulate a territory-wide landscaped development and greening policy and at the same time calling on the Government to conduct a survey on natural and landscape resources in the territory. At that time, I already expounded that prior comprehensive survey on natural and landscape resources can avoid many disputes and delays in development planning and implementation of works. The most obvious examples are the alignments of the Lok Ma Chau Spur Line of the West Rail and the North Lantau Highway. Had the Government conducted a comprehensive survey, and even though it may be a raw survey, the results would still serve as useful reference in some measure. Responsible officials would then exercise some degree of vigilance and carefully consider other alternatives. In that case, their decision not be vetoed by the Environmental Protection Department, thus obviating the waste of both time and efforts.

In fact, the industry believes that with a more detailed survey on the overall natural and landscape resources in Hong Kong, more information and data can be provided, making it possible to take account of all factors at the planning stage. A balance can, therefore, be struck between development and environmental protection.

Furthermore, are land resources really lacking in Hong Kong? Yes, land resources are lacking in Hong Kong, but plenty of land is wasted at the same time because of restrictions in land use. Take a look at the New Territories and we will see that lots of agricultural land is used for container storage or as

workshops where heavy-duty container trucks are repaired, doing damages to the foundation and aggravating flooding. The fact that people are willing to take the risk of breaching the law by using land in the New Territories for container storage is proof that there is such a demand with regard to land use in the New Territories. I hope the Government can address this issue squarely by making comprehensive land planning for the New Territories. The Government should also streamline the procedure for vetting applications for modification of land use while requiring applicants to provide proper drainage facilities, in order to alleviate the flooding problem in the New Territories. In that case, what started out as a bad thing would then be turned into a good deed. Similarly, as the shrinkage in the local manufacturing industry is unlikely to be reversed in the foreseeable future, massive industrial sites and industrial premises will become vacant or be turned into warehouses. These vacant industrial sites and premises scatter over such industrial areas as Wong Chuk Hang, Chai Wan, Kwun Tong and Kwai Chung. Has the Government any comprehensive planning for these agricultural land, industrial sites and industrial premises? How can such land be utilized to the full?

With regard to land supply, it has been a policy objective upheld by the Government to provide sufficient land for the market. This is apparently not a well-balanced approach. Under the current economic environment, the relatively less demand for land indeed makes it easy for the Government to achieve this objective in the next couple of years. However, once the economy has turned the corner or even sharply rebounded, the demand for certain types of land will surge. For instance, as the development of the logistics industry is advocated in the policy address, and if this very industry must compete with the real estate industry in tendering for the requisite land, how possibly can the logistics industry stand a chance to successfully bid for the land required? A mismatch of land designated for different uses may be resulted. It is necessary for the Government to formulate a land policy with a high degree of flexibility to cope with the needs of the future, particularly as the future economic development of Hong Kong will have to tie in with the development of the Pearl River Delta Region to a very large extent. Land planning in Hong Kong can hardly be premised on Hong Kong alone anymore without taking into account the trend of development in neighbouring regions.

Regarding the public works projects of the Government, the method of procurement is most often criticized by the industry. Certainly, the Government will explain that the project contractors and consultants selected by

the Government are all qualified, and the quality of work is therefore guaranteed. But in reality, the shrinkage in the market and the Government's practice of awarding the contract to the lowest bidder in vetting tenders have led to vicious competition and the quality of work has even been compromised. In February this year, I put a question to the Chief Executive on a \$1-worth consultancy contract awarded by the Government. Think about this: \$1 is not even enough to pay for the postage of a letter. What kind of consultancy report can we expect the consultant to furnish?

Apart from "the lowest bidder wins" principle, government departments, when considering the award of contracts for public works projects, tend to award the entire contract for a project instead of splitting it into different parts for easy monitoring. From government departments' point of view, this may be easier for them to trace the persons-in-charge. But they may not know that this will have many shortcomings. If the total cost of the project is inhibitingly high, there will be fewer companies eligible for the tender, in which case the bidding price may stand on the high side, meaning that public money may not be spent in a most cost-effective manner. If the Government is willing to act as the coordinator and assume the monitoring responsibilities, and splits projects into smaller components where practicable, savings can be achieved on the one hand and local small and medium sized companies can have a share in the works projects on the other.

Awarding the contract for a large project to one single contractor does carry some degree of potential risks, particularly when the contractor wins the contract by offering the lowest tender price. A case in point is a contract for river training works at Tin Ping Shan Village, Sheung Shui. Delays in the works aggravated the flooding caused by rainstorms in June this year. Ultimately, the Government had to recall parts of the project for re-tendering. From this example, we can see that dividing projects into smaller parts can reduce risks and facilitate works supervision.

In response to the views expressed by the industry, the Chief Executive undertook in the policy address that "departments concerned will also review the current tendering and approval procedures for government projects and services". I know that the Works Bureau had recently written to professional bodies to consult them on the methods and experience of procurement in other territories. But when I read the Policy Objectives of the Works Bureau, I found that a target of the Bureau is "to carry out a study on alternative methods of procurement for

public works in order to ensure overall value for money by March 2003". Even if improvement proposals are required to be submitted by March 2003 the latest, such a schedule would still fall far short of the industry's expectation.

Of the infrastructural and public works projects to be speeded up as stated by the Chief Executive, many had in fact been mentioned in past policy addresses, for example, the Science Park at Pak Shek Kok, strategic development in Northwest New Territories, flood prevention works in the New Territories, and so on. While some of these projects are in progress, many are still at the planning stage and lag far behind the original schedule. Delays are mainly caused by the lack of comprehensive planning by the Government, poor co-ordination among departments and bureaucratic inefficiency.

Besides, the Government has overlooked some minor projects for improving city appearance. Measures had been taken by the Government before to designate certain roads in busy downtown areas, such as Mong Kok, Central and Causeway Bay, as pedestrian precincts, and greening works had been carried out to improve city appearance. These measures have produced good results. Such projects are smaller in scale and only require consultation with the District Councils, which are even given full autonomy over such projects. Therefore, works can be started expeditiously to create job opportunities.

On the urban renewal programme, the progress of the URA has been unsatisfactory since its inception in May this year. The reasons are that under the law the Government is required to formulate the Urban Renewal Strategy for public consultation and the new Managing Director has just assumed office. I hope that after the Corporate Plan and Business Plan for the next five years are drawn up, and having sought the approval of the Financial Secretary, the URA can start its work immediately. In fact, not only can urban redevelopment improve the environment of the urban areas, it can also provide space for new community facilities to improve the quality of people's living, and for cultural heritage of historical significance to be preserved. Just as the Chief Executive has said in the policy address, these initiatives will create new employment opportunities and should therefore be supported.

Although the URA has yet drawn up its Corporate Plan for the next five years, I wish to raise two points on the urban renewal strategy.

First, the work of the URA had come to a standstill in the past two years. Interest payment has put immense pressure on the URA's finances. In view of this, the URA should initially make use of the market forces as far as possible and avoid participating in the process of property development in order to pare down risks. This can also avoid allegation of collusion between the Government and the business sector. Moreover, this can help trim the structure and reduce red tape. Meanwhile, it should draw on the expertise of private developers as far as possible and avoid directly taking part in developments, with a view to speeding up urban renewal and enhancing the benefits to be reaped from redevelopment sites.

Second, the URA should not confine its scope of work to the nine target districts for redevelopment, and urban renewal should not be a monopoly of the URA. I think as soon as the URA is able to operate smoothly, the URA should consider redeveloping dilapidated communities other than the target districts. Besides, the existing legislation has imposed great restrictions on private developers interested in redevelopment projects. I think if private developers can put forward a plan for redevelopment that meets the overall interest of the community, the Government should consider providing assistance as far as possible.

Madam President, I so submit.

**MR LAU CHIN-SHEK** (in Cantonese): Madam President, the latest unemployment rate announced by the Government has, as expected, soared to a staggering 5.3%. Worse still, I believe sharp increases in the figure are set to be recorded continuously. I believe "creating jobs" should be the focus of the discussions on various policy areas related to the policy address in the next couple of days. The authorities have made massive investments in transport infrastructure and so, the role of the authorities will be all the more important in resolving unemployment and creating jobs.

After the release of the policy address, I noticed that the Government's plan to spend \$600 billion on infrastructure in the next 15 years had grabbed many newspaper headlines. That includes \$400-billion-worth government infrastructural projects and investments amounting to \$200 billion in new railway projects by the two railway corporations. However, if we look more closely at the list of such projects and railway developments, and just as Ir Dr the

Honourable Raymond HO pointed out earlier, a majority of them were actually planned a long time ago and scheduled for commencement and so, they are not new projects at all. As to the 12 new rail links at a cost of \$200 billion, the Mass Transit Railway (MTR) Tseung Kwan O Extension and the West Rail projects have already started for some time, and some of the works have even been completed. So, factoring the total investment of close to \$70 billion in the MTR Tseung Kwan O Extension and the West Rail into the \$600-billion-worth infrastructural investment for the next 15 years seems to be an exaggeration of figures.

Anyhow, the Government and the two railway corporations will, in the next 15 years, make investments totalling \$500 billion to \$600 billion. That is to say, the average annual investment in infrastructural and transport projects will be \$40 billion to \$50 billion only. In general, compared with investments made in the last decade or so, investments in the next 15 years are not at all enormous. I believe it is necessary for the Government to further increase investment in infrastructure in a more proactive and vigorous manner.

Madam President, I will also focus on increasing investment in railways. The development of the railway network is of tremendous help to improving traffic in the territory and will provide a convenient means of external transport for the public. In the short run, investment in railway projects can increase employment opportunities and will slightly help address the high unemployment rate.

Although one new rail link is scheduled for completion in each of the next five years and the majority of the new rail links recommended in the Railway Development Strategy 2000 published last year will be completed by 2016, many districts are still not served by the railway network and residents in those districts have to face transport problems constantly. I believe the Government must do more in this regard.

Here, I wish to briefly highlight several rail links that have to be developed. First, the South Island Line. The recent controversy revolving around Route 7 has again aroused concern over the South Island Line. All along the Government has given a very low priority to the South Island Line in its consideration. I think this is very unfair to residents in the Southern District and at the same time impedes the development of tourism in Aberdeen. Therefore, the Government should reconsider the feasibility of developing the

South Island Line in the foreseeable future. Second, it is the extension of the MTR Island Line to Siu Sai Wan. It has long been a demand by residents in the district, only that the Government has not attached importance to it. The third rail link that has to be developed is the extension of the MTR Kwun Tong Line from Yau Ma Tei Station to such densely-populated districts as Ho Man Tin and Whampoa in Hung Hom, in order to enable better rail links servicing the urban area.

I hope that the Government can respond positively to the above developments of the railway network.

Madam President, next I wish to speak on an issue that is closely related to the people's livelihood, that is, the fares of the railway corporations.

The two railway corporations set their respective level of fares, without considering co-ordination and concessions in fares for passengers interchanging from one railway network to another operated by another corporation. As there is now only one interchange between the two railways, the problem may not be significant. But a few years later when the number of interchanges increases to four, not only residents in Northeast New Territories will have to interchange from the Kowloon-Canton Railway East Rail to MTR, residents in Northwest New Territories will also interchange from the West Rail to MTR. It is therefore imperative that the two railway corporations adopt a uniform fare structure, instead of the existing double-charging arrangement, and offer concessions to interchanging passengers. In this regard, I think the Government must act proactively to open negotiations with the two railway corporations, with a view to working out a set of uniform ticketing arrangements to the benefit of passengers. I hope the Government can follow this up.

Lastly, I wish to call on the two railway corporations to ride out the hard times with the public in view of the present economic downturn, by reducing the fares of the three railways to alleviate the plights of the people. The Government's proposal to waive part of the rates payment and that of the Hong Kong Housing Authority to waive one month's rental for public housing tenants are considered lacking in punch. The two railway corporations, of which the Government is the principal shareholder or even the sole owner, and which register a daily patronage of over 3 million, have nevertheless asked for an increase in their fares. How could this be convincing to members of the public?

I hope that the Government and the two railway corporations will seriously listen to the voices of the people!

Madam President, I so submit.

**MR YEUNG YIU-CHUNG** (in Cantonese): Madam President, my speech mainly aims at urging the Government to address squarely the inadequacies in information technology (IT) development in Hong Kong, including the market environment and the difficulties faced by small and medium enterprises (SMEs) in respect of IT, and to strengthen and upgrade the IT skills of the public.

In his policy address the Chief Executive has time and again mentioned knowledge-based economy. IT is an important pillar of a knowledge-based economy. To become a leading digital city or to assume a position in future competition among knowledge-based economies globally, the active participation in IT by the community of Hong Kong is of paramount importance.

In recent years, some of our IT developments are in general unsatisfactory. The Government must pay attention to this and guard against complacency. For example, while we have a very high penetration rate of mobile phone in Hong Kong, voice services remain the mainstream application. Other mobile services involving data transmission are not yet pervasive, and we have yet seen chances for a more vibrant business service market to emerge. In Japan, however, a very lively consumer market for mobile phone services is created. The Short Messages Services which are popular in foreign countries, for another example, still cannot gather momentum in development in Hong Kong. Besides, the financial service sector is not optimistic about the development prospects of the wireless Fixed Telecommunication Network market in Hong Kong. If the Government and the industry do not look into the reasons and find solutions, it will be impossible for Hong Kong to boast of any advantage on the IT front.

Doubtless Hong Kong stands a chance to rise to a higher international status in the field of IT, given such major events as the future development of the third generation mobile services, the application and development of the second generation Internet, and digital television broadcasting. Indeed, the more important point is that not only the relevant services are available in Hong Kong, but also our people can benefit more from them in daily life. Therefore, the next couple of years will be very important to Hong Kong, and we should strive

to ensure that diversified services of a high quality can be provided in various new spheres.

Madam President, the second point I wish to speak on concerns investment in IT by SMEs. SMEs have all along lacked capital for IT investment. The importance of IT to present-day businesses, big and small, is a fact known to all. But a characteristic of IT is that intangible software often costs much more than tangible equipment, and both require upgrading from time to time. As IT equipment has a high depreciation rate and software, despite its expensive cost, is not a substantive commodity, both do not serve as good securities and so, it has always been difficult for SMEs to secure loans.

The Democratic Alliance for Betterment of Hong Kong (DAB) has called on the Government to alleviate the problem through various loan funds for SMEs and tax concessions for investment in IT projects. It is stated in the policy address that \$1.9 billion will be provided to assist the SMEs, of which \$1 billion will be used to provide credit guarantee for business installations and equipment. However, for reasons that we have just mentioned, we cannot rest assured that these initiatives are adequate to address the lack of IT capital on the part of SMEs. It is indeed hard for anyone to feel optimistic as to how much capital will eventually be invested in IT projects among SMEs and how many SMEs can benefit from such initiatives. Therefore, the Government must reconsider whether the many initiatives for helping SMEs can really assist them to fundamentally enhance their competitive edge in the knowledge-based economy. If not, it will have to explore other alternative means as soon as possible.

Finally, I wish to remind the Government again that an increasingly important task now is to upgrade the IT skills of the public, with the objective of not only enabling more people to access the readily available information on the Internet, but also enabling them to further develop the ability to apply IT in their respective trades, so that the requirements on labour in the knowledge-based economy can be met. Therefore, the Government's "IT Hong Kong" campaign can undoubtedly provide opportunities for people who have little knowledge of IT to make a start. But in the meantime, the Government must provide more practical assistance for the public to grasp more IT knowledge, so that they can continue to meet their job requirements.

There are views in the community that since the Government has decided to create temporary posts that require a low level of skills, it should consider creating posts that mainly serve to impart IT knowledge to the public, and this

can help address the long-standing problem of digital divide. The DAB has made similar suggestions to the Chief Executive. Under our proposal, the Government can provide a one-off free learning opportunity for the public through various IT training providers. This will produce even more evident social benefits at a time when the unemployment rate stands at as high as 5.3%. I hope the Government can duly consider this.

Madam President, I so submit.

**MR ABRAHAM SHEK:** Madam President, the 2001 policy address has provided a detailed plan of railway and other projects over the next 15 years. Our Government and the two railway corporations have committed to investing over \$600 billion in improving infrastructure. I support the Government's huge investment to the further development of our infrastructure.

As Hong Kong is a cosmopolitan centre in Asia, our infrastructure and the related supporting facilities such as airport, ports and railways are world-class. Such a sound infrastructure and state-of-the-art facilities have acted as catalyst for our economic development and enabled Hong Kong to handle the largest volume of international air cargo and containers in the world. However, we should look ahead to our future. With the changing economic landscape, upgrading of both hard infrastructure and human capital is equally important in consolidating our world status as a financial, trading and transportation centre.

Infrastructural projects stated in the policy address can be classified into three aspects. The first one is the rail network expansion for better connection with the Mainland, such as the Shenzhen-Hong Kong Western Corridor. The second one is the improvement of the regional transport infrastructure including both rail and road network expansion. The third one is public works programmes related to transport, land formation, housing, education and hospitals and improvements to the environment.

The \$600 billion infrastructural development projects will be constructed over a 15-year period, of which 1 600 projects amounting to \$400 billion will be completed by 2010. On average, the Government would be investing \$40 billion each year from 2001 to 2010. In addition to the railway projects during the period from 2002 to 2007, the total investment in infrastructural development for the coming 10 years will be over \$50 billion. However, the infrastructural

projects look like a pile of figures to the public. My concern also is whether these projects can be completed on time and within budget as pledged in the Chief Executive's policy address.

What I would like to highlight is the importance of co-ordination and communication among bureaux, departments and the Legislative Council in order to ensure the smooth progress of committed projects. We have undergone bitter experiences caused by lack of co-ordination and communication among bureaux and departments, resulting in unnecessary project delay and waste of government funds. The Lok Ma Chau Spur Line project of the Kowloon-Canton Railway Corporation is a vivid example. Moreover, bureaux and departments often submit their project proposals to the Legislative Council without adequate consultation and are unable to answer the legislators' questions promptly and adequately. This would delay the project commencement dates. The proposed Route 10 project is an example of project deferral.

Secondly, internal control mechanisms relating to land acquisition and compensation arrangements should be reviewed and improved in order to ensure the timely commencement of construction projects. In the past, there were many cases where projects had been prolonged for years due to complicated procedures related to planning, land acquisition and construction. This has lowered our efficiency and adding costs to the project. Our Government should, therefore, streamline the internal control mechanism and simplify the rules or procedures so as to enhance the development and construction efficiency.

Thirdly, projects affecting the livelihood of the general public should be given high priority and commence as soon as possible so as to create employment opportunities, thus improving living environment. The Chief Executive's policy address has provided a rough blueprint of infrastructural projects for the coming 15 years. However, it has not explained its detailed plans. In my view, small-scale community projects, projects endorsed by the two former Municipal Councils and public rental housing construction projects should be commenced as soon as possible. Progress of ongoing projects should be expedited in order to alleviate the jobless rate and the underemployment rate of the construction industry.

Further, the Chief Executive's policy address has not mentioned any construction works of supporting facilities such as warehouses to cater for development of a logistic centre and Container Terminal 9. I am sure that the

practitioners of both transport and construction sectors are eager to know the works plan for that.

Madam President, the construction and development industry employs over 300 000 workers — many have been unemployed and many more thousands are underemployed. Our construction industry is in dire need of new works; many medium to small sized firms are on the verge of bankruptcy and closing down, for time is not on their side. They could not wait for the \$400 billion investment to come to bail them out. I urge the Secretary for Works to take note of this sad situation and to release as much public works as possible, so that the industry could be benefited from the investment. I recommend the Chief Secretary for Administration and the Financial Secretary to monitor the situation and to draw up an action list detailing the number of new projects to be implemented in the next 12 months, giving details of the number of jobs so created and the costs of those works.

In regard to the supply of land which has a major impact on the property sector, I am in total agreement with the Honourable James TIEN that we should stop the sale of land and completely stop the sale of Home Ownership Scheme flats. Thank you, Madam President.

**MR WONG YUNG-KAN** (in Cantonese): Madam President, Hong Kong is surrounded by sea on three sides. However, the policy address of the Chief Executive, Mr TUNG Chee-hwa, failed to address such problems as the illegal entry of large numbers of mainland fishing vessels into Hong Kong waters to fish, destroying the marine ecology, disrupting the law and order, jeopardizing the personal safety of people in Hong Kong, and so on. I was very dissatisfied with it.

Since the legislation on fishery makes no provision that mainland fishing vessels are not allowed to fish in Hong Kong waters at the moment, causing many mainland fishing vessels, on the pretext of transfer, to enter Hong Kong waters to fish, destroy the marine ecology, dive to steal sea urchins and sea cucumbers, catch fish with nets at artificial reefs, steal fish from fish culture zones as well as properties from residents along the coast. Worst of all, even the trees on the hill are uprooted. These illegal activities have greatly affected the livelihood of fishermen and the residents because the law and order in such areas is upset. As a result, human lives and properties are denied due protection.

Although the Marine Police have increased the frequency of patrols with a view to stopping mainland fishing vessels from entering Hong Kong waters illegally. However, due to the limitations in law, more often than not, the Marine Police can only expel these vessels, achieving little deterrent effect. Therefore, I urge the authorities to take the relevant circumstances into consideration seriously. To mainland fishing vessels entering Hong Kong without making a declaration, we should issue a notice of entry refusal to them and expel them from Hong Kong waters immediately. In the long run, we should conduct a study on the feasibility of amending the law in order to plug all the relevant loopholes. At the same time, I also urge the Agriculture, Fisheries and Conservation Department to implement a licensing system for local fishing vessels at the earliest time possible, so that the law enforcement officers can be facilitated in identifying local fishing vessels when they enforce the law.

In fact, the marine safety problems caused by the illegal entry of large numbers of mainland fishing vessels into Hong Kong waters are innumerable. Apart from such safety problems in respect of the lives and properties of Hong Kong fishermen and residents, the security situation of Hong Kong waters as a whole is also threatened. For example, Hong Kong oil tankers are often seen selling marked oil and canola seed oil to mainland vessels in the vicinity of Sha Chau and the border. At present, there are about 200 mainland fishing vessels travelling to and fro in Hong Kong waters. An additional 100-odd fishing vessels will stretch the capacity of Hong Kong waters to an intolerable level. Besides criminal activities will also increase because bad elements will take advantage of the chaotic situation to enter Hong Kong waters illegally to fish or commit robberies, and so on. A month ago, the chief engineer of an oil barge was murdered at Sha Chau. Also several fishermen were wounded by gun fire and robbers in Sai Kung and Tai Po last year. These incidents are some of the many examples.

In addition, the problem of smuggling by sea has substantially affected the livelihood and safety of residents in Hong Kong. According to the figures of the Marine Police, cases of smuggling by sea increased from 160 in 1998 to 283 last year, and there were also 23 cases in the first four months of this year. It can thus be seen that the situation is very serious, so is also the smuggling of mainland women into Hong Kong as prostitutes. Since there is an enormous demand for canola seed oil in the Mainland, the smuggling of canola seed oil into the Mainland has become a common activity. Moreover, the smugglers can on average earn more than a thousand dollars for each ton of such oil. If they

smuggle 2 000 tons every day, their monthly profits will be enormous. The smuggling problem is so serious that disputes among triads trying to scramble for territories are frequent, thereby directly affecting the livelihood of fishermen and residents. Therefore, the Marine Police in Hong Kong cannot just sit back and do nothing. Instead, more Marine Police officers should be deployed to inspect mainland fishing vessels and suspicious oil barges in order to combat smuggling activities at sea.

I would also like to discuss some issues in respect of planning here. The Chief Executive mentioned in the policy address that a consultancy would be commissioned to study the development potential of Mui Wo and South Lantau next year, but can the Government recall that the two areas, namely Lantau Island and Sai Kung, would be developed into areas for entertainment and leisure, as mentioned in the policy address of 1999? However, there has been all thunder but no rain, without any progress so far. I hope the relevant department can take forward the proposals of the "Study on South East New Territories Development Strategy Review" expeditiously to develop South East New Territories into a major base of natural habitat conservation and recreational activities in Hong Kong.

Furthermore, there was no mention by the Government at all of the development of North East New Territories in the study of the "Hong Kong 2030: Planning Vision and Strategy", and I am very unhappy about it. In fact, the north-eastern part of the New Territories is a vast territory and many areas have not been fully utilized. The Government should actively consider developing these areas. Insofar as city planning is concerned, marine planning in various places is also indispensable apart from large-scale infrastructure construction. These places can be developed into areas for leisure activities and tourism. Moreover, they can also be developed into places for entertainment and spending. At present, it is commonly known that Sai Kung has an extremely long coastline with numerous small islands scattering around. There are many valuable natural habitats in the region and among which, the area extending off East Sai Kung country park up to the waters along Tai Long Wan can be developed into a marine conservation zone. As for the area along Tolo Harbour and North East New Territories, it can also be developed into a ecotour spot. As we all know, Hong Kong is also known as "Petite Guilin". How should we develop this "Petite Guilin"? The Government should consider this problem from a long-term perspective. We hope that the Government will not just pay attention to massive infrastructure developments, it should also take a look at the

surrounding environment. How can an area resided by 600 000 people prosper in the absence of development works? What is planning?

Madam President, I so submit.

**MISS MARGARET NG:** Madam President, the Chief Executive in his policy address stresses Hong Kong's "advantages". One of the undoubted advantages is the rights and freedoms of the individual enshrined by law. For this, Mr TUNG has failed to mention. He has also failed to recognize the danger to which he has exposed these rights and freedoms. If the Government continues in this course, then Hong Kong will soon lose this important advantage.

During the last session, this Council saw heated debates on the Public Order Ordinance. The Government refused to carry out a review in spite of the consensus among the legal profession, academics and non-governmental organizations that there is room for improvement.

The Government in special, the Chief Executive himself and the Secretary for Security, have caused grave concern internationally and within Hong Kong, by their attack on the Falun Gong, and by putting in train a process with a view to introducing "anti-cult law". Such a law will have severely undermined the freedom of belief and of association. Although this has died down due to widespread and sustained criticism, the whole episode has already cast doubt on whether a full measure of rights and freedoms can continue to be enjoyed in Hong Kong after reunification. The treatment of Falun Gong by the Government of the Hong Kong Special Administrative Region was a litmus test of our autonomy. We may have scraped through that one, but much needs to be done to restore confidence.

The abuse of power of the police had come under scrutiny. With respect to the Fortune Forum, many Honourable Members expressed deep concern over the arrangements regarding peaceful demonstration and the treatment of participants by the police. Their lawfulness was called into question. All these were brushed aside by the Administration. The police bragged about the praises that they received.

Yet in a recent judgment on a case heard before Magistrate Anthony YUEN, the arrest of a driver whose vehicle was stopped near the venue of the Forum was ruled unlawful. The reason given by the police for intercepting him

and his vehicle under the Road Traffic Ordinance was only a pretext. The real reason was that the police were carrying out a secret "operational order", that any vehicle found near the venue suspected to be "politically disruptive" should be stopped and reported, and upon instruction, removed as quickly as possible.

This case illustrates that not only are the rights of peaceful demonstration interfered with unlawfully, but such interference for political objectives challenges the rule of law. The Administration should take heed of this judgment and ask itself whether it has gone too far in the name of law and order.

Madam President, I want to move now to the area of immigration policy.

The most urgent problem concerns the status of the adopted children of Hong Kong permanent residents. The Court of Final Appeal has ruled that they are excluded from Article 24 para 2 (3) of the Basic Law. The only reason for the Court's decision is that the language of the provision is clear: Only children "born of" Hong Kong parents are included. An adopted child cannot be said to be born of his adopted parents. However, it is undeniable that by the law of Hong Kong, the law of the Mainland as well the law of many modern societies, a lawfully adopted child is treated in every way as equal to a biological birth child. The institution of adoption is recognized as a beneficial institution, and merits protection by law and by public policy. I, therefore, urge the Secretary for Security to introduce a policy on adopted children, so that they will be allowed to enter and remain in Hong Kong, provided the adoption is genuine and according to law.

In a letter in reply to the inquiry of the Honourable Ms Audrey EU, the Director of Immigration disclosed that there are about 100 adopted children from the Mainland in Hong Kong at present, and they will be considered on a case by case basis. This is not good enough. It is uncertain. The families concerned are left in great anxiety. It is also inadequate, because not only do we need to treat these families with humanity and give consideration to their right of family unity, we also need to protect the institution of adoption, so that parents are not discouraged from adoption because they do not know with confidence that their adopted children will be allowed to stay with them.

The need for a clear immigration policy to allow adopted children to enter and stay in Hong Kong with their parents highlights the overall need to review Hong Kong's immigration policy, particularly to incorporate immigration from

the Mainland as a logical part. Because, using adopted children as an example, I believe that there is already the practice of normally allowing adopted children from overseas to enter and remain in Hong Kong with their parents. It is when these adopted children are coming from the Mainland that a different treatment is given.

In a motion debate in May, the Secretary for Security already expressed the willingness to review Hong Kong's immigration policy. Balance and fairness require that we do not just open the door to rich mainlanders while barring the children of permanent residents who have a constitutional right. I also urge Members that even from the view of increasing Hong Kong's economic competitiveness, we should give greater freedom of movement in areas of cultural, academic and professional exchange.

The Chief Executive's policy address suggests even more ad hoc categories: permission for longer stay for business travellers, and further relaxation of mainland tourists visiting Hong Kong. Madam President, it is time that we have an overall policy and not just rely on ad hoc basis.

**MR IP KWOK-HIM** (in Cantonese): Madam President, in this year's policy address the Chief Executive has drawn up a \$600 billion blueprint for the large-scale infrastructure development of Hong Kong in the next 15 years, and thereby given our confidence a boost. However, the process of development from conception to specific planning, consultancy report, public consultation, voting for fund, commencement of works, and the creation of jobs, which is the main concern of the people, will take at least over five years to complete according to the present procedure. In the Policy Objectives of the policy address Secretary for Works Mr LEE Shing-see has once again mentioned the efforts to streamline Public Works Programme (PWP) procedures to expedite the delivery of projects. The Democratic Alliance for Betterment of Hong Kong (DAB) welcomes this view. It would be good news if this could be made an overall objective for the coming three years, and the streamlining of PWP procedures could be completed by March next year. Yesterday, the Government announced that the rate of unemployment for the past quarter of the year had risen to 5.3%. As such, to expedite the commencement of infrastructural projects to create job opportunities and to help relieve the people of their burden should be the first and foremost task of the Government of the Special Administrative Region. It is indeed commendable that the Secretary can put forward this idea to address the people's main concern and create new jobs by streamlining PWP procedures.

On efforts to expedite infrastructural projects, the DAB suggests the authorities commence immediately all those Category C projects and those projects the initial feasibility study of which has been completed. According to my understanding, some 100-odd projects will undergo feasibility studies every year. If these two types of projects can be commenced immediately, more jobs in the related fields will certainly be created.

Apart from efforts to streamline the PWP procedures, many public works projects and overall planning work also involves the efforts of project consultants and the production of various kinds of consultancy reports. It is learnt that one of the conditions tender for consultancy is that the participating consultants should possess overseas experience. Under the circumstances, many mainland and local experts and scholars are unable to provide the various kinds of consultancy services needed in Hong Kong despite their internationally recognized academic achievements or practical experience. No doubt this "overseas experience" requirement for tender for consultancy services has limited the application of technology in Hong Kong, and is detrimental to the long-term development of Hong Kong.

During the Easter holidays this year, I went to Shanghai to pay a site visit to a water quality improvement project in progress there, and saw how the mainland experts had turned a stinky sewer into a beautiful riverside park by means of aerated biological filtration. In addition to the successful experience gained in both Tianjin and Shanghai, this technological research achievement has also won the attention of investors in Europe and America. So, it should be considered as having reached a world-class level. But then, because of the "overseas experience" requirement, regardless of the ample practical experience or high technologies these mainland experts have up their sleeves, it is just impossible for them to promote this technology in Hong Kong. As an international metropolis, Hong Kong should broaden our vision and adopt an open-minded attitude in looking for feasible proposals, rather than confining ourselves in self-built walls, thereby letting slip the chance to make use of a world-class professional consultancy service. The DAB hopes that the Government will expeditiously conduct a review in this respect.

Madam President, although the Urban Renewal Authority (URA) was formally established on 1 May this year, the various redevelopment programmes have been progressing at a very slow pace, and the implementation timetable for even the 25 uncompleted projects left behind by the former, which the Land

Development Corporation URA has promised to give priority to, has not yet been announced so far. As a result, residents living in old areas, who have been looking forward eagerly to the demolition and redevelopment of the areas concerned, still have to suffer their appalling living environment. To these people, this is unfair and inhumane.

In this connection, the DAB urges the Government to appreciate the practical needs of residents living in old areas and expedite the pace of urban redevelopment, including:

- implementing expeditiously the 25 projects which it has promised to give priority to and announcing promptly the implementation timetable for the various projects;
- carrying out promptly the remaining 200-odd urban renewal projects; and
- ensuring that the various redevelopment programmes can be implemented in strict adherence to the "people-oriented" principle to satisfy the needs of the people.

Madam President, I so submit.

**MR ANDREW CHENG** (in Cantonese): Madam President, in this debate session, I will be speaking on behalf of the Democratic Party about traffic and transport policies mentioned in the policy address. First of all, I would like to talk about railways.

Madam President, the Government has repeatedly said that railways are one of the most environmentally-friendly and cost-effective modes of transport. But on the issue of Route 7, it dismissed the possibility of railway development at the early stage. It refused to extend Route 7 to Aberdeen, against a host of other opinions advocating the extension. Thus, Route 7 becomes a route specially catering to needs of the Cyberport. So, all debates on Route 7 arose from the fact that the Government has gone back on its predetermined policies. In reality, environmental protection is just empty talk. When real steps are to be taken, the possibility of developing railways for environmental considerations is simply idol theorizing. The people's needs are even more remote then.

Moreover, Madam President, in the development of trunk railways mentioned in the policy address, only the Regional Express Line changes from "flexible" to "to be completed in eight to 10 years". The rest of the trunks are to be proceeded according to the plan in the development strategy. For the Government, this may be an achievement to be proud of. For the people, however, the relevant progress is far from being satisfactory. Take the issue of China-Hong Kong cross-boundary transport as an example. The proposed extension at Lok Ma Chau and Lo Wu by the Government can only serve to alleviate congestion slightly. The ultimate solution to the problem lies in the construction of new trunks. But it would be another six to 10 years before the Regional Express Line and the Lok Ma Chau Spur Line are completed. Thus, the real issue is the mistake committed by the Government in previous years, resulting in congestion at the boundary now and in the next few years. A similar crisis may befall residents in northwestern New Territories, who must first go to Sheung Shui by other modes of transport if they want to cross the boundary. Thus, the Lok Ma Chau Spur Line can only serve to divert traffic, in limited measure.

Madam President, according to the report released by the Planning Department in August, the Hong Kong population is continually moving northwards. By 2010, Yuen Long alone will have 150 000 people more and the overall population in northwestern New Territories will increase drastically from 1.7 million to 2.5 million. Thus, if planning is done on the original schedule up to 2016, it will mean that the needs of the people in the area to cross the boundary are totally ignored. They will be forced to board their train at Sheung Shui, which is not a reasonable strategy for transport development. The Democratic Party thinks the Government must advance the date of completion of the Northern Link to minimize the reliance of residents in northwestern New Territories on the East Rail and the Lok Ma Chau Spur Line.

Madam President, in this summer, I exchanged ideas with officials of the Transport Department of the New York Government, particularly on the management of tunnels. I found that they had a system of tunnel management which is totally different from that adopted in Hong Kong. In New York City, all tunnels are directly managed by the Government and tolls are completely standardized with the aim of easing traffic congestion. In the case of Hong Kong, however, franchises are granted to a private management company to manage our tunnels, with different toll charges. Since it is necessary to conduct further studies, we cannot determine at this stage whether this model of

management is better or more appropriate than that adopted in Hong Kong. But the Government should at least have sufficient data to convince Hong Kong people. It should in particular live up to the expectations of drivers who have to wrestle with congestion when using our transportation network, roads and tunnels. We hope the Government can include the review of the tunnel policy in its work so that we can solve problems concerning public resources, especially congestion in tunnels, at an early date. We have made repeated requests to the Transport Bureau in debates at the Panel on Transport and the Legislative Council for a study of the issue, but the Government seems to consider the request unpalatable. It is a pity that the Secretary for Transport is not in this Chamber now to get the specific ideas of our speeches, but I hope the Transport Bureau colleagues may reflect the ideas to the Secretary.

One of the Policy Objectives of the Transport Bureau is improving the service quality of our public transport. However, despite that, I have doubts about the monitoring ability of the Government. Some bus companies employ electronic means on their vehicles to benefit their passengers, which is commendable. However, some bus companies seem to be more interested in providing entertainment. An obvious example is RoadShow. Since its inception, despite praises from some people, I have received numerous complaints against excessive sound volume in the cabin, which is intolerable to the complainants. How will the Transport Bureau monitor this aspect of bus service? Is the listing of RoadShow separate from the Kowloon Motor Bus Company Limited in the interest of the public? Will this not cause any pressure at all on fare prices in future? The Government has a case to answer on such issues. Regrettably, in the Policy Objectives, the Government seems to be flattering about the upside of information technology as employed by the bus companies but avoiding any mention of the nuisance caused by the dissemination of entertainment news to the public. I hope the Transport Bureau and the Transport Department will work harder on monitoring this and the separate listing as mentioned, and they should account to the public of their work.

Madam President, I so submit.

**MR TAM YIU-CHUNG** (in Cantonese): Madam President, if we are to enhance the economic interaction and mutual complementation between Guangdong Province and Hong Kong, a convenient and efficient transportation network is indispensable. In this connection, the infrastructure links proposed in the policy

address, such as the Shenzhen-Hong Kong Western Corridor and the express rail service linking Hong Kong with Shenzhen and Guangzhou, will certainly contribute positively towards our economic co-operation with the Pearl River Delta.

I hope these two projects can be completed early. I also hope to take this opportunity to urge the Government once again to expeditiously commence the construction of the Lok Ma Chau cross-border link of the West Rail for the convenience of the people, particularly New Territories West residents, in crossing the boundary. At present, a large number of passengers are crossing the boundary at Lo Wu, more than 230 000 passenger trips are recorded daily on average, and the figure will rise to over 330 000 during festivals. Being packed like sardines, naturally passengers are complaining greatly. Thus, the construction of a new cross-border link connecting large-scale mass transit carriers cannot be delayed anymore.

To solve the problem of overcrowding at Lo Wu at root, the right approach should be to help the 1.7 million New Territories West residents to cross the boundary at the Lok Ma Chau crossing direct. Therefore, the Government must expeditiously construct a cross-boundary railway connecting the West Rail to Lok Ma Chau, so that New Territories West residents do not have to travel to another district for a ride on the East Rail to cross the boundary. Our proposed West Rail to Lok Ma Chau cross-boundary rail service is based on the Northern Link which the Government has originally planned to commence constructing in 2011. Using the Kam Sheung Road Station of the West Rail as its starting point, the proposed rail service will be connected to the terminal at Lok Ma Chau via Ngau Tam Mei and San Tin. The entire journey is 14 km long and can be completed in eight minutes. Compared with taking the East Rail to cross the boundary at Lo Wu, New Territories West residents can save more than 30 minutes in travel time with this proposed new rail service.

In addition to improving immediately the traffic situation in New Territories West, by connecting to the Airport Railway and the various existing routes of the Mass Transit Railway, this new cross-boundary rail service can also offer Hong Kong Island residents and residents of the outlying islands a more convenient option when travelling to and from the New Territories. Together with the Long Valley Spur Line of the East Rail, this new rail service will link up the railway networks of New Territories East and West, thereby enabling the rail services on Hong Kong Island, in Kowloon and the New Territories to reach out

in all directions. Besides, the construction of the Lok Ma Chau cross-boundary link of the West Rail will also create for Hong Kong more job opportunities. So, this is a proposal that can achieve multiple purposes in one stroke.

From now on, Hong Kong will see a number of large-scale infrastructural projects commencing at the same time. Past experience tells us that public works projects may not come out as good as expected if the views of different government departments are not effectively co-ordinated or creases in the decision-making mechanism are not ironed out. The Lok Ma Chau Spur Line of the East Rail is an example showing that adjusting the policy-making procedure to incorporate the environmental protection concept into the implementation of works projects and to avoid wasting resources is a priority issue the Government has to tackle when launching infrastructural projects.

During the Summer recess this year, on one occasion a large number of container trucks all hurried to the Kwai Chung Container Terminals after a typhoon had passed, but due to the failure of the relevant departments to activate the emergency procedure in time, traffic flow in New Territories West was paralysed, making it extremely difficult for the residents there to go home. This incident has once again reminded the Government that the lack of well-planned infrastructural packaging would impact directly on the interests of the people. As regards the Shenzhen-Hong Kong Western Corridor, it will no doubt help to facilitate the traffic between the two sides of the boundary; yet on the other hand, the inevitable increase in vehicular flow will add considerably to the pressure on the already saturated roads in Yuen Long and Tuen Mun. The residents there are concerned that the traffic congestion problem may further deteriorate. Therefore, efforts to strengthen the complementary facilities of large-scale transport infrastructure should never be taken casually.

Last but not least, I wish to speak briefly on the heavy burden of travel expenses on the public. As we all know, New Territories West residents, particularly those living in Yuen Long and Tuen Mun, rely mainly on bus services for travelling to and from urban areas. But then, as bus fares have been on the increase over the past years, the burden on the public has become very heavy. Taking the median income of \$10,000 as an example, if the bus fare for a round trip to the urban area is \$40 daily, the monthly expense on bus fares will amount to 10% of the median income. Just do not forget that the majority of the residents there are earning only a few thousand dollars monthly. In a survey conducted by the DAB last year, 75% of the residents interviewed

considered the bus fares too high, while 72% considered the bus services not worth the fares charged. From these figures we can see that in addition to continuously enhancing the quality of their services, the bus companies should also lower the bus fares to help alleviate the burden on the public.

At present when the economy remains sluggish, the fares for transport services still stand high even though the income level of the public has been falling continually. In view of this, will the Government consider drawing on the experience of the Student Travel Subsidy Scheme or taking other measures to introduce a travel expenses assistance scheme for the low-income groups, with a view to alleviating the financial burden on them?

I so submit.

**MR ALBERT HO** (in Cantonese): Madam President, first of all, I should like to speak on lands and planning issues. The Democratic Party hopes to take this opportunity to urge the Secretary to expeditiously submit two bills to this Council for scrutiny and passage. I believe many stakeholders have been awaiting these two bills for a very long time.

The first bill is on town planning. Back in 1997 when scrutinizing the Town Planning (Amendment) Bill, I already mentioned that a review should be conducted expeditiously, to be followed by a comprehensive bill. Regrettably, even though such a bill had been introduced during the last Legislative Session, we were unable to scrutinize and pass it in time, and it remains unknown when the bill will be submitted to this Council for consideration. At present, improvements have yet to be made to the existing town planning system, and because of this imperfect system, many people's rights are being overlooked. The New Territories residents in particular are very dissatisfied because even though they are the affected parties, they are invariably not informed of the relevant planning development. For instance, many of them were unaware that their homes would be resumed until they saw the notice posted on the door. When inquiring at the Planning Department or the lands group of departments, we were often told that the relevant notices had been gazetted and posted up at the Rural Committees and District Offices concerned. As a matter of fact, the Government has failed to do this very simple job of posting up notices in the vicinity of the affected properties. Besides, there are also many other areas where the protection against town planning-related matters are far from adequate.

Earlier on, Honourable colleagues have also mentioned the chaotic planning for the New Territories, so I am not going to repeat the points here. Because of the inadequacies of the Town Planning Ordinance, more often than not the Government has to invoke the Lands Resumption Ordinance in order to develop some rural land. I really should like to question the Government whether it has any appropriate mechanism for resumption of land for development purposes. Let me cite an example. The Government has once invoked the Lands Resumption Ordinance to resume a village lot in Tsuen Wan, yet only 10% of the land resumed was used for public purpose like road construction and so on, with the remaining 90% sold to developers for housing development. However, should the Ordinance be invoked this way? At present, although many lands in the New Territories have been designated as future development zones, the Government does not have in place any legislation similar to the Urban Renewal Authority Ordinance which is applicable to the urban areas. So, what legislation can the Government invoke to resume lands for rural redevelopment purpose? I hope that when it re-submit any town planning-related bills to this Council, the Government will consider the picture as a whole and see if there is any need for some new legislation and mechanism for the future development of rural areas.

The second bill is related to title registration. We learn from the Government's Policy Objectives that the drafting of the bill has been completed but consultation work is still in progress. Madam President, the efforts to study the title registration-related legislation could in fact be dated back to somewhere between 1994 and 1995 or even earlier. But then, even now the Government is still saying that it needs to solicit opinions. This is indeed one good example demonstrating the Government's practice of "carrying on with discussions but not making any decisions".

Actually, the most controversial issue in this respect may perhaps be the fact that money is involved in the title to some of the lands in the New Territories. Moreover, the Government is also concerned that it might involve an insurance consideration for fear that it cannot meet the compensation payments concerned. In my view, if the controversy is purely over the rural lands, the Government may adopt a waiver arrangement and grant temporary waiver to certain land lots, so that the relevant title registration legislation can be applied to the majority of lands in urban areas, thereby resolving many property transaction problems. I trust the Secretary for Justice will agree that the scrutiny and passage of this bill

will be helpful to the legal profession in addressing the relevant problems. I hope the Secretary will examine this bill expeditiously.

On transport issues, given the heavy cross-boundary traffic flow presently, there is indeed a need for Hong Kong to make good use of marine transport. Besides, we do have the conditions to improve the marine transport between Hong Kong and the Mainland. New Territories North and West are closest to the Mainland than any other areas in Hong Kong, but the piers in these two districts, including the Tuen Mun Ferry Terminal and the Tsuen Wan Ferry Pier, are not being utilized effectively. In view of the low utilization rate, many people have suggested operating new ferry services between the New Territories and destinations like Zhuhai, Shekou, and so on. In Tuen Mun, for example, when one can see Shekou from a distance, it would most probably take some 15 to 20 minutes to travel to Shekou by boat. However, the present arrangement is a traveller has to first go to Tsim Sha Tsui in order to travel to Shekou by boat. This entire journey will take us more than an hour. Why can the Government not make up its mind after such a long time? The present arrangement has in fact wasted the public a lot of time and money.

Regarding the planning for Route 10, we have suggested to the Transport Bureau that this should be time to conduct a review, since the assumption of overall planning has now changed completely. Firstly, the site identified for Container Terminal 10 has been changed; secondly, the Lingdingyang Bridge project may have to be deferred for a long time; thirdly, the proposed road linking western part of Hong Kong with Lantau Island is now abandoned; and fourthly, the forecast rate of population growth in Northwestern New Territories may be adjusted downwards. What is more, additional Disney theme park facilities may be provided on Lantau Island. All this will give rise to major planning changes. We do not object to constructing an additional bridge connecting to the airport, nor do we object to having a highway linking with Deep Bay, but is it necessary to following the Route 10 planning as it and cause all the highways in Deep Bay to lead to Lantau Island? The Government should really reconsider this. I do not wish to see that a lot of resources have been wasted when this highway is completed.

Last but not least, the Security Bureau has along been making very good efforts in respect of the information distribution mechanism. I hope the Bureau will put in even greater efforts to enhance the average of the mechanism, so that it can be applied to other agencies vested with the power to arrest, including

customs check points. In the wake of the LEUNG Wah incident, we particularly feel that there is absolutely a need for this mechanism, so as to enable the people of Hong Kong to be treated in a more humane manner upon arrest and can be visited by their families at least. I hold that these are absolutely reasonable demands, and I therefore hope that the Government will make an effort to strive for them. Thank you.

**MR LAU WONG-FAT** (in Cantonese): Madam President, the authorities plan to review the planning standards and criteria for greening at the end of this year, and commission consultancy studies to identify ways to improve land planning and management in rural areas of the New Territories next year. I very much welcome and support these initiatives. As the authorities have always emphasized, our planning for land use should be efficient and at the same time balance the needs of society, the economy and the environment. Therefore, there is every need for the authorities to review the existing requirements from time to time, so as to enhance their equity and rationality.

The Town Planning Ordinance all along has a serious inherent defect. I fully support what the Honourable Albert HO has said earlier, that is, it is necessary to make amendments to the two ordinances. When making land planning in the name of public interest, such as zoning of green belts and conservation areas, the Government has often failed to shoulder the due costs and responsibilities, but forced owners to bear the financial losses instead. This is not consistent with the principle of natural justice. Nor does this comply with the spirit of protecting private properties embodied in the Basic Law and the spirit of providing fair and reasonable compensation pursuant to land resumption by the Government.

Besides, farming used to be a major economic activity in the New Territories. I believe Members do remember that "See Mew rice" and Grey Mulletts used to famous agricultural produce of Yuen Long. At that time, land in the New Territories was used to cater for economic activities. But as society develops and the economy restructures, the agricultural industry had thus become far less important in Hong Kong. It would have been reasonable to use the relevant land having regard for the changes of the times, making necessary adjustments to meet the new needs of economic development. In this connection, the use of agricultural land should be modified for other purposes with economic value. But instead, the Government has frozen the opportunities

of development and use for enormous expanses of land in the New Territories, resulting in a vast area of land being left idle, wasting an important resource of Hong Kong. It is indeed necessary for the Government to redesign the planning criteria in the light of the actual circumstances in Hong Kong. Even in a worse scenario, that is, even if private land is frozen by the authorities for various reasons, the authorities still cannot turn a blind eye at the interest of land owners.

Fortunately, Madam President, more and more people with insight have shown concern for this issue. Earlier on, environmentalists proposed that the interests of all sides should be balanced for better management of the conservation areas. It is necessary for the Government to positively assume conservation responsibilities and make reasonable compensation to the relevant land owners. I hope that the Administration can seriously study and take on board constructive views and complete the required reviews as soon as possible.

Madam President, I so submit.

**MR WONG SING-CHI** (in Cantonese): Madam President, the Chief Executive's policy address under debate today is entitled "Building on our Strengths, Investing in our Future". In my opinion, this title, with emphasis on resources and strengths, was chosen purely from an economic point of view. I hope the policy address will not lose sight of the actual hardship suffered by the people. When it comes to hardship, as I work in the New Territories, it occurs strongly to me that flooding has become a problem in many parts of the New Territories over the years. In the early 1990s, or around 1993, the Government put forward a 10-year river training programme subsequent to the occurrence of serious floodings in Sheung Shui and other parts of the New Territories. Obviously, the Government has been working extremely slowly on the river training programme and flooding problem in the New Territories. But that does not matter since the 10-year river training programme has already commenced. Regrettably, the effort made this 10-year programme was destroyed overnight by a heavy rain in June this year.

For years, a large number of villages and residents in the New Territories suffered badly from the flooding problem. Yet for so many years, the Government seemed to be unable to come up with any solutions. After the flooding in June, the Government seemingly awakened suddenly, saying that the river training programme had to be completed in three years. Today, as we are

discussing the problem pertaining to planning and lands, I hope government departments can genuinely give these residents who have been tortured by flooding for years some concrete promises. Yet I am gravely concerned that the Government might end up "making a long speech but completing little of its task", or making numerous mistakes during actual implementation despite the possibility that it may come up with numerous concrete ideas after making its long speech. The recent flooding problem could not be attributed merely to the failure of the river training programme. Basically, there were a lot of loopholes in the supervision effected by the Government and co-ordination among various government departments. There were also numerous cases of negligence of duty. A lot of places in the New Territories are overgrown with weeds. Some say the Food and Environmental Hygiene Department should be held responsible while others think the responsibility should lie with the Home Affairs Department. Some even hold that the Drainage Services Department should take charge of the matter. I am afraid we have to wait until a site inspection is completed before we can ascertain which government department should be responsible. It seems like such problems pertaining to co-ordination and shirking of responsibilities will last forever. Very often, we can find abundant refuse gathered around the water discharge points of rivers. Upon the completion of inspection, the Government would often accuse the public of littering, thus leading to the accumulation of rubbish. But the real reason is no one clears refuse generated in people's homes and, as a result, refuse ends up gathering around water discharge points. As for the problem of dumping in river courses, it is obviously because when the Government carried out supervision, it was unaware that mud building up would collapse and fall into the rivers, and in turn further aggravate the flooding problem. In some cases, no workers were found working after certain projects had commenced. Eventually, the construction works were unable to proceed. It was only until then that the Government realized the construction works were unable to progress. Therefore, it had to resort to interim measures by looking for someone to take over the uncompleted works or try every possible means to enable the works to continue. In terms of overall planning, the Government might have come up with ambitious plans with great vision. But when it comes to actual implementation, no one takes up the supervisory role, with government departments shirking responsibilities among themselves. I hope government departments can in future be truly responsible, not only in the course of planning, but also in implementing and launching its plans and works, as well as in exercising supervision.

I would also like to point out that planning projects will be carried out in many parts of the New Territories in future. These works, including the Lok Ma Chau Spur Line, the Northern Link, the environmentally friendly town, and so on, will involve resumption of land. As a result, residents living on the affected sites for years will be asked to move elsewhere. Numerous unhappy incidents have obviously occurred in many previous cases of resumption. This is because the Government's land resumption policy is more often than not purely formulated from its established viewpoint, without considering the actual situation of the residents who originally lived on the land. Thanks to some immutable laws, the Government destroyed overnight the favourable living environment and the happiness previously enjoyed by the residents and caused losses to them. However, the Government has taken no notice of the people's suffering at all.

I hope the Government can genuinely conduct a detailed review of its plans, policy and compensation in connection with to land resumption so that the residents will have no worry when handing over their land to the Government to expedite development. In doing so, the Government can also prevent the occurrence of further conflicts between the residents and government officials.

Finally, I would like to cite a ridiculous example that occurs in Hong Kong, hoping that the Government can make extra efforts in the area of security. At present, we enjoy great convenience in entering or leaving Hong Kong. We can travel to Shenzhen by virtue of a Hong Kong and Macau Residents Entry and Exit Permit and to overseas countries by simply applying for a passport. Yet a great majority of the public are barred from entering certain parts of Hong Kong. What I mean is such closed areas as Sha Tau Kok, Ta Kwu Ling, and so on. It is really ridiculous when we compare this with other parts of the world. Although a lot of people live in these restricted areas and enjoy easy access to other places, we must apply for a resident permit before we can go and visit these people. Moreover, our applications will often end up being rejected. I hope the Government can review the arrangement relevant to the closed areas and examine whether improvement can be made in the long run to provide easy access to residents living there and facilitate those who wish to visit their relatives living in the closed areas. I really hope the Government can consider ways to handle this matter in concrete terms. Thank you, Madam President.

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

(No Member responded)

**PRESIDENT** (in Cantonese): I now call upon public officers to speak in respect of this session. Public officers will have up to 45 minutes in total for their speeches.

**SECRETARY FOR INFORMATION TECHNOLOGY AND BROADCASTING** (in Cantonese): Madam President, I am grateful to Members for their views on the policy areas of the Information Technology and Broadcasting Bureau.

In the policy address, the Chief Executive stated that in developing our knowledge skills, we must not overlook the need to upgrade our hard and soft infrastructure, pushing head with large-scale projects and improving our business environment to take account of the changing economic landscape. In this connection, the Information Technology and Broadcasting Bureau will take corresponding measures, including strengthening information technology (IT) infrastructure and services, pushing ahead with the Cyberport project, and promoting the development of the telecommunications industry as well as the broadcasting and film services.

On the IT front, our policy objective is to position Hong Kong as a leading e-business community and digital city in the networked world of the 21st century. In the past year, we continued to make good progress in implementing various programmes and initiatives under the "Digital 21 Strategy". Public awareness of IT has substantially increased. The industrial and commercial sector has exploited a wider application of IT to boost efficiency and productivity. While the "dot.com shares" fever has subsided, the development trend of e-business is irreversible, and has already fundamentally changed our way of life and business operation. We must continue to take IT adoption forward, so as to strengthen our overall competitive edge.

At present, 60% of households in Hong Kong have a computer; 50% of households are connected with the Internet and the number of registered Internet accounts has exceeded 2.6 million; the broadband networks cover all commercial premises and over 95% of households; over 84% of our people have a mobile phone; and there are more than 7 million e-money smart cards in circulation for use in payment transactions. All this shows that IT application has become increasingly common in all sectors of the community. Certainly, we understand that a digital divide still exists, and this has also been specifically

discussed in a motion debate in this Chamber. The "2001 Digital 21 Strategy" promulgated by the Government in May this year clearly sets out the Government's position, policies and objectives on ways to strengthen the community for digital exploitation, which is regarded as a key area of work. We will encourage the adoption and application of IT among all walks of life. Specific measures include the "IT Hong Kong" campaign organized this year; providing free IT awareness programmes for senior citizens, housewives, the disabled and other members of the public; expanding the "Community Cyber Points" project to provide more computer facilities for public use for free; adopting "Content Accessibility Guidelines" at all government websites and encouraging their adoption for websites in the private sector to facilitate access by the blind and the visually impaired. Moreover, we will organize activities jointly with industry organizations to encourage wider application of IT in the community. Ongoing efforts will be made by the Government, relevant organizations and the IT industry. As to how we can provide more new effective measures or implement the existing measures in a better way, we are always willing to maintain dialogues with all sectors of the community and explore the issue continuously.

We are fully aware of the importance of training up IT personnel to the promotion of IT development. We announced in August this year a package of comprehensive measures proposed by the Task Force on IT Manpower, including immediate and long-term measures, to increase the supply of quality IT manpower in Hong Kong. We will endeavour to realize these measures in collaboration with all sectors of the community, including the IT industry, the business sector, academic institutions and industry support bodies, to ensure sufficient supply of quality IT talents for the sustained development of our economy in future.

The drive for E-government is another key area of work highlighted in the "2001 Digital 21 Strategy". Last year, we made significant progress in the development of E-government. The Electronic Service Delivery (ESD) Scheme was launched in December 2000 to provide a range of electronic public services to the public in an innovative and user-friendly manner. The ESD Scheme website has so far recorded more than 16 million visits and a click rate of 240 million, and over 880 000 public service transactions have been conducted at this website. This website is even a winner of this year's Stockholm Challenge Award, an international IT award presented by the city of Stockholm, Sweden. This award demonstrates that our achievements in developing E-government

have gained international recognition. Certainly, there is no room for complacency. We will continue to actively follow up the valuable views of Members on ways to improve this service, in order to ensure the delivery of more user-friendly and convenient services under the ESD Scheme. We will also endeavour to encourage members of the public to use the ESD Scheme for service transactions.

When the "2001 Digital 21 Strategy" was promulgated, a set of comprehensive strategies on E-government was also published. We are firmly committed to achieving the target of providing e-option for 90% of the public services which are amenable to the electronic mode of service delivery by the end of 2003. We will make an effort to outsource new government IT projects in order to promote the development of the local IT industry. We will further the drive for e-procurement in the Government. In the meantime, the Information Technology and Broadcasting Bureau will undergo reorganization and redeployment of resources, in an effort to more effectively promote and coordinate the development of E-government. I entirely agree with the Honourable Mrs Miriam LAU and the Honourable SIN Chung-kai that in promoting the development of the logistics industry, matching IT measures must be put in place to play a complementary role for reciprocal benefits. The departments concerned and the Information Technology and Broadcasting Bureau will definitely make the utmost efforts for this cause.

Looking ahead, we will assist various Policy Bureaux and departments to adopt e-option for more public services, promote e-procurement, launch an online news bulletin to release government news, interviews and information through multimedia and to communicate interactively with the community in an innovative manner, and explore high-tech mediums for the delivery of public services. We will push ahead with the outsourcing of IT projects. All these E-government initiatives will, by rough estimate, bring 1 000 employment opportunities to the IT market. The Information Technology Services Department will employ some 800 contract IT staff this year, representing a 60% increase compared with last year.

All in all, the objective of E-government is to provide more customer-oriented services which are at the same time more effective to the public and businesses.

On the proposals put forward by Mr SIN Chung-kai earlier on concerning ways to support the IT industry in Hong Kong, including the eight proposals

made by the Hong Kong Information Technology Federation early this month, the Information Technology and Broadcasting Bureau and other relevant Policy Bureaux and departments are currently looking into them carefully and will provide a detailed response at a later stage. Here, I wish to briefly respond to them.

We appreciate the difficulties faced by the IT industry, particularly the small and medium enterprises (SMEs) in the field, in the present economic environment. To promote the development of the local IT industry, the Government has taken the lead to engage in wide IT application in conducting internal business and in delivering public services. We will, as in the past, continue to invest in IT, and will outsource a majority of IT projects to the IT industry. In this financial year alone, of the projects funded by the Capital Works Reserve Fund under Head 710: Computerization, it is estimated that 84% (contracts totalling \$1.2 billion by estimate) will be outsourced to the IT industry. This will provide strong impetus for the development of the local IT industry. Besides, to help SMEs in the IT field to take part in tenders for government contracts, IT projects will be split into smaller projects, where practicable, for tendering. An example is contracts for government IT professional services.

Moreover, with regard to the four funds totalling \$1.9 billion for support of SMEs over which Members have expressed concern, we will work in concert with the Trade and Industry Department, industry support bodies and organizations in the relevant trades to encourage SMEs to adopt IT in their business operation with the use of these funds. This will not only improve their operational efficiency and productivity, but also bring more business opportunities to the IT industry.

On the telecommunications front, earlier in the debate the Honourable YEUNG Yiu-chung asked why the Short Messages Services are still nowhere to be seen. In fact, an agreement has already been reached among six mobile phone service providers to launch this new service shortly. All that needs to be overcome now is just some technical problems. It is hoped that this service can be made available to the public in the not too distant future. The new generation of telecommunications technology and services has given the Information Age a new definition. New means of communications of voice, data, images, and multimedia applications have begun to change the way we live and work. We must anticipate the changes ahead and prepare Hong Kong well for the exciting developments under globalization.

Madam President, I wish to thank Members for expressing concern over the Policy Objectives of the Information Technology and Broadcasting Bureau. We will work with the Legislative Council and the IT industry, and will take on board views from all sectors, in order to strengthen both hard and soft infrastructure in Hong Kong to cope with economic restructuring. Thank you, Madam President.

**SECRETARY FOR PLANNING AND LANDS** (in Cantonese): Madam President, I am very grateful to Members for their valuable comments on those items in the policy address that involve the portfolio of the Planning and Lands Bureau. Because of the time constraint, I shall respond briefly to six of these points only.

First, let me say a few words on urban renewal. The Urban Renewal Authority (URA) was set up on 1 May this year, and its Managing Director was appointed by the Chief Executive last week. We hope that all this can enable us to speed up the process of urban redevelopment and improve the overall environment and quality of living in run-down districts. The prime task of the URA now is to draft its first five-year Corporate Plan, in which the proposed schemes of implementation for various projects over the next five years will be set out. And, the drafting of its first annual Business Plan is also underway, and it will set down the projects to be implemented in the next financial year. These two documents will be submitted to the Financial Secretary for approval once their drafting is completed. The Government has all along been doing its utmost to improve the quality of living in run-down districts through urban redevelopment. In the long run, we hope to achieve the goal of making urban renewal projects financially self-sufficient. At the same time, we will also consider other measures that can increase the financial viability of urban renewal projects. Besides, the Government will also take account of the URA's financial needs and provide it with loans and capital injection. As for the overall financial arrangements for urban renewal projects, the Government will consider the matter in detail in the light of the five-year Corporate Plan of the URA.

As for the bill on urban renewal strategy, the Planning and Lands Bureau will work out a final version as soon as possible and pass it to the URA for finalization. The bill sets out the position of the Government very clearly: We will require the URA to accord priority to the 25 uncompleted projects left behind by the Land Development Corporation, because the residents in the affected districts have been waiting for a long time.

Next I wish to say a few words on the Town Planning Bill. The bill was submitted to the Legislative Council for scrutiny last year, but because of its complexity and the limited time, the Bills Committee on it was unable to complete the scrutiny despite the fact that as many as nine meetings had been held. The Government is now studying the views of Members and the public on the bill, which involve, among other things, the compensation connected with planning decision, how renewal projects should tie in with town, railway or road planning and the relationship among various statutory bodies. However, the Government's proposal has not gained the approval of Members. This shows that the proposal of the Government is basically not very satisfactory. We will therefore conduct a further review, and we will work out another proposal on the basis of some innovative concepts before we submit the bill again to the Legislative Council for scrutiny.

The land use planning and management of lands in the New Territories, for historical reasons, has all along been marked by many problems such as improper land uses, poor utilization of land resources, frequent flooding and traffic congestion. If we are to utilize our valuable land resources more effectively to meet our development needs in the long run, it will not be sufficient to rely solely on existing measures. That is why the Government now plans to conduct a comprehensive review on land use in the New Territories, so as to identify a long-term solution. The Government wishes to co-operate closely with Members and work out a solution to this major problem.

With respect to industrial land use, the Government has been conducting an ongoing review on the supply of, demand for and use of industrial land in the course of economic restructuring. The relevant strategy consists of two parts: Over the past 10 years, we have re-designated 220 hectares of vacant industrial lands for other purposes. We have also been making great efforts to increase the flexibility of using industrial lands. Recently, the Government has relaxed the planning restrictions for industrial lands and allowed IT and telecommunications businesses and even places of public entertainment and educational institutions to operate on such lands. This is definitely a good start, and the Government will continue to follow this direction, so as to ensure more flexibility for the use of industrial lands.

In 2002, the Government will submit the Land Titles Bill to the Legislative Council for scrutiny. As Members are aware, this bill is extremely complex, and for this reason, the Government will thoroughly consult all affected

individuals and organizations such as the Hong Kong Bar Association, the Law Society of Hong Kong and the Real Estate Developers Association of Hong Kong. And, during the recent round of consultation, the Government has come to notice several problems which have to be solved. We are now working on the final draft of the bill, and it is expected that it can be tabled before the Legislative Council for scrutiny next year.

In addition, the Government will also continue to explore the feasibility of constructing a cycling path that runs through the whole New Territories. Actually, cycling paths for public use are already found in quite a number of towns in the New Territories now. I am glad to announce to Members that the Territory Development Department is now conducting an in-depth study on constructing a cycling path linking Tuen Mun and Tsuen Wan to further expand the network of cycling paths in the New Territories. I hope that in the very near future, the Honourable Albert CHAN and I can have a bicycle ride together in the New Territories.

Madam President, I am very grateful to Members for their support and views, and I hope to work together with Members in seeking to solve various problems. Thank you.

**SECRETARY FOR WORKS** (in Cantonese): Madam President, I have listened very carefully to Members' suggestions. In the policy address this year, the Government of the Hong Kong Special Administrative Region (SAR) undertakes to implement a series of new initiatives to enhance the infrastructure of Hong Kong. Let me now brief Members on the major aspects of these infrastructure projects *seriatim*.

First of all, we have carefully studied the existing conditions in Hong Kong. Despite the economic downturn, and despite the fact that the SAR Government may run into the red, we will not slow down our infrastructure investment; instead, we have decided to substantially increase our injection of capital, with a view to enhancing our infrastructure and creating job opportunities for the people. The relevant investment includes the Government's \$400 billion investment in infrastructure projects. Besides, there will also be an investment of \$200 billion in railway projects, making a total investment of \$600 billion. From all this, it can thus be seen that the sale of the investment programme is really very large, involving a total expenditure far larger than the \$150 billion of the new airport core projects.

Second, besides launching large-scale works programmes, we have also decided to drastically increase the number of minor works projects this year to improve the various existing facilities. Over the next two years, the increased number of minor works projects will lead to an additional expenditure of approximately \$4 billion, a rise of 40% compared to the figure last year. These new minor works projects include the beautification of the road facilities and public lighting systems in major districts, slope safety improvement, tree plantation and enhanced greening projects and improvements and renovation of public buildings and ancillary facilities. Many Members are concerned about storm water discharge, and this will also be included. Since these minor works projects require comparatively less time in planning and design, they will be able to create new jobs within a very short time. Owing to the drastic increase in workload, we will commission consultants to take up the work of design and supervision in connection with some of these minor works projects. These consultancy contracts will bring job opportunities to local professionals and technical personnel.

Third, we are now introducing measures to simplify the work procedures. In the past, the preparation work for projects all followed a fixed procedure, which was why more time was needed. In the case of the gazettel of the Roads (Works, Use and Compensation) Ordinance, for example, the work of gazettal will start only after the completion of the relevant environmental impact assessment report and with the approval of the Director of Environmental Protection. In order to speed up the process, we are considering the idea of making gazettal and environmental impact assessment to proceed at the same time. We consulted the Advisory Council on the Environment last month, and I am glad to report that they too support this practice. This measure will shorten the overall working time required by as many as nine months. Besides, we have also simplified the procedure for project feasibility studies. Under the simplified procedure, the time required for feasibility studies will be reduced from approximately 12 months to some four months. Generally speaking, in the case of a typical works project, the time taken for advance work will be reduced from some six years in the past to less than four years. With all these measures, we are now able to advance the implementation of approximately 100 works projects, and as a result, we will spend \$4 billion more on works projects in the next five years. We are also reviewing other works projects, with a view to advancing their implementation. The infrastructure facilities mentioned can thus complete at an earlier time to meet the needs of society, and besides, they can also create job opportunities much earlier.

The prime objective of infrastructure projects should be to meet the needs of society. I wish to point out that the preparatory work for many of the works projects under the existing infrastructure programme near completion, and such works can actually commence very shortly. For example, the major projects that can commence in the next six months are the road and infrastructure works at Penny's Bay (with an estimated expenditure of \$2 billion), the \$1.7 billion improvement project for Castle Peak Road, the \$2 billion elevated road project for Stonecutters' Island, the \$300 million civil engineering project under Stage II of the Phase III extension of the Shatin Sewage Treatment Works and the \$200 million West Kowloon drainage improvement project (Nam Cheong Street — Tung Chau Street section). In the medium term, we will commence the Stage III reclamation of Central, which will provide land for new roads and railways to ease the traffic congestion in the district. We have also completed the preparation and preliminary design work under the South East Kowloon Development Study. Upon the completion of detailed design, the relevant works will commence in 2003. Moreover, the construction of the Shenzhen-Hong Kong Western Corridor will also commence in the same year.

In addition to those works projects due to commence shortly, we are also looking at 170 new projects, for which \$900 billion has been earmarked. These new projects include large-scale transport projects aimed at constructing a more satisfactory transport network and cross-boundary corridors connecting Hong Kong and Shenzhen.

With respect to school premises improvement, Stages I to IV of the School Improvement Programme have already covered some 500 schools. We have added the last stage of the Programme to the list of our works project this year. This will cover 343 schools, with a total expenditure of \$8 billion. All the works will be completed before the end of 2005.

To create a better living environment, we have also introduced many projects aimed at improving the environment, under which noise mitigation facilities will be installed along highways and water supply and sewage treatment facilities will be improved. We have also introduced 60 new works projects on the provision of cultural and recreational facilities. A total of \$9 billion will be spent on constructing parks, stadiums, seaside promenades, swimming pools and libraries.

Some Members expressed concern about the pressing problem of unemployment. First, according to our estimate, the two new major works

projects, namely, the last stage of the School Improvement Programme and the one on the provision of cultural and recreational facilities will create 4 000 and 6 000 jobs respectively, while other new works projects and minor works projects will also create 5 000 jobs. To sum up, all the new works projects will together create 20 000 jobs. In addition, the simplification of work procedures and the advancement of some projects will bring about 2 000 jobs more starting from 2003. I wish to emphasize that local workers will be accorded priority in getting all these jobs. We now impose very stringent requirements in respect of importation of labour. Despite the increased number and scale of works projects, these requirements will continue to remain in force.

This afternoon, I had a meeting with the heads of the various works departments to explore ways to further expedite the various works projects. The departments will submit specific proposals later. We are confident that 2 000 of the 20 000 new jobs mentioned by me just now will become available, earlier than scheduled, during the remaining months of the current financial year. Most of the remainder will also be created in the following 12 months. The various works departments will set up their own task forces to oversee the process of expediting works projects and creating new jobs, and they will report to me regularly.

Finally, I wish to stress that Hong Kong has launched many large-scale works projects to improve its infrastructure. The Chief Executive has stated very firmly in his policy address that despite the current economic downturn, the scale of infrastructure projects will not shrink; rather, it will drastically expand. All our new projects aim to support and improve the business environment of Hong Kong and enhance the living environment, so as to form the basis of economic restructuring. Meanwhile, local workers and professionals will benefit greatly from the new jobs brought about by the new works projects. Thank you, Madam President.

**SECRETARY FOR TRANSPORT** (in Cantonese): Madam President, I am very grateful to Honourable Members for the valuable opinions they have given on transport policy. I am glad that Honourable Members identify with and support the Administration in investing resources in transport infrastructure. In the short run, this can boost the economy and create more employment; and in the long run, this can improve the entire transport system, enhance our competitiveness and meet the needs of future development.

Some Honourable Members have pointed out that not every one of the projects we are working on or have announced that will be carried out are new projects. I would like to point out that in rail links, for example, the six railway projects presently being undertaken have not used up all of the resources put in by the Government. Actually, of the total \$100 billion investment, only about \$40 billion has been used. The remaining \$57 billion will generate about 7 000 jobs in the next five years.

In the course of planning transport infrastructure, we must look into the actual infrastructure needs and whether the programme is technically and financially viable before it can be implemented. For the current year, we have a lot of plans for new roads and 20 of the projects for new roads, including the Shenzhen-Hong Kong Western Corridor and the Central Kowloon Route, have received funding and the total amount of investment for these new projects is over \$29 billion.

The Honourable LAU Kong-wah and Ir Dr the Honourable Raymond HO are concerned about the delay in public works and the co-ordination among government departments on the issue of environmental protection. Due to the huge scale of transport infrastructure projects and the complexity of the problems involved, we would forge close links with all parties to ensure that the projects can be completed expeditiously and that any problems arise can be resolved as soon as possible.

On the environmental impact of works projects, we will engage in close dialogues with the Advisory Council on the Environment and environmentalists to understand their concerns early. In addition, a mechanism will be set up within the Government to ensure that all environmental impact issues will be dealt with by the departments at the earliest stage.

Moreover, as my colleague the Secretary for Works has pointed out, we will streamline the working procedures, shorten the time required and accelerate the progress of the projects. We will, circumstances permitting, carry out the projects and working procedures at the same time. These measures can ensure the completion of the projects on schedule.

I would like to respond to the views expressed by the Honourable Albert CHAN on the compensation arrangements for resumption in connection with the Wah Kai Industrial Centre. In dealing with the compensation arrangements, the

Government has adopted all kinds of effective measures to address the demands made by the former owners and tenants. The Lands Department has all along maintained close liaison with the former owners and tenants affected. Discussions were made on the arrangements on the compensation for the premises affected and also on the disturbance compensation. Claims and compensation arrangements have been handled with flexibility, with a view to reaching an agreement and paying out the compensation to the eligible applicants as soon as possible. As at yesterday, of the 920 Wah Kai applicants who have accepted the compensation proposal made by the Government, 897 of them, or about 98%, have received the compensation in its entirety. As for the outstanding 20 cases, they are pending the former owners' settlement of the ownership issue. For three other cases, the payment arrangements have actually been completed, pending collection by the former owners. In order that the compensation matters related to Wah Kai are speedily settled, we have referred three claims cases to the Lands Tribunal for ruling. The result of one case has been announced this August and we have sent a letter to the former owner in accordance with the ruling.

A few Honourable Members questioned why some of the proposed railway projects cannot commence immediately. Dr the Honourable TANG Siu-tong, the Honourable Jasper TSANG and the Honourable TAM Yiu-chung suggested that we should expedite the progress of the Northern Link. I have to point out here that the implementation plan for the Northern Link has to tie in with the timetable for the strategic development of the area concerned. We are closely watching the progress in the development planning of the area and its transport needs. In the meantime, we have set aside land for the Northern Link and we will expedite the development progress of the Northern Link in future.

An Honourable Member asked why the Government had not accelerated the construction of the South Island Line. At present, the projected population size and transport demand in Island South do not warrant the building of a railway there. Although we are of the view that this project would be finalized sooner or later, at this moment in time we need to accord priority to some other rail projects.

At the same time, residents of Whampoa Gardens have been pressing for the construction of the East Kowloon Line, that is, the section from Sha Tin to Central should pass through the Whampoa Gardens. In our second study on railway development, we found that the proposal was technically not feasible.

Some people suggested that since the East Kowloon Line could not be extended to Whampoa, then could the Kwun Tong line be extended from the Yau Ma Tei station to Whampoa? This proposal is technically viable, but its operation will not be financially viable, that is, it will not be able to bring reasonable commercial returns. However, if the MTR Corporation Limited can come up with a proposal which is viable both technically and financially, we will certainly consider it and give a green light to this Whampoa extension.

Madam President, both the Honourable HUI Cheung-ching and the Honourable Kenneth TING mentioned respectively the building of the Lingdingyang Bridge and the Zhuhai-Macao Bridge. In respect of land cross-boundary links, we will accord priority to the building of the Shenzhen-Hong Kong Western Corridor. We will keep a close eye on the increase in cross-boundary traffic, and in the "Hong Kong 2030: Planning Vision and Strategy", we will study into the need for the construction of a fifth cross-boundary road link and if there is a need for it, how the alignment should run.

The Honourable Andrew CHENG mentioned that Route 7 was to be built specifically for the Cyberport. I would like to point out that it is necessary to build Route 7 to relieve the congestion which is expected to arise in Pokfulam Road, a major road link in the entire Island South area. Therefore Route 7 is not specifically planned for the Cyberport. As a matter of fact, we have responded to the views presented by the Legislative Council Panel on Transport on the building of Route 7. Such views included the building of the road link in form of a tunnel. We therefore think that there is a need for a detailed study of the various options in terms of their routing, methods and time of construction, and whether a phased development is possible. We will study how many sections of the road can be built as tunnels, so as to minimize the impact on the environment. I hope that this detailed review can complete in the following year, until then, we will propose the finalized plan for the implementation of the Route 7 project.

Some Honourable Members expressed concern for the congestion in cross-boundary traffic, especially in the Lo Wu railway station. Before the completion of the Shenzhen-Hong Kong Western Corridor and the Sheung Shui to Lo Ma Chau Spur Line, we will adopt measures to ease the present pressure on the crossings. First of all, the authorities of both Shenzhen and Hong Kong will actively look into further extending the opening hours of the passenger cross-boundary clearance service at the Lo Wu and Lok Ma Chau Control Points.

In addition, with respect to the Lo Wu Control Point, we are thinking of adopting some short-term improvement measures, including those aiming at diverting the crowds and improving the conditions at the main building of the control point. These include widening the access to the departure hall, removing the rails on the pedestrian footbridge at Lo Wu Bridge, realigning the partition rails between the accesses, and improving the ventilation system of the place. Since the completion of the first phase expansion project at the Lok Ma Chau crossing in 1999, the number of inspection booths for vehicles has been increased from 14 to 24. The number of vehicles handled every day has increased by 68%. A marked improvement in vehicular clearance can be seen. The second phase of the expansion project is expected to complete in September 2003. By that time the passenger handling volume will increase by 40%. In addition, to increase the vehicular handling volume at Lok Ma Chau, we are operating as a trial a one-stop customs clearance service so that vehicles have to stop on the same driving lane and be inspected just once. If this trial scheme is proved successful, the vehicular handling volume at that control point will be raised greatly. In order to further divert the passengers for the shuttle coach service plying between Lok Ma Chau and Huanggang, both the Governments of Shenzhen and Hong Kong agree to use new coaches of a greater passenger-carrying capacity to replace the existing coaches. In mid-2002, when all the coaches are replaced, the maximum passenger-carrying capacity per hour of the shuttle coach service will increase by 50%.

Many Honourable Members mentioned the issue of fares for public transport services. I appreciate very much the concern of Honourable Members. However, the transport operators will make frequent reviews of their fares in accordance with the changes in market and economic conditions. The Transport Bureau will remind these operators that they should make full consideration of the affordability of the public and the present economic situation. Besides, we will encourage public means of transport to offer transfer concessions, maintain a level playing field in the market and ensure that the charges for transport services are able to reflect a level acceptable to the public.

Madam President, apart from transport infrastructure and improving public transport services, in respect of road management, we plan to set up more pedestrian-only areas, build some pedestrian elevated walkway systems and study into the feasibility of introducing some high-speed automatic pedestrian walkways. We hope that with these measures, we can encourage the public to use walking as a mode for short-distance transport.

Mrs Miriam LAU mentioned the minibus policy. As a matter of fact, we are making a review of the public light bus policy at the request of the Legislative Council Panel on Transport, hopefully by the end of this year we can report our findings to the Legislative Council. In addition, some Honourable Members mentioned the tunnel tolls. We will look into the various proposals and improve the utilization rate of the three existing cross-harbour tunnels, including traffic management measures and how to make use of the tolls to achieve a more balanced utilization of the three tunnels. Madam President, I am very grateful to Honourable Members for the valuable advice they have given on transport and traffic. We will keep in close contact with the relevant Panel and with Honourable Members and their advice on the work of the Transport Bureau is always welcome. Thank you.

**SECRETARY FOR SECURITY** (in Cantonese): Madam President, first of all, I would like to thank Honourable Members for the many pieces of valuable advice they have tendered on security issues. I would like to make a brief response to those issues which are of the utmost concern to Honourable Members.

Quite a number of Honourable Members have expressed concern for the management and congestion problem at the boundary crossing points. It remains, of course, that a long-term solution to the problem is to build some mass transit boundary-crossing means to divert the passenger flow. My colleague, the Secretary for Transport, has explained earlier the plans for building new boundary-crossing points and rail links. He has also mentioned some of the short- and mid-term improvement measures to be adopted at Lo Wu and Lok Ma Chau. I would like to assure Honourable Members that the Government attaches great importance to maintaining a smooth flow at the crossings and we will endeavour to improve the management of these crossing points so that the public can travel in more comfortable conditions. The Chief Secretary for Administration is supervising this work personally. I think Honourable Members are aware that the Chief Secretary for Administration has crossed the boundary on many occasions and he is supervising our liaison efforts with the Guangdong authorities. With respect to Lo Wu, the Secretary for Transport has mentioned earlier that we are striving to make the boundary open for longer hours. The extension of our operation hours at Lo Wu to 12 midnight will hopefully include weekends and Sundays in future, in addition to the existing arrangement of the day immediately before public holidays and on

the 10-day period during the Chinese New Year. As for Lok Ma Chau, we are also striving to secure the co-operation from the Mainland to allow loaded vehicles to clear customs there. The Secretary for Transport has also pointed out that a trial scheme is being carried out at Lok Ma Chau to allow goods vehicles to clear customs in a one-stop manner. Although the scheme has been in place for less than a month, the initial response from drivers has been enthusiastic. At Lo Wu we are also carrying out many short-to-medium-term improvement works, such as widening the accesses, installing additional fans, and we hope to install air-conditioning in the Lo Wu pedestrian bridge by end 2003. With all these measures, adding to them the increased manpower and the tidal control of passengers to be implemented, it is hoped that when all clearance counters are manned, the passenger flow handled at the Lo Wu Control Point will increase to 400 000 persons daily. The Honourable James TO mentioned the worry of a former Deputy Director of Immigration, I think the main cause of his worry was insufficient manpower. The Immigration Department (ImmD) has increased its manpower by 117 staff at Lo Wu this financial year and a further 65 will be increased in the next financial year. When this is added with the close co-operation of the Immigration Department with the Police Force, we believe the problem of congestion at Lo Wu can hopefully be improved in one or two years' time.

A few Honourable Members, in particular Mr LAU Kong-wah, have mentioned a problem which is a major course of concern, and that is, the issue of illegal workers. Work in cracking down on illegal employment is presently carried out by three departments, namely, the Police Force, the ImmD and the Labour Department. The ImmD has a special task force to combat illegal employment and it will act on information collected and make frequent raids in co-operation with the various police districts concerned and together with the Labour Department. According to the figures on hand, in the year 2000, the number of illegal workers arrested on construction sites and in other related workplaces is 2 317; the number arrested in vice establishments is nearly 3 400; the number of domestic helpers arrested for illegal employment is 244; and employers prosecuted for employing illegal workers is 305. In the first nine months of this year, 250 employers have been prosecuted for employing illegal workers. I can assure Honourable Members that in order to safeguard the employment of local workers, the Police Force, the ImmD and the Labour Department will continue to join hands in making raids to arrest illegal workers.

I would also like to make use of this opportunity to respond to other issues on security raised by some Honourable Members. Mr James TO brought our attention to the issues of computer crimes and organized and serious crimes. In the area of computer crimes, I think Honourable Members will recall that the Security Bureau has formed a working group to study what new legislation is required to cope with computer crimes. The report of the working group has been completed and the consultation period has also ended. During the consultation exercise, we have received a few dozen submissions listing out some very professional views on the subject. The Security Bureau will apply for additional manpower and carry out work in relation to legislation. As for organized and serious crimes, I think Honourable Members may notice that the crime rates this year have shown a decline both in terms of the overall crime rate as well as those for crimes involving violence. However, as Mr James TO has reminded us, we will continue with our efforts to combat organized and serious crimes and to ensure that illegal activities will not proliferate.

The Honourable WONG Yung-kan mentioned the illegal fishing activities of mainland fishing boats in Hong Kong waters and there are even some cases of burglary committed by these fishermen from the Mainland and their illegal fishing of sea urchins. As Mr WONG is aware, the Security Bureau and the Marine Police have in fact held many meetings with him, but owing to limitations in our existing legislation, the police and the ImmD are unable to board or prosecute mainland fishing boats operating in our waters. In any case, we will keep a close watch of the developments and will work with Mr WONG on this to crack down on such activities.

I would also like to respond to the issue of the protection of human rights and freedoms which the Honourable Margaret NG has mentioned. I would like to assure Miss NG.....

**PRESIDENT** (in Cantonese): Secretary for Security, I am sorry, your time is up.

**SECRETARY FOR SECURITY** (in Cantonese): Sorry, then I will leave this for another occasion. Thank you, Madam President.

**SUSPENSION OF MEETING**

**PRESIDENT** (in Cantonese): I now suspend the meeting until 2.30 pm tomorrow.

*Suspended accordingly at nineteen minutes past Ten o'clock.*